

DRAFT

TAX INCREMENT FINANCING AGREEMENT

This Agreement (the “Agreement”) is made as of this _____ day of _____, 2025 (the “Effective Date”) by and between the City of Somerville, a Massachusetts municipal corporation with an address of City Hall, 93 Highland Avenue, Somerville, Massachusetts 02143 (“Somerville” or the “City”), _____, a company having an address at _____ (“___” or “Property Owner”), and _____ (“___” or “Tenant”), a corporation having an address at _____, together with its subsidiaries, including Tenant, Inc. (collectively, “Tenant”)

RECITALS

WHEREAS, Tenant plans to enter into a lease agreement with the Property Owner for approximately five hundred thousand (500,000) square feet within the building located at _____, Somerville, MA 02143 (hereinafter the "Property"). The Property will be fit out for research, development, and manufacturing, (hereinafter the "Project"); and

WHEREAS, the overall investment at the Property to complete the fit out for occupancy by Tenant is an estimated _____ Million Dollars and an additional _____ Million Dollars is estimated for the acquisition and installation of personal property;

WHEREAS, Tenant plans to create _____ permanent, full-time jobs in Somerville by the end of calendar year 2032; and

WHEREAS, on October ___, 2025, the Somerville City Council approved a Resolution authorizing the Mayor of the City of Somerville to enter into this Agreement on behalf of the City and to take such other and further actions as may be necessary or appropriate to carry out the purposes of such Resolution; and

WHEREAS, Somerville strongly supports increased economic development to provide additional jobs, expand business within the City and to develop a healthy economy and stronger tax base.

NOW, THEREFORE, in consideration of the mutual promises of the parties contained herein and other good and valuable consideration, the receipt and sufficiency of which are

hereby acknowledged, the parties hereby agree as follows:

A. SOMERVILLE'S OBLIGATIONS

1. Somerville hereby grants a Tax Increment Financing ("TIF") exemption (the "Exemption") to Tenant and Property Owner pursuant to Massachusetts General Laws Chapter 23A, Sections 3A to 3F; Chapter 40, Section 59; and Chapter 59, Section 5, Clause 51 and applicable regulations thereunder. The Exemption for real estate taxes shall be for a period of ten (10) years (the "Exemption Term"), commencing in the City's fiscal year 2027 (July 1, 2026 through June 30, 2027) (the "Start Date"), and shall provide an exemption from taxation of the new incremental value of the Property resulting from the Project, as shown below:

<u>Year</u>	<u>Fiscal Year</u>	<u>Exemption Percentage</u>
1	2027	
2	2028	
3	2029	
4	2030	
5	2031	
6	2032	
7	2033	
8	2034	
9	2035	
10	2036	

2. The base assessed valuation (the "Base Value") shall be \$_____, the Property's fiscal year 2026 assessed value. Property Owner and Tenant agree that they will not challenge the fiscal year 2026 assessment through the filing of an application for abatement to the Somerville Board of Assessors or an appeal to the Massachusetts Appellate Tax Board.
3. The Base Value shall be adjusted annually by an adjustment factor, which reflects increased commercial and industrial property values within the community, as provided in Massachusetts General Laws Chapter 40,

Section 59

4. The increased value or “increment” created by improvements to the Property will be the amount eligible for exemption from taxation, in accordance with the Exemption applicable to each year.
5. Notwithstanding the exemption percentages contained in Section A.1, the cumulative Exemption authorized by this Agreement shall not exceed \$18 million (the “Total Tax Exemption”). Should the sum of the annual Exemptions the City has issued for the Property reach the Total Tax Exemption prior to year 10 of the Exemption Term (fiscal year 2036), the parties agree that the listed exemption percentages for any subsequent years through fiscal year 2036 shall be reduced to zero. Conversely, if at the end of fiscal year 2034, it appears that the application of the listed 10% exemption percentages in each of fiscal years 2035 and 2036 would result in a cumulative Exemption that is less than the Total Tax Exemption, the City will adjust the listed exemption percentages to reach the Total Tax Exemption by the end of the Exemption Term.
6. The City acknowledges that the Massachusetts Department of Revenue has classified Tenant as a manufacturing corporation. Accordingly, Tenant is exempt from local personal property taxes, pursuant to G.L. c. 59, Section 5, clause 16.
7. In addition to the TIF exemptions outlined in Sections A.1 through A.5, the City shall provide permit fee waivers of _____ in conjunction with Tenant’s future investment in the Property. As of the Effective Date, the City has received approximately \$2,000,000 in building permit fees for the Property, none of which is subject to waiver.

B. TENANT'S OBLIGATIONS

1. The Property Owner and Tenant shall (i) enter into a lease agreement for the Property and (ii) fit-out at least 80% of the approximately 500,000 square feet within the Project. The foregoing clauses (i) and (ii) are merely conditions to the tax exemptions provided by this Agreement and are not affirmative obligations of the Property Owner.
2. The total Project investment is estimated to be approximately _____ in tenant fit-out construction costs and up to _____ in personal property.
3. Tenant shall have ____ permanent, full-time jobs at the Property (through a combination of ____ new jobs created after the Effective Date and the transfer of ____ existing jobs) by December 31, 2032. Further, Tenant shall have ____ permanent, full-time jobs at the Property by December 31, 2029.
4. From December 31, 2032 to the end of the Exemption Term, Tenant shall commit to retain at least _____ jobs at the Property.
5. Tenant shall make reasonable efforts to make employment opportunities known and available to residents of the City of Somerville during its occupancy of the Property. For the purposes of this Agreement, reasonable efforts shall mean that Tenant will work with the City of Somerville and Somerville Public Schools to share openings and build awareness of Tenant's work among the high school population for longer term employment pipeline, and work with identified workforce training partners serving Somerville residents to share current openings.
6. Tenant agrees to the following engagements with the City of Somerville during the Exemption Term to support the City of Somerville:
 - a. Tenant will annually host a minimum of ____ high school students interested in biology and engineering from Somerville Public Schools and other residents age 14-18 as summer interns, subject to interest among students and residents to fill these internship positions.
 - b. Tenant will commit to annual conversations with the Somerville

Economic Development Division and the Somerville Public Schools' Career and Technical Education Director on workforce pathways and skills that are important to the future of the company and to explore other jobs-related programs and initiatives for the mutual benefit of Tenant, the City, and Somerville residents of all ages and skill levels.

- c. Tenant will commit to engaging with the City of Somerville in the development and roll out of training programs tailored to future employment at Tenant so that the programs and recruitment can be connected with municipally run programs and other local partners serving Somerville residents and to advertise any tailored training programs in Somerville.
7. Tenant shall submit an annual report to the City for each year during the Exemption Term. The annual report must include the total head count of employees at the Property, as well as the total head count of employees at the Property in each prior year of the Exemption Term. Tenant shall also submit reports as required by General Laws Chapter 40, Section 59(vii) to Somerville.
8. If Tenant materially defaults by substantially failing to meet the obligations specified in Sections B.1 through B.4, Somerville may take action to revoke the Exemption. For purposes of this Agreement, "substantially fails" shall mean a failure to meet 70% of the obligations set forth in Sections B.1 through B.4. Upon such revocation, Somerville shall discontinue the TIF benefits provided to Tenant. Notwithstanding any general or special law to the contrary, unless Tenant acquires the Property and becomes the Property Owner, the Property Owner shall have no liability to Somerville or any other party with respect to this Agreement or any default by Tenant hereunder.
9. Prior to taking any action to revoke the Exemption pursuant to Section B.8, Somerville shall give written notice of the alleged material default to Tenant, and provide Tenant an opportunity to meet with Somerville officials having the relevant authority under this Agreement to discuss a remedy for the alleged default. Tenant shall have sixty (60) days from the receipt of such written notice to respond to Somerville regarding any alleged default, and one hundred twenty (120) days from the receipt of such written notice to remedy such alleged

default.

10. Upon revocation of the Exemption, in addition to discontinuance of the benefits set forth in Section B.6, Somerville shall recapture the value of the real estate taxes not paid due to the tax exemptions provided herein. Pursuant to Massachusetts General Laws Chapter 23A, Section 3F(e), said recapture shall be made through a special assessment solely on Tenant's leasehold interest in the Property (or Tenant's fee interest in the Property if Tenant acquires the Property) in the municipal fiscal year that follows the revocation of the Exemption, and such recaptured amount shall be limited to the year or years in which the non-compliance occurred and solely in proportion to the percentage of non-compliance. In no case shall any such assessment be made on the Property Owner's fee interest in the Property, no lien may be recorded against the Property Owner's tax parcel, and the Property Owner shall have no liability for any such amount; provided, however, that this sentence shall not apply in the event that Tenant acquires the fee interest in the Property. The assessment, payment, and collection of said special assessment shall be governed by procedures provided for the taxation of omitted property pursuant to Massachusetts General Laws Chapter 59, Section 75 notwithstanding the time period set forth in said Chapter 59 for which omitted property assessments may be imposed for each of the fiscal years included in the special assessment. Tenant and the Property Owner further acknowledge and agree that Somerville may record a notice of the leasehold tax lien authorized above. Somerville agrees that in the event that (i) it has recorded such a leasehold tax lien and (ii) the lease is terminated, it will, upon request of the Property Owner, execute and deliver in recordable form a release of such lien.

11. If Tenant plans to move from the Property during the Exemption Term, Tenant shall give Somerville at least ninety (90) days advance written notice.

C. OTHER CONSIDERATIONS

1. Pursuant to Massachusetts General Laws Chapter 40, Section 59 (v), this Agreement shall be binding upon Tenant, its successors and assigns. Tenant may assign its rights under this Agreement to any subsequent tenant at the Property (or to any subsequent fee owner of the Property if Tenant is the Property Owner), with the prior written consent of Somerville, not to be

unreasonably withheld, provided that said subsequent tenant undertakes to comply with Tenant's duties and responsibilities under this Agreement, and provided further that Tenant may assign this Agreement to its affiliates without the prior written consent of Somerville. For avoidance of doubt, no approval is required for the Property Owner to transfer its interest in the Property so long as Tenant is not the Property Owner.

2. This Agreement is subject to Massachusetts General Laws Chapter 23A, Section 3A to 3F, Chapter 40, Section 59, and Chapter 59, Section 5, Clause 51, and it is the understanding of the parties that this Agreement is in compliance with such rules.
3. Should any provision of the Agreement be declared or determined by a court of competent jurisdiction to be illegal or invalid, the validity of the remaining parts, terms, and provisions shall not be affected thereby and said illegal or invalid part, term or provision shall be deemed not to be a part of the Agreement.
4. The time within which Tenant shall be required to perform any of the respective acts or obligations under this Agreement shall be extended to the extent that the performance of such acts or obligations shall be delayed by a Force Majeure Event and only for so long as said Force Majeure Event has continued. A "Force Majeure Event" means any supervening events or occurrences, such as acts of God, earthquakes, fire, acts of terrorism, pandemic, war, labor disputes, delays or restrictions by government bodies, or other causes that are beyond the reasonable control of Tenant. Tenant shall give notice to Somerville of the occurrence of a Force Majeure Event as soon thereafter as is reasonably practicable, and in no event more than thirty business (30) days following Tenant's determination of the Force Majeure Event's occurrence.
5. Somerville shall forward to the Board of Assessors a copy of this Agreement.
6. All persons executing this Agreement represent and warrant that they have been duly authorized to execute and deliver this Agreement by the entity for which they are signing, and this Agreement is the valid and binding

agreement of such entity, enforceable in accordance with its terms.

7. All notices or other communications required or permitted by this Agreement or by law shall be in writing and shall be personally delivered or sent by certified mail, return receipt requested, postage prepaid, or sent for overnight delivery by a nationally recognized courier such as Federal Express, addressed to the other party as follows:

Tenant:

Tenant

Property Owner:

Somerville:

City of Somerville

93 Highland Avenue Somerville, MA 02143

Attn: Economic Development Director, Mayor's Office of Strategic
Planning and Community Development,

With a copy to:

City of Somerville Law Department

ATTN: City Solicitor

93 Highland Avenue Somerville, MA 02143

Any party may change its address for notice from time to time by serving notice on the other parties as provided above. The date of service of any notice served by mail shall be the date upon which such notice is deposited

in a post office of the United States Postal Service.

8. This Agreement may be executed in separate counterparts, each of which when so executed shall be an original; but all of such counterparts shall together constitute but one and the same instrument.

Signatures Follow on Next Page

DRAFT - FOR ILLUSTRATION PURPOSES ONLY

WITNESSETH the execution and delivery of this Agreement by Somerville, Tenant, and _____, as an instrument under seal, as of the date first above written.

AGREED TO:

CITY OF SOMERVILLE

By: Katjana Ballantyne, Mayor

Approved as to Legal Form:

By: Cynthia Amara, City Solicitor

TENANT, on behalf of itself and its subsidiaries

By:

PROPERTY OWNER

By: