

ARTICLE 19
(Board of Selectmen)

To see if the Town will vote to authorize the Board of Selectmen to enter into a Tax Increment Financing Plan with The Math Works, pursuant to the provisions of Chapter 40, Section 59 of the Massachusetts General Laws, in connection with the purchase of property located at 2 and 3 Apple Hill Drive, Natick, MA , shown on Natick Assessors' Map 19 as Parcel 7, which is the subject matter of a Certified Project Application prepared by The Math Works, and to authorize the Board of Selectmen to execute such documents and to take such action as is necessary to obtain approval of the Certified Project Application and to implement said Tax Increment Financing Plan, a copy of which is on file in the office of the Natick Town Clerk.
Or otherwise act thereon.

RECOMMENDATION: By a vote of 8-0-0 (Mr. Mattice abstaining) on October 5, 2004, the Finance Committee recommends FAVORABLE ACTION with regard to the subject matter of Article 19:

Positive Action Requires a MAJORITY Vote.

This article is associated with Article 18. As indicated in Article 18, the Town may enter into a TFI agreement which, after approval of Article 19, is negotiated and executed between and by the Board of Selectmen and MathWorks. Also as indicated above and in MathWorks' Economic Impact Report is the basis of the minimal financial impact of the TIF agreement that the Town realize in any agreement that is ratified, after approval of and consistent with this article.

The Finance Committee heard testimony from the Town administration, MathWorks, board and committee members and the public regarding the subject matter of this article. In general, the testimony provided the committee with positive recommendations with regard to the Town entering into a TIF agreement with MathWorks.

The Planning Board provided testimony that it preferred that a committee consisting of a member from each of the Board of Selectmen, Finance Committee, Board of Assessors, Planning Board, and Town Moderator to review and provide its approval, before the Selectmen enter into a TIF agreement under this article. Our recommended motion take into account these comments and provides sufficient authority for the aforementioned boards, committees and/or office to make recommendations to the Board of Selectmen, before their approval and execution of a TIF agreement under this article.

During debate on this article, a number of Finance Committee members commented that they desired to make certain that any TIF agreement under this license would contain certain limitations as indicated in the motion provided by the Finance Committee. Specifically, the limitation should be included any TIF agreement under this article shall provide for no more than one percent (1%) property tax exemption.

Town Meeting Members will find a copy of a draft TIF agreement, which was provided to the Finance Committee. Selectmen, the Town administration and representatives of MathWorks should be available to provide additional information and/or answer questions.

Motion:

Moved that the town vote to provide that the Tax Increment Financing as stated in the text of Article 19 an agreement negotiated by the Board of Selectmen shall not exceed 1 % of the increment defined in 760 CMR 22.05(4) for a number of years not to exceed twenty, and further that the Board of Selectmen seek input from the Board of Assessors, Planning Board and Finance Committee regarding the form of the final agreement.

DRAFT

TAX INCREMENT FINANCING AGREEMENT

TOWN OF NATICK

AND

MATH WORKS, INC

TAX INCREMENT FINANCING AGREEMENT
BY AND BETWEEN
THE TOWN OF NATICK
AND
THE MATHWORKS, INC.

DRAFT

This TAX INCREMENT FINANCING AGREEMENT (the "TIF Agreement") is entered into this _____ of _____, 2004 by and between the Town of Natick (hereinafter referred to as the "Town") and The MathWorks, Inc. (hereinafter referred to as "The MathWorks").

WHEREAS the acquisition and improvement of office space by The MathWorks for its worldwide headquarters of its software development, marketing and sales operations (the "Project") is expected to result in the retention of 782 jobs and the creation of at least 400 new full-time jobs in the Town, and

WHEREAS The MathWorks' proposed Project will involve the purchase and improvement of the land and buildings at Two and Three Apple Hill Drive and the adjacent parking garage (such land with the buildings, garage and other real property improvements thereon is hereinafter referred to as the "Property") and a total investment of \$150 million over the life of this TIF Agreement, and

WHEREAS The MathWorks is seeking a Tax Increment Financing Exemption for the Property and Project from the Town, in accordance with Section 59 of M.G.L. Chapter 40 and Clause Fifty-first of Section 5 of M.G.L. Chapter 59, and

WHEREAS the Town strongly supports increased economic development as a means to expand the commercial and industrial tax base, provide additional employment opportunities for residents of the Framingham-Marlborough Region Economic Target Area ("ETA"), and develop a healthy, balanced economy and stronger tax base, and

WHEREAS the proposed Project is located on the land at Two and Three Apple Hill Drive, Natick, Massachusetts, as more specifically described in the deed recorded with the Middlesex County South District Registry of Deeds (the "Registry") in Book 27904, Page 348, and as shown as Parcel ID Nos. 19-00000007 and 27-00000239 on the Town Assessor Map (the "Land"), and

WHEREAS the Property is located within the boundaries of the ETA and is proposed for designation as an Economic Opportunity Area ("EOA") by the Massachusetts Economic Assistance Coordinating Council ("EACC"), and

WHEREAS the Project proposed by The MathWorks furthers the economic development goals established for the ETA and meets the criteria for designation by the EACC as a "Certified Project", and

WHEREAS during fiscal year 2004 the Property generated \$493,411 in Chapter 59 property taxes for the Town.

DRAFT

THEREFORE IT IS HEREBY AGREED THAT:

1. The Town, as authorized by the Town Meeting on _____, 2004, hereby enters into this TIF Agreement with The MathWorks with respect to the Property and Project.
2. The term of this TIF Agreement is twenty (20) years commencing as of the first day of fiscal year 2006. This TIF Agreement shall only be applicable to the proposed Project, which includes The MathWorks' purchase and improvement of the two existing buildings and adjacent parking garage on the Land and on-going machinery and equipment expenditures made by The MathWorks during the term of this TIF Agreement. Any other project proposed by The MathWorks subsequent to the date of this TIF Agreement shall require separate action with respect to any special tax status request.

The Tax Increment Financing Exemption formula for the Project and Property will be calculated as prescribed by Section 59 of M.G.L. Chapter 40, Clause Fifty-first of Section 5 of M.G.L. Chapter 59, 760 CMR 22.00 and 402 CMR 2.00 and regulated by the Massachusetts Department of Revenue. The Tax Increment Financing Exemption formula will apply to the incremental difference in the assessed valuation of the Property between the *base valuation* (as defined below) in the *base year* (as defined below), and the assessed valuation of the Property for each of the next twenty fiscal years during the term of this TIF Agreement.

The *base valuation* is the assessed value of the Property for the *base year*. The *base year* is the fiscal year immediately preceding the fiscal year in which the Property becomes eligible for a Tax Increment Financing Exemption. The Town and The MathWorks hereby agree that the *base year* for this TIF Agreement is fiscal year 2005 and the estimated *base valuation* for the Property is \$48,516,300, *i.e.*, the Property's assessed value for fiscal year 2004.

The *base valuation* will be adjusted annually by an adjustment factor as defined in 760 CMR 22.00. This *adjusted base value* will remain fully taxable (*i.e.*, the Tax Increment Financing Exemption shall not apply to or be calculated with respect to the *adjusted base value* and no portion of the *adjusted base value* shall be eligible for exemption from Chapter 59 property taxation) throughout the term of this TIF Agreement.

The *increased value*, or "*increment*," created by the Project (including all improvements to the Property), is the amount eligible for exemption from Chapter 59 property taxation. Pursuant to 760 CMR 22.00, the *increment* is equal to the amount by which the Property's assessed value for each fiscal year during the term of this TIF Agreement exceeds the *adjusted base value*.

Specifically, this TIF Agreement calls for an exemption from Chapter 59 property taxation for the Project and the Property based on the following schedule:

DRAFT

<u>Year</u>	<u>Exemption Percentage</u>
2006	1% of the increment
2007	1% of the increment
2008	1% of the increment
2009	1% of the increment
2010	1% of the increment
2011	1% of the increment
2012	1% of the increment
2013	1% of the increment
2014	1% of the increment
2015	1% of the increment
2016	1% of the increment
2017	1% of the increment
2018	1% of the increment
2019	1% of the increment
2020	1% of the increment
2021	1% of the increment
2022	1% of the increment
2023	1% of the increment
2024	1% of the increment
2025	1% of the increment

3. The Town is granting the Tax Increment Financing Exemption for the Property and the Project in consideration of The MathWorks' commitment to:
 - a. Maintain its current employment level of 782 jobs in the Town, and create an additional 400 new jobs over the term of this TIF Agreement; and
 - b. Invest a minimum of \$54 million in the purchase of the Property and related improvement costs, with on-going personal property expenditures of \$96 million over the term of this TIF Agreement, and pay all municipal permit fees required in connection with such improvements.

4. The MathWorks agrees to submit annual reports on job creation and new investment to the Town by the end of August each year with respect to the immediately preceding fiscal year during which this TIF Agreement is in effect. Reports shall be submitted for the fiscal year beginning on July 1, 2004, and for every fiscal year thereafter falling within the term of this TIF Agreement; the first report, therefore, shall be submitted by the end of August 2005. The annual report shall include:
 - a. The number of new full-time and part-time jobs created by The MathWorks and the number of people hired who reside within the ETA for the annual reporting period and on a cumulative basis; and
 - b. The value of capital improvements invested in the Property and Project by The MathWorks for the annual reporting period and on a cumulative basis. The

DRAFT

reports shall be itemized as to character of the work in such general categories as determined by the Building Department for the Town of Natick, and shall include for each category, the total investment for the reporting period and on a cumulative basis.

5. The MathWorks will be in default of its obligations under this TIF Agreement if The MathWorks fails to meet or comply with any of the requirements of Paragraphs 3 or 4 above or Paragraph 6 below, and such failure continues or remains uncured for sixty (60) days (or such longer time as the Town, acting through its Board of Selectmen, may deem appropriate under the circumstances) after the Board of Selectmen have provided The MathWorks with written notice explaining in reasonable detail the grounds for or nature of the default, and providing The MathWorks with the opportunity to cure such failure within the cure period specified by the Board of Selectmen in such written notice. Upon the occurrence and continuation of any such uncured default, the Board of Selectmen may take such action as it deems appropriate to enforce The MathWorks' obligations under this TIF Agreement, including but not limited to a request that EACC decertify the Property and/or Project for eligibility for a Tax Increment Financing Exemption. Upon any such decertification, the Town shall have the right, upon written notice to The MathWorks, to terminate the Tax Increment Financing Exemption benefits described in Paragraph 2 above, commencing as of the first fiscal year immediately following the fiscal years in which the default by The MathWorks occurred.
6. If The MathWorks ceases to be an operating entity, or if The MathWorks transfers the Property to an entity unrelated to or unaffiliated with The MathWorks without the prior written approval of the Town during the term of this TIF Agreement, the Town shall be entitled to treat such unapproved transfer as a default by The MathWorks, in which case the Town may exercise all of its remedies set forth in Paragraph 5 above.
7. The Town acknowledges that The MathWorks has the right to transfer ownership of the Property to a related entity that is controlled, managed or owned by The MathWorks, or to any affiliate of The MathWorks under common control or to any entity into which The MathWorks merges or to any entity to which The MathWorks sells all or substantially all of its assets..

In Witness Whereof, each of the parties has executed this TIF Agreement as a sealed instrument on the date shown next to the signature of its authorized representative below.

The MathWorks, Inc.

Town of Natick
By Its Board of Selectmen
or a Majority Thereof

Signature

Signature of Authorized Official

Date of Signature

Signature of Authorized Official

Signature of Authorized Official

Signature of Authorized Official

Signature of Authorized Official

Date of Signature

DRAFT