

MINUTES OF THE MEETING
of the
MASSACHUSETTS CONVENTION CENTER AUTHORITY

August 27, 2010

A meeting of the Massachusetts Convention Center Authority was held on August 27, 2010 at 12:00pm in Room 201 at the Boston Convention & Exhibition Center, 415 Summer Street, Boston, Massachusetts 02210. Members in attendance were: Chair Michelle Shell, Mark Erlich, Ann Roosevelt, Paul Sacco, Lisa Calise Signori, Darryl Settles, and Michelle Consalvo. Staff members in attendance were: James E. Rooney, Kenneth A. Sinkiewicz, Mac Daniel, Johanna Storella, Howard Davis, Michelle Ho, Maureen Shea Baker and William Smith.

I. ROLL CALL

Chair Shell called the meeting to order at 12:30 p.m., and a quorum was established by a call of the roll.

II. EXECUTIVE SESSION

Chair Shell advised the Board that it was about to take up and discuss a matter relating to strategy to be used in the negotiation of a real estate lease, and because discussing the same in open session would be detrimental to the Authority's bargaining position, it is appropriate that the Board suspend the meeting, and move to executive session. Upon a motion duly made and seconded the aforementioned Board members Shell, Erlich, Roosevelt, Sacco, Calise Signori, Settles and Consalvo voted unanimously in favor of moving to executive session. Chair Shell announced that the meeting would not reconvene at the conclusion of the executive session.

ATTEST:



William J. Smith
General Counsel

**MINUTES OF THE EXECUTIVE SESSION
HELD AT THE MEETING
of the
MASSACHUSETTS CONVENTION CENTER AUTHORITY**

August 27, 2010

A meeting in Executive Session was held during the Massachusetts Convention Center Authority meeting on August 27, 2010, in Room 201 of the Boston Convention and Exhibition Center, 415 Summer Street, Boston, Massachusetts 02210. Members in attendance were: Chair Michelle Shell, Mark Erlich, Ann Roosevelt, Paul Sacco, Lisa Calise Signori, Darryl Settles, and Michelle Consalvo. Staff members in attendance were: James E. Rooney, Kenneth A. Sinkiewicz, Mac Daniel, Johanna Storella, Howard Davis, Michelle Ho, Maureen Shea Baker 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-Retail/Restaurant Lease at the Hynes Convention Center

In 2006, the Hynes Convention Center and Boston Common Garage Legislative Study Commission, after a lengthy and detailed analysis, recommended that the Authority study the feasibility of the improvement, expansion or enhancement of the Hynes Convention Center, including the feasibility of incorporating commercial uses into the facility in order to further attract and accommodate large gatherings of visitors and convention and meetings participants and to enhance the revenue and economic growth of the Hynes.

The Authority undertook such a study with the assistance of real estate consultants Meredith & Grew. This study concluded that there were at least two areas in the Hynes Convention Center that could be converted to retail or restaurant use without detracting from the Authority's convention business, and at the same time enhancing both the convention attendees' experience and the Authority's revenues. The areas consist of an approximately 10,000 square foot two level area on Boylston Street at the Prudential Center side of the Hynes ("Area A"), and an approximately 9,500 square foot single level area at the corner of Boylston Street and Dalton Street ("Area B").

The Authority directed Meredith & Grew to test the marketplace for interest in the two areas identified, with both restaurant and retail uses in mind. Initial responses received by Meredith & Grew suggested that restaurant uses better served the Authority customers' needs and its revenue enhancement goals. The Authority directed Meredith & Grew to focus on restaurant opportunities.

To focus the tenant selection process, the Authority established the following objectives:

- The tenants must complement the activities and mission of the Hynes and the MCCA
- The Authority decided to focus on obtaining a client who could utilize all 10,000 GSF in Area A rather than dividing the space in to two levels.

- The MCCA did not want a restaurant that derived the majority of its revenues from alcohol sales or that had more of a bar atmosphere.
- The MCCA wants an organization that has a high level of creditworthiness.

The Authority subsequently prepared Areas A and B for tenant occupancy by demolishing existing meeting rooms and completing substantial improvements to mechanical, electrical and plumbing systems. In addition, the Authority, with the assistance of Meredith & Grew, developed and implemented a comprehensive marketing program.

In September of 2008, the Board authorized the Executive Director to negotiate a lease yfor Area A consistent with lease terms presented and reviewed by the Development Committee and the Board. This authorization led to successful lease negotiations, and a lease with the Lyons Group was approved by the Board in 2009. The restaurant in Area A, Towne Stove and Spirits, opened in July 2010.

Initial lease negotiations with Area B tenants did not result in executed leases. Although there was significant tenant interest, the economic recession caused most restaurant owners and operators to significantly curtail their expansion plans in late 2008 and 2009.

A renewed marketing effort in 2010, together with renewed restaurant interest by restaurateurs in selective expansion, revived tenant interest in Area B. After more than 30 meetings with tenant prospects, the Authority received proposals from three compatible restaurant sponsors. After extensive analysis, Authority staff recommended to the Board that lease negotiations be entered into with Darden Restaurants for a Capital Grille in Area B.

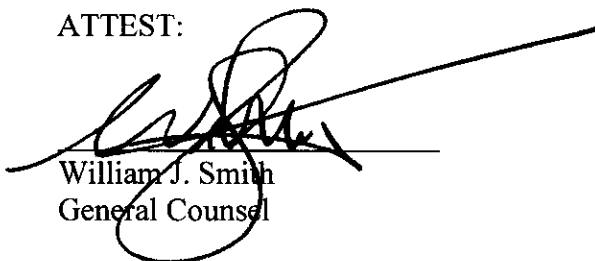
A presentation to the Board, which included proposed lease terms, a comparative analysis of the proposals from the three tenant prospects, a comparison of the proposed Capital Grille lease with the Towne Stove and Spirits lease, and other considerations, was provided on August 27, 2010. A copy of which is filed with these minutes.

A vote to implement the staff’s recommendation would take the following form:

VOTED: that the Executive Director is hereby authorized to negotiate a lease with Darden Restaurants for a Capital Grille restaurant to be located in “Area B” of the Hynes Convention Center, such lease to incorporate terms substantively consistent with the Letter of Intent attached hereto as Exhibit A, and subject to the final approval of the Board of the Authority.

Exhibit A is filed with these Minutes.

ATTEST:


William J. Smith
General Counsel



160 Federal Street
Boston, Massachusetts 02110
Tel 617.330.8028
Fax 617.330.8127
www.colliersmg.com

August 19, 2010

Exhibit A

Mr. John Dennis
Corporate Realty Advisors
92 High Street
Medford, MA 02155

Re: Hynes Convention Center, 900 Boylston Street, Boston

Dear John:

On behalf of the Massachusetts Convention Center Authority, Colliers Meredith & Grew, Inc. is pleased to present you the following revised lease proposal, which is intended to constitute an outline of certain business terms and conditions relating to the transaction proposed below for the lease of certain space at the Hynes Convention Center for use as a restaurant operating under the trade name "The Capital Grille." This letter is not intended to constitute a complete statement of all relevant terms and conditions which will be set forth in the Lease.

Landlord: Massachusetts Convention Center Authority

Tenant: GMRI, Inc. d/b/a "The Capital Grille"

Premises: Space "B" – The first floor of the Hynes Convention Center at the corner of Boylston Street and Dalton Street, as shown on the concept plan attached hereto as Exhibit A ("Concept Plan").

Size: Primary Space: Approximately 9,200 rentable square feet. [Note that SF reflected on Concept Plan is not accurate and will be adjusted as agreed upon, in accordance with BOMA standards. Since certain walls at the Hynes Convention Center are unusually thick, calculation of rentable areas will be done assuming typical wall thicknesses rather than the actual wall thicknesses.]

Additional Space: Approximately 1,100 square feet, encompassing the outdoor area and men's bathrooms. [Note that SF on Concept Plan is not accurate and will be adjusted as agreed upon using BOMA standards. Since certain walls at the Hynes Convention Center are unusually thick, calculation of rentable areas will be done assuming typical wall thicknesses rather than the actual wall thicknesses.]

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Colliers Meredith & Grew - member of Colliers International, a worldwide affiliation of independently owned and operated companies.

Permitted Use:

A high-end restaurant and bar serving primarily beef, with other entrée items as currently operates under the trade name "The Capital Grille." Tenant's obligations to remain open for business, tenant's rights to change the nature of operations at the Premises, and other related matters will be negotiated and incorporated in the Lease.

Base Term:

Seventeen (17) years

Renewal Options:

Three (3), five (5) year options. Tenant shall notify Landlord in writing of Tenant's intent to renew at least twelve (12) months before the end of the lease term.

Primary Space Rent:

Tenant shall pay Landlord a gross annual rent. Rent shall include real estate taxes and common area maintenance and shall be paid in equal monthly installments in advance of the first day of each calendar month. Rent for the Primary Space shall be payable in accordance with the following schedule:

Years	Rent (PSF/yr)	Total Annual Rent
1 - 2	Free Rent Period	
3 - 7	\$60.00	\$558,000
8 - 12	\$66.00	\$607,200
13 - 17	\$72.60	\$667,920

Additional Space Rent:

No rent shall be due on the Additional Space for the first seven (7) years of the base term. Commencing year eight (8), rent shall be payable on the Additional Space in an annual amount equal to the agreed upon square footage of the Additional Space multiplied by the then applicable per square foot rent for the Primary Space.

Percentage Rent:

Commencing year thirteen (13), Tenant shall pay an additional rent of five percent (5%) over the natural breakpoint. Breakpoint to escalate at the same rate as the base rent.

**Rent During Renewal
Terms:**

Annual base rent during each of the renewal terms shall be adjusted to an amount that is ten percent (10%) greater than the

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annual amount payable in the year immediately preceding the commencement of such renewal term.

Delivery Date: Upon Lease Execution.

Rent Commencement Date: The earlier of the date Tenant opens for business or 365 days following the date of Lease Execution.

Delivery Condition of Premises: "AS-IS". Landlord shall have no obligation to provide any Tenant Allowance.

Construction by Tenant: At Tenant's sole cost and expense, Tenant may expand the storefront of the Premises to include the space that is currently under the existing overhang (column line) between the existing Premises and Boylston Street. Tenant to also expand at its sole cost and expense the existing Premises to include the rest room currently abutting the existing Premises so that the rest room is within the Premises. Tenant expansion of the storefront and inclusion of the restrooms are reflected in Concept Plan attached hereto as Exhibit A. Landlord shall review and, if acceptable, approve Tenant's plans for the aforesaid improvements, such approval not to be unreasonably withheld. Tenant's contractor to also be approved by Landlord.

Tenant Improvements: Tenant shall be responsible for the design and construction of Tenant's own leasehold improvements at its own cost and expense. Landlord shall review and, if acceptable, approve Tenant's plans, such approval not to be unreasonably withheld. Tenant shall pay any after hour's security applicable to such work or to the construction work set forth above. Tenant improvements to be consistent with typical Capital Grille decor.

Signage: All signage shall be subject to Landlord and governmental authorities' approval.

Utilities: Tenant shall pay for its own utilities which shall be separately metered.

Liquor License: Tenant shall be responsible for securing/ transferring a liquor license.

Outside Seating: Seasonal exterior seating abutting the Premises shall be allowed, subject to approval by Landlord and governmental agencies of the proposed seating and enclosure pattern. Such exterior seating shall be permitted without the payment of any additional Base Rent but percentage rent will be collected for any sales made in this area.

Radius Restriction: Tenant, its ownership and/or its affiliates, shall not own/operate another similar restaurant in the Back Bay or South End Neighborhoods of the City of Boston.

**Garbage Removal/
Deliveries:** Garbage to be stored at the Premises and removed by Tenant, at its sole cost and expense.

Valet Parking: Landlord and Tenant will cooperate to allow Tenant to operate customer parking valet service in front of the premises on Boylston Street. Tenant must select either the valet service provider used by the MCCA in connection with the Hynes Convention Center or the valet service provider used in connection with Towne Stove & Spirits.

Lease Guarantor: GMRI Inc. to guaranty all obligations of Tenant under the Lease for the entire term. Tenant to provide financials of GMRI, Inc. for Landlord's review and approval.

Brokerage: Colliers Meredith & Grew, Inc. and Corporate Realty Advisors, Inc. Broker fee of Colliers Meredith & Grew, Inc., pursuant to separate agreement with Landlord, will be paid by Landlord and broker fee of Corporate Realty Advisors, Inc. will be paid by Colliers Meredith & Grew, Inc. from their fee.

This letter is not meant to be contractual, but a non-binding letter of intent which shall serve as an outline of the basic terms of a more formal lease document, which shall be prepared by Landlord's counsel. Neither party shall be held liable until such time as a mutually satisfactory lease agreement is fully executed by, and delivered to, all the parties. This lease proposal shall remain open until August 25, 2010.

Very truly yours,



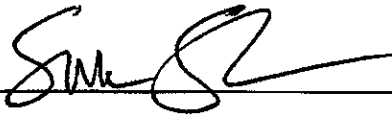
Theodore J. Chryssicas
Executive Vice President

cc: Howard Davis

Michelle Ho
Steve Andrews
John Martin
Suk Singh
Jonathan Z. Martin
John Dennis

Agreed to and Accepted by:

GMRI, Inc. d/b/a The Capital Grille

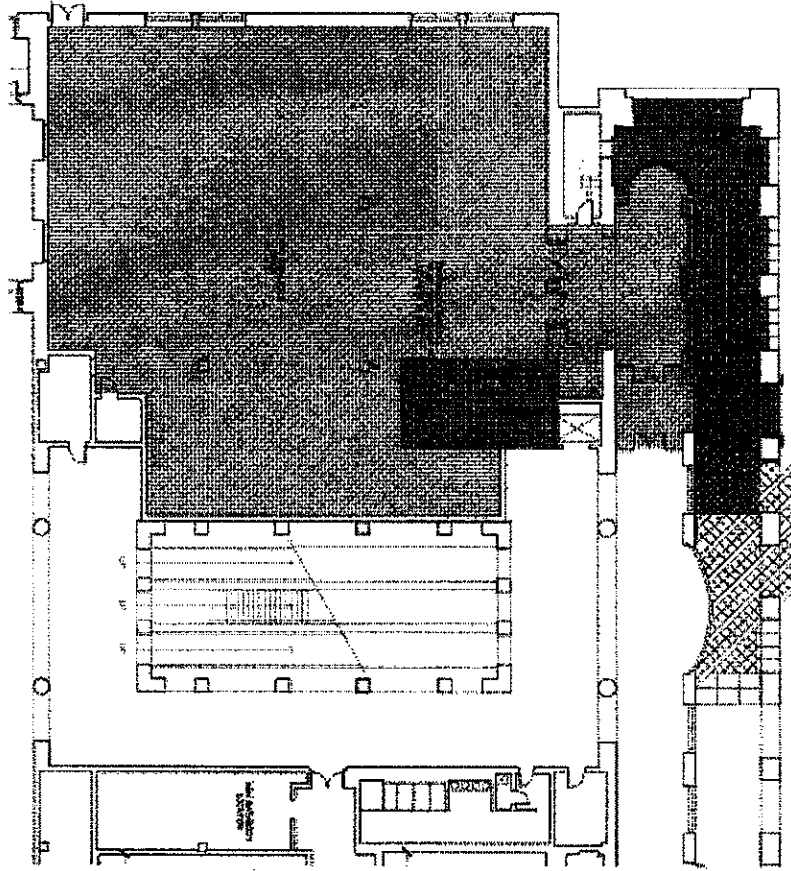
By:  _____

Its: SVP Development

Date: 8/20/2010

Exhibit A – Concept Plan

SQUARE FOOTAGE ASSESSMENT
EXISTING AVAILABLE 8349 SQ. FT.
PROPOSED ADDITION 7800 SQ. FT.
PROPOSED TOTAL 16149 SQ. FT.



ID-1.1	FLOOR PLAN	THE CAPITAL GRILLE BOYLSTON ST. BOSTON, MA	DATE: 8/19/10 SCALE: AS SHOWN PROJECT: THE CAPITAL GRILLE SHEET: 16 OF 16	Niemitz Design Group
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Hynes “Space B”: Tenant Selection/Recommendation

August 27, 2010

Presented by

James Rooney, Executive Director

Howard Davis, Director of Capital Projects

Agenda

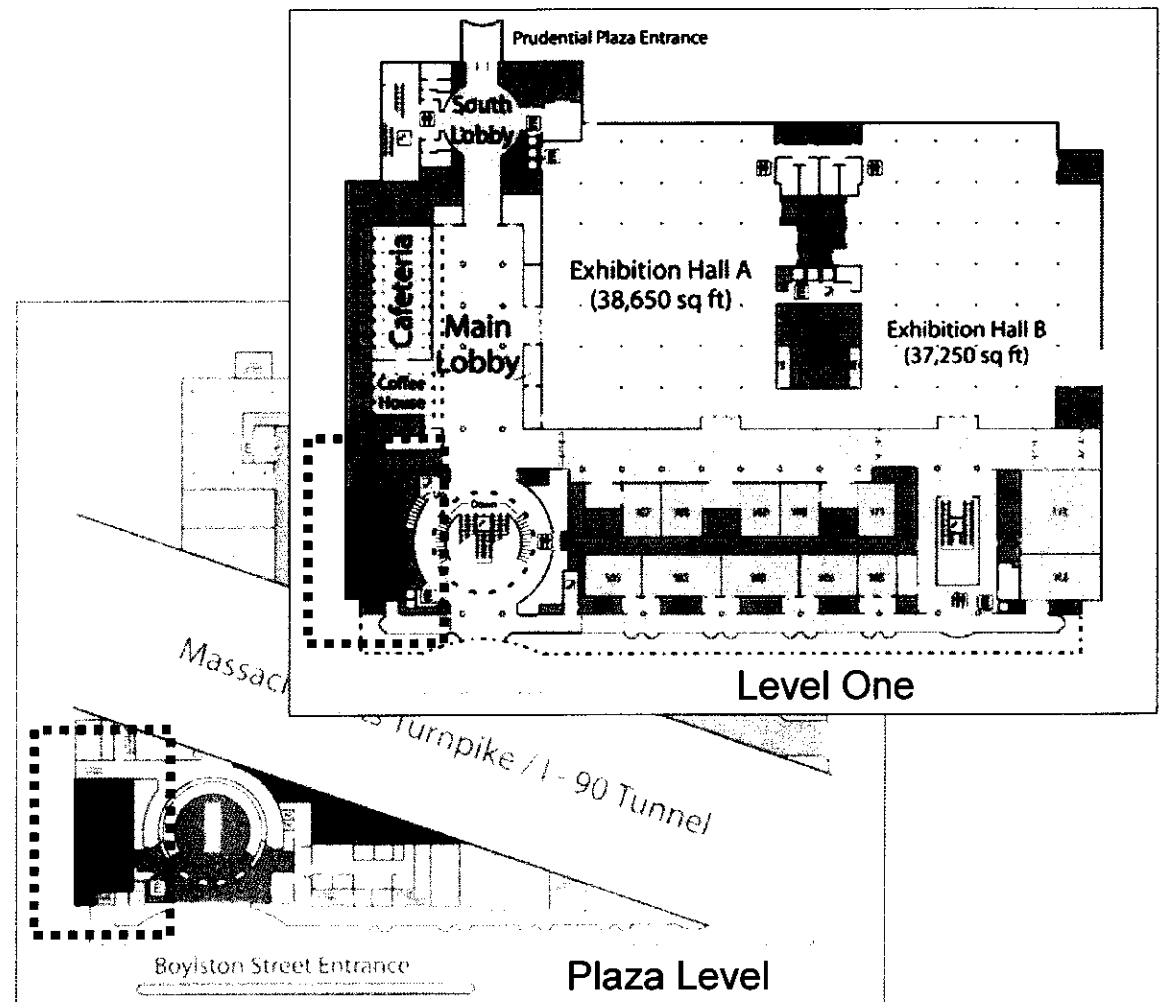
- Background
- Overview: Hynes “Space A” and “Space B”
- Space B Marketing and Tenant Selection
- Comparative Analysis: Space B Tenant Prospects
- Comparative Analysis: Capital Grille to Towne Stove and Spirits
- Capital Grille Images
- Capital Grille Letter of Intent
- Next Steps: Timeline

Background

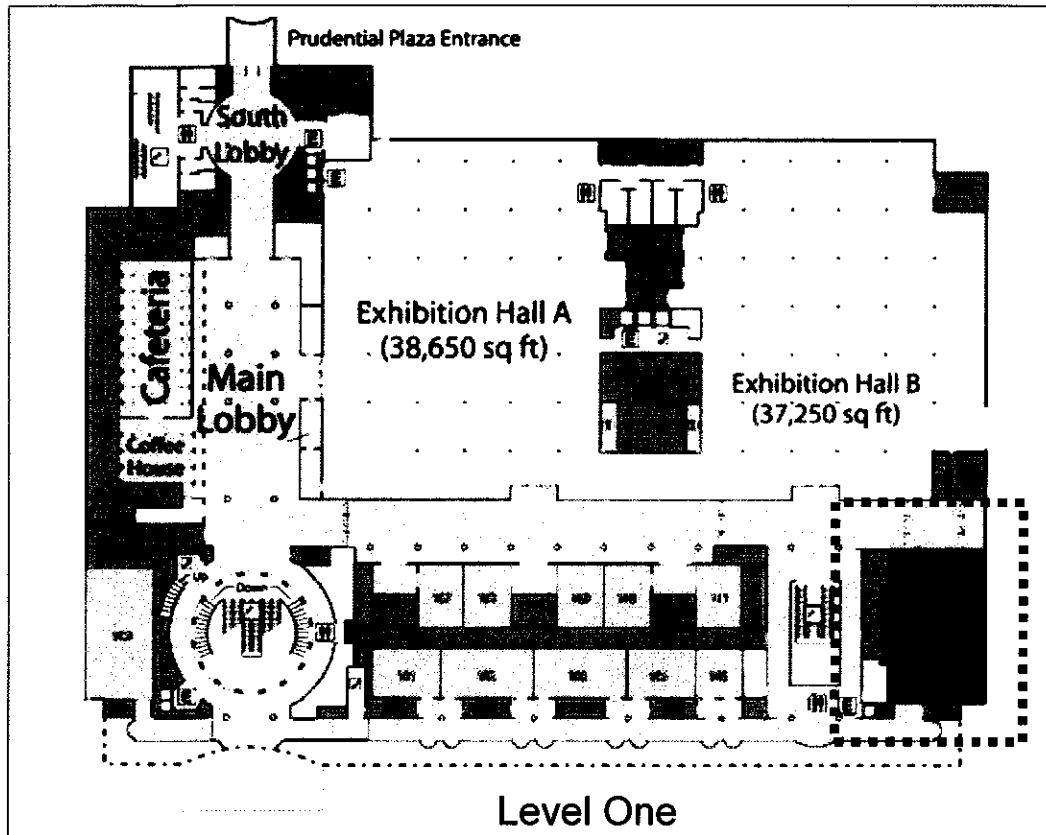
- In December 2006, the Hynes and BCG Legislative Commission filed its report recommending, among other things, a study to consider repurposing sections of the Hynes for greater revenue maximization.
- MCCA retained Meredith and Grew (M&G) to provide real estate consulting services in assistance of this recommendation.
- In November 2007, with the support of M&G, the MCCA concluded there were at least two areas in the Hynes that could be converted to retail or restaurant use.

Location of Space A

- Space A
 - Adjacent to Prudential Plaza
 - Formerly Meeting Room 100 and East Admin Office Space
- Two Levels of Space
- Approx. 10,500 GSF in Total



Location of Space B



- Space B
 - At the Corner of Dalton and Boylston Streets
 - Formerly Meeting Room 106 and 112
- One Level of Space
- Approx. 9,200 GSF

Overview of Selection Process

- MCCA further retained M&G as the broker for the two spaces
- Overall criteria for tenant selection were established:
 - Focus on a client who would lease both levels of Space A, rather than dividing the space
 - Compatible with the MCCA mission
 - Select a restaurant tenant that derived the majority of its sales from food rather than alcohol
 - Value the creditworthiness of the client above all criteria
- In addition, a rent target of \$40 - \$50 NNN per SF was established

Making “Space A” and “Space B” Tenant Ready

■ Scope of Work Overview

- Demolition of Existing Meeting Rooms**
- New Cooling Tower; New Exhaust Ducts/Systems;
Fire Protection Service; Electrical Service; Etc.**
- Utilities (Electric, Gas, Water) Separately Metered**

■ Cost Summary (Shell and Core)

- Space A: \$3,592,620**
- Space B: \$3,162,270**

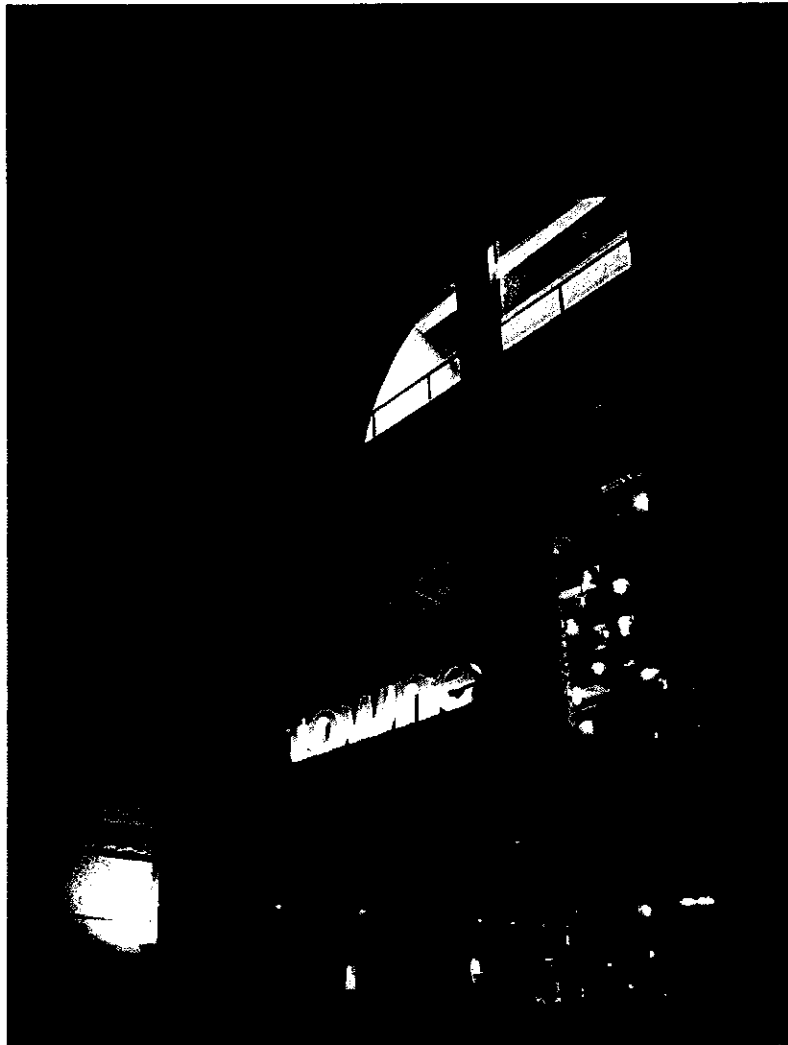
(Includes Design, Permitting, Construction, Project Management, Etc.)

Space A Tenant Selection

■ Process/Time Line

- Meetings/Discussions with Approximately 25 Prospects
- Reviewed with Development Committee and Board – 2008 and 2009
- Two Finalists: Lyons Group and Morton's
- Letter of Intent with Lyons Group: Approved September 2008
- Letter of Intent Revised to Include Additional Space: December 2008
- Lease with Lyons Group: Approved March 2009
- Towne Stove and Spirits Opened July 2010

Towne Stove & Spirits



Towne Stove & Spirits



Space B Tenant Selection

■ Process

- Space B was nationally marketed to hundreds of prospects
- Initial interest was from primarily restaurants – however, retailers, such as CB2, TJX, Whole Foods, New Balance, Petsmart, also expressed interest
- Earlier discussions with tenants meeting the MCCA's criteria did not go to lease execution due to tenants' changing finances/priorities
- Renewed marketing efforts yielded 30+ meetings in 2010
- Proposals from compatible prospects yielded 3 finalists: Mid-2010

Three Restaurant Prospects: Overview

	Capital Grille	Celebrity Ventures	Big Papi's Grille
Concept	Steakhouse	Casual Sports-themed Restaurant "Flutie's Grille 22"	Casual Steakhouse
Sponsor	Darden Restaurant Group	Celebrity Ventures Inc.	Classic Restaurant Concepts, LLC
Number of Restaurants – Total	41 (Capital Grille) 1,700 (Darden)	4	1 (Big Papi's) 2 (Other Brands)
Number of Restaurants - Metro Boston	3	0	1 (Big Papi's) 2 (Other Brands)

Comparison: Non-Economic Factors

	Capital Grille	Celebrity Ventures	Big Papi's Grille
Timing of Opening	Excellent	Good	Good
Compatibility with Towne	Good	Good	Good
Supportive/Consistent with Hynes/MCCA	Excellent	Good	Good
Experience of Sponsor	Excellent	Acceptable	Acceptable
Proven Concept	Excellent	Acceptable	Not Proven
Lease Security	Superior	Acceptable	Acceptable
Uniquely Boston	Acceptable	Excellent	Excellent
Permanent Base Building Upgrade	Yes	No	No

Comparison: Economic Factors

	Capital Grille	Celebrity Ventures	Big Papi's Grille
Space (SF)	10,700	9,200	9,200
Lease Term (Base)	17 years	10 years	10 years
Rent Structure	yr 1-2: \$0/SF yr 3-7: \$60/SF yr 8-12: \$66/SF yr 13-17: \$72.60/SF	yr 1-5: \$60/SF yr 6-10: \$65/SF	yr 1-5: \$50/SF yr 6-10: \$55/SF
Landlord Costs	TI: \$283,374 Brokers: \$407,004 Total: \$690,378	TI: \$2,298,374 Brokers: \$717,600 Total: \$3,015,974	TI: \$2,298,374 Brokers: \$302,680 Total: \$2,601,054
15-Year Landlord Investment Returns			
IRR	41.65%	17.36%	16.69%
Total Rent/SF	\$886	\$647	\$540
Discounted Rent/SF	\$439	\$278	\$226

Notes:

Investment returns include rent paid less landlord's costs.
Discount rate of 6% applied.
For comparison purposes, all analyzed over 15-year term.

Comparison: Capital Grille to Towne

	Capital Grille	Towne
Lease Term	15 years	15 years
Rent Structure	yr 1-2: \$0/SF yr 3-7: \$60/SF yr 8-12: \$66/SF yr 13-15: \$72.60/SF	yr 1-5: \$65/SF yr 6-10: \$75/SF yr 11-15: \$85/SF
Percentage Rent	5% gross revenue above natural break point commencing year 13	No percentage rent
Lease Security	GMRI Inc. to guaranty all lease obligation for entire lease term (over \$10 million for initial 17 years)	Rolling one year limited guaranty (equal to \$680,000) for first 5 years of base term
Landlord Investment Returns		
IRR	43.94%	21.93%
Total Rent/SF	\$747	\$797
Discounted Rent/SF	\$392	\$371

Notes:

Investment returns include rent paid less landlord's costs.

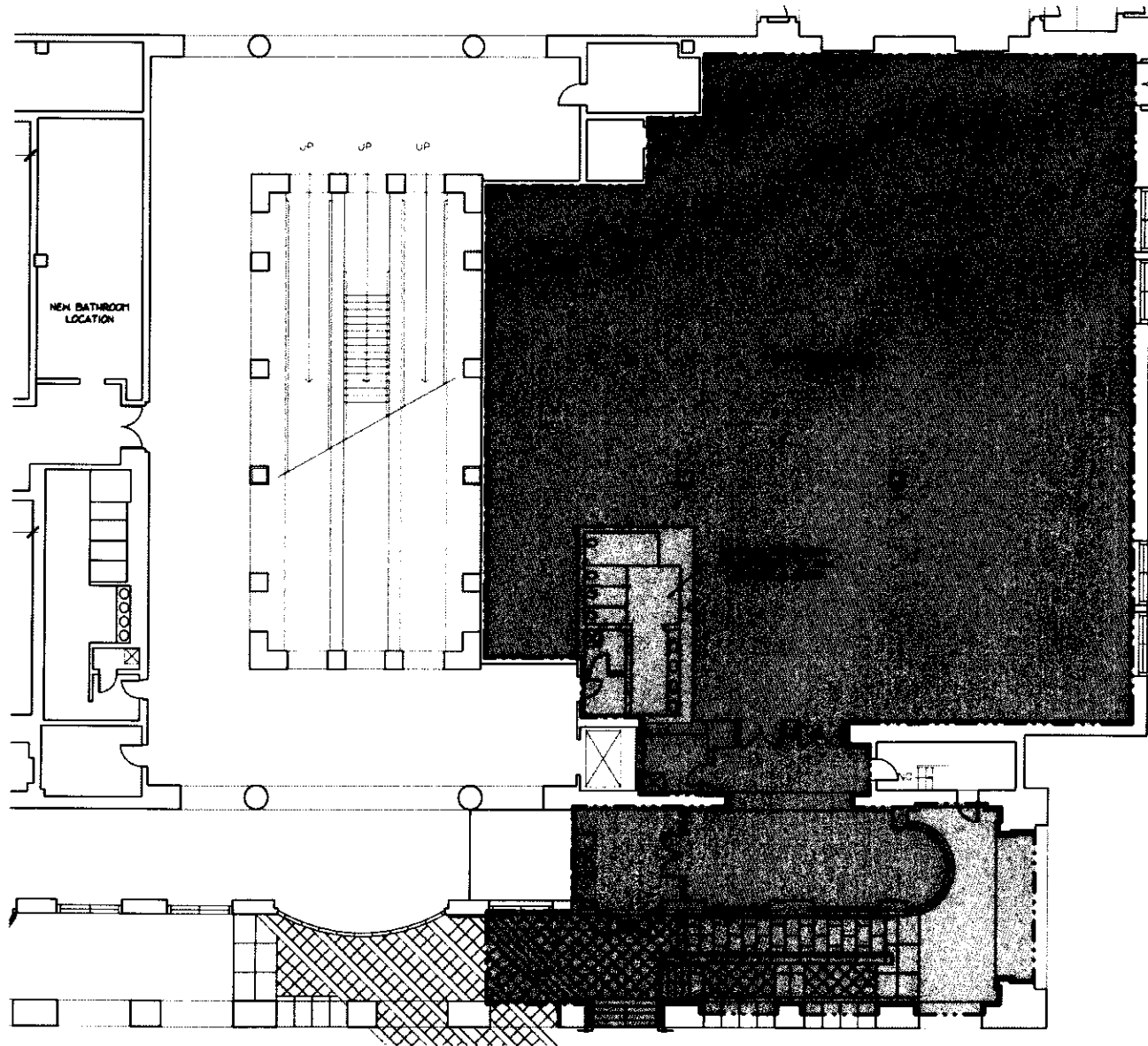
Discount rate of 6% applied.

For comparison purposes, both analyzed over 15-year term.

Capital Grille: Exterior (Preliminary Concept)



Capital Grille: Floor Plan



Dalton Street

Boylston Street

SQUARE FOOTAGE ASSESSMENT

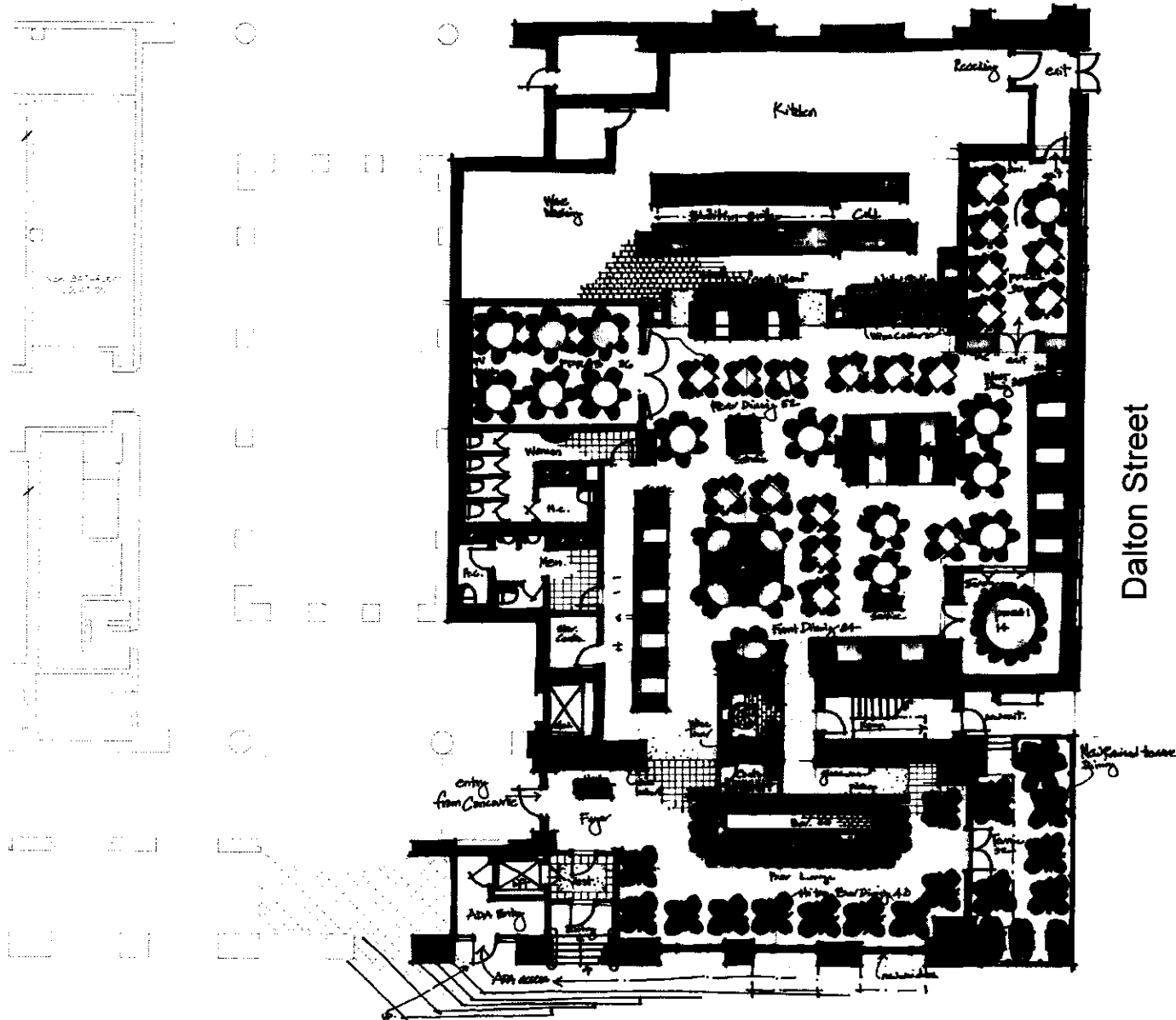
EXISTING AVAILABLE: 9200 SQ FT

PROPOSED ADDITION: 1500 SQ FT

PROPOSED TOTAL: 10700 SQ FT

Note: Square footage calculations approximate.
Actual areas to be determined by agreement
between Landlord and Tenant.

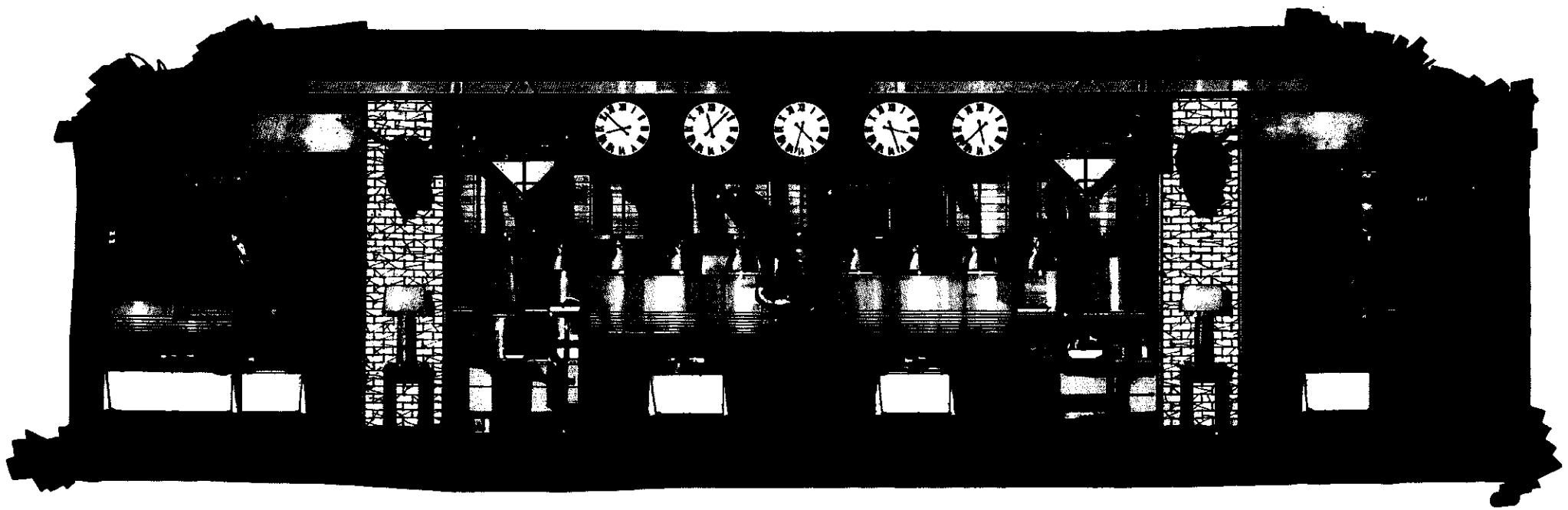
Capital Grille: Floor Plan



Seating	
Main Dining	174
Bar Dining	40
Private Dining #1	14
Private Dining #2	30
Private Dining #3	36
Subtotal	284
Bar Stools	20
Total	314 Guests
Patio	32

Boylston Street

Capital Grille: Interior



Terms: Letter of Intent

- Tenant: GMRI, Inc. d/b/a “The Capital Grille”
- Leased Premises:
 - Primary Space: Approximately 9,200 SF
 - Additional Space: Approximately 1,500 SF
(arcade area and existing men’s restroom)

- Base Rent:

Primary Space:	Years	Rent (PSF/yr)	Total Annual Rent
	1 - 2	Free Rent Period	
	3 - 7	\$60.00	\$558,000
	8 - 12	\$66.00	\$607,200
	13 - 17	\$72.60	\$667,920

- Additional Space: No rent years 1-7; same SF rent as Primary Space thereafter.
- Percentage Rent: 5% of gross revenue above “natural breakpoint” (beginning year 13).

Terms: Letter of Intent, continued

- Lease Term: 17 years plus 3, 5-year renewal options.
- Landlord T.I. Costs: None – all improvements paid for by Tenant.
- Condition of Space at Delivery: Tenant accepts “as is.”
- Rent Commencement Date: 365 days from lease execution.
- Lease Guarantor: GMRI, Inc. (owner of approximately 1,700 restaurants).

Timeline: Next Steps

- If LOI approved: Lease negotiations commence immediately.
- Lease submitted to Board: September 16 meeting.
- Plans prepared; permits obtained: End of 2010.
- Construction: Early 2011 until end of July 2011.
- Grand opening: End of August 2011.