

***“I want good chefs, good beer, and entrepreneurs” – Jonathan Bush, CEO, athenahealth***

Graffito SP has been engaged by athenahealth to assist in the ground floor activation of The Arsenal on the Charles, a 29-acre historic site on the Charles River in Watertown, MA. Our work has and will continue to focus on the intersection of food, art, innovation and community programming. As part of this effort we are seeking an operator to open a restaurant in one of the most interesting and central places within The Arsenal. This restaurant will be an integral part of The Arsenal’s public identity and is envisioned to be a place that caters to the existing tenants of The Arsenal and the Watertown community generally. The space will be built to specification by the Landlord and includes a unique 2,300 SF outdoor patio space.

The following deal terms have been structured to provide maximum downside protection for said operator and it is our hope to find a restaurateur that shares athenahealth’s vision for The Arsenal, which is to create a vibrant and dynamic community hub at the heart of one of the most historic, innovative and interesting real estate development projects in Boston area.

<b><u>Property:</u></b>	321 Arsenal Street, Watertown, MA
<b><u>Landlord:</u></b>	Athena Arsenal LLC
<b><u>Demised Premises:</u></b>	Approximately 2,400 SF as shown on the attached rendering; including the exclusive use of an approximately 2,300 SF outdoor space attached to the Premises to be designed for outdoor seating and dining.
<b><u>Proposed Use:</u></b>	Full-serve restaurant and beer/wine establishment open six days per week for lunch and dinner serving seasonal, local and regional food and beverage items.
<b><u>Beer &amp; Wine Licenses:</u></b>	Landlord has secured a 6-day Beer & Wine license for use at the Premises, which will be transferred to Tenant.
<b><u>Landlord Work:</u></b>	Landlord, at Landlord’s sole cost and expense, shall design and build the Premises for the intended restaurant use, ideally with input and collaboration from the future operator.
<b><u>Design &amp; Construction Timeline:</u></b>	<p>The preliminary design of the Premises is in-process and it is therefore crucial to have Tenant’s design input as soon as possible.</p> <p>The build-out of the Premises will commence on or about September 1 and construction is anticipated to be complete on or before November 15, 2015. Upon the completion of Landlord Work the Premises will be turned over to Tenant for the</p>

installation of certain furniture, fixtures & equipment, staff trainings and pre-opening activities.

**Base Rent:**

Percentage Rent Only

**Real Estate Tax/CAM:**

Tenant will pay proportionate share of taxes and operating expenses attributable to Premises.

**Permits & Licenses:**

Tenant and Landlord shall work in unison to obtain all necessary permits, licenses and approvals for conducting its business.

**Utilities:**

All utilities shall be direct billed and paid by Tenant.

**Conditions:**

This term sheet is not an offer and is subject to withdrawal or modification at any time. Prior to further discussions, Tenant to submit project summary detailing the following:

- Tenant's relevant experience and operating history;
- Tenant's proposed restaurant concept for the Premises;
- Tenant's expected ownership and operating structure; and
- Tenant's comments to the attached draft floor plan.

**Contact:**

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**Attachments:**

Premises Plan, Site Plans, athenahealth & Arsenal Press

# Athenahealth plan would reinvent Arsenal site

By Robert Weisman | GLOBE STAFF SEPTEMBER 04, 2013



ATHENAHEALTH INC.

**Athenahealth envisions new office space, walking and bike paths to the Charles River, and an Arsenal museum.**

**WATERTOWN** — The owner of a 29-acre cluster of brick buildings that stored gunpowder in the 1830s, built cannons for World War I, and housed an Army materials lab in the 1950s, wants to reinvent the site as a 21st-century hub where innovators come to work and play.

Fast-growing health care software maker athenahealth Inc., which bought the Arsenal on the Charles for \$168.5 million, has invited Governor Deval Patrick and other state and local officials to the nearly 200-year-old campus Wednesday to unveil a plan to

transform it into New England's answer to Silicon Valley's signature technology office parks such as the Googleplex.

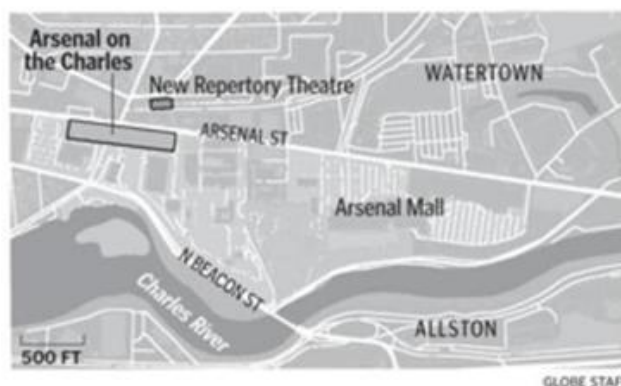
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The company envisions about 150,000 square feet of new office space for athenahealth and other businesses, a glass-enclosed atrium expanding the building that houses the New Repertory Theatre to create more space for artists and performers, walking and bike paths connecting the campus to the nearby Charles River, outdoor meeting spaces, an Arsenal museum, landscaped parks, a farmers market, a beer garden, new restaurants, and “accelerator” space that athenahealth would set up to incubate smaller health information start-ups.

“I want good chefs, good beer, and entrepreneurs,” said athenahealth's chief executive Jonathan Bush. “Rather than a sealed-off campus, we're going to open the Arsenal up to the community as a public resource. And we'd like to fit it into the historic context. We want to foment the next industrial revolution by bringing openness into health care.”

The plan will require zoning changes and other approvals from the town of Watertown to add height to existing structures and build walkways between some buildings.

It also may require state approval to alter historic structures.



“Obviously, these are historic buildings, and they'll have to work through the approvals for their designs,” said state housing and economic development secretary Greg Bialecki.

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Bush recently teamed up with Boston developer Boylston Properties and Boston retail management firm Wilder Cos. to buy three adjacent properties, including the 225,000-square-foot Arsenal Mall, with plans to develop housing and upscale shopping for young professionals. While that is a separate project from athenahealth's plans for the

Arsenal on the Charles, Bush and his associates say the two developments could advance in tandem as the Boston area's high-tech and medical technology sectors spread outward from Cambridge's Kendall Square.

But whether a new innovation cluster can sprout in a scruffy section of Watertown remains an open question.

At the least, planned improvements to the Arsenal office park could raise athenahealth's profile for prospective employees and accommodate the company's anticipated expansion.

Athenahealth is a leading vendor of electronic health record services to doctors and other medical professionals.

In June, the state Economic Assistance Coordinating Council granted athenahealth \$9.5 million in tax credits in exchange for a promise to add 1,900 jobs over the coming decade at the Arsenal.

The company currently has more than 1,100 employees at its headquarters and research center on the site.

As it expands, athenahealth will gradually take over space now leased at the Arsenal by 20 other tenants, ranging from Netwatch Systems to Envivo Pharmaceuticals to Harvard Business School Publishing.

Bialecki said state officials view the move as part of a potential doubling of the Massachusetts innovation economy over the coming decade, with business activity "getting distributed around Greater Boston" to areas such as Watertown, Quincy Center, and Assembly Square in Somerville.

Athenahealth hopes to break ground within nine months, but estimates it could take five years to complete all the work. The company's executive offices would move to an expanded structure on top of the complex's current parking garage that would also include business development offices, an executive briefing center, and a roof garden.

A second parking garage would be built on the edge of the campus, allowing athenahealth to remove asphalt parking lots around the Arsenal to create more parks, gardens, and green spaces.

In addition, a new filtering system will re-create channels known as swales throughout the campus, removing impurities from storm water before it drains into the river.

“We want to bring the river to Watertown, and bring Watertown to the river,” said landscape architect Glen Valentine, senior associate at Stephen Stimson Associates in Cambridge.

Valentine said the project’s planners hope to plant native shrubs such as red twig dogwoods and attract wildlife such as turtles, butterflies, hawks, and red-wing blackbirds.

The new museum, along with decorative cannons around the complex, will highlight the Arsenal’s storied past.

“There are so many people in this town who have a family history with the Arsenal,” said Carolyn Rickman, an athenahealth vice president who is one of the project’s leaders.

Originally located in Charlestown, the Arsenal was moved to Watertown in 1816 as military leaders sought a site physically protected from seaborne attack, said historian Robert Damon, the Wellesley Historical Society executive director who is consulting with athenahealth on the project.

Damon said the buildings on the parcel originally warehoused muskets, cannonballs, and gunpowder, but began manufacturing cannons and the carriages that held them in the 1830s.

During World War I, when it built larger cannons, the Arsenal became a pioneer in metallurgical technology — such as gauging the strength of metals — a role it expanded after World War II as an Army materials research center. The Army closed the Arsenal in 1986.

“We hear a lot about innovation hubs these days. That spirit of innovation has been here for a long time,” Damon said.

In preparing for the makeover, Somerville architect Charles Rose said he is aiming for a post-industrial feel that can attract the “hacker chic” crowd.

Rose said he visited other distinctive information technology campuses, including Google's and Apple's. While those Silicon Valley sites have quirky energy, Rose said, he concluded they were too "inwardly focused campuses impermeable" to outsiders.

By contrast, Rose said, "athena's vision is an incredibly civic-minded one. We're creating a campus that doesn't pretend to be part of the city. It is part of the city."

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