

TAX INCREMENT FINANCING AGREEMENT

BY AND BETWEEN

THE TOWN OF ANDOVER

AND

VICOR CORPORATION

THIS TAX INCREMENT FINANCING AGREEMENT (the "Agreement") is made this _____ day of _____ 2019, by and among the TOWN OF ANDOVER (hereinafter referred to as the "Town"), acting by its Board of Selectmen as authorized by vote of Special Town Meeting, and VICOR CORPORATION (hereinafter referred to as the "Company").

RECITALS

WHEREAS, the Town is a municipal corporation duly organized under the laws of the Commonwealth of Massachusetts having a principal place of business at 36 Bartlett Street, Andover, MA 01810; and

WHEREAS, the Company is a corporation qualified to do business in the Commonwealth of Massachusetts with a principal place of business at 25 Frontage Road, Andover, MA 01810; and

WHEREAS, the Company plans to commence construction of an approximately 87,000 square foot manufacturing facility located at 400 Federal Street, Andover, Massachusetts on property owned by Company and shown on the attached Andover Assessors Map 144 Parcel 4 (hereinafter the "Property"); and

WHEREAS, the Company plans to invest at the Property approximately \$33.5 million, including approximately \$20.5 million for hard and soft construction costs and approximately \$13 million for machinery and equipment (hereinafter the "Project"); and

WHEREAS, the Company currently has 771 full-time employees in the Town, representing the sum of the current 562 full-time employees associated with the Company's Federal Street facility and the current 209 full-time employees associated with the Company's Frontage Road headquarters, and plans to retain said 771 full-time jobs; and

WHEREAS, the Company, as a result of the Project, intends to create 40 new permanent full-time jobs at the Federal Street facility; and

WHEREAS, the Company intends to apply for status as a Local Incentives-Only Project under the Massachusetts Economic Development Incentive Program ("EDIP); and

WHEREAS, on April __, 2019, the Andover Board of Selectmen recommended approval of this Agreement to Andover Special Town Meeting; and

WHEREAS, on April __, 2019, Andover Special Town Meeting voted to approve this Agreement; and

WHEREAS, the Town strongly supports increased economic development to provide additional jobs, expand commercial, retail, and industrial activity within the Town, and to develop a healthy, economic, and strong tax base.

NOW, THEREFORE, in consideration of the mutual promises of the parties' contained herein and other good and valuable consideration each to the other paid, receipt of which is hereby acknowledged, the parties hereby agree as follows:

A. THE TOWN’S OBLIGATIONS

1. A Tax Increment Financing (“TIF”) exemption (the “Exemption”) is hereby granted to the Company by the Town in accordance with Chapter 23A, Sections 3A to 3F; Chapter 40, Section 59, and Chapter 59, Section 5, Clause Fifty-first of the Massachusetts General Laws and the applicable regulations thereto. The Exemption for real estate taxes shall be for a period of six (6) years (the “Exemption Term”), commencing in the fiscal year for which the Town has increased the assessed value at the Property to the full assessed value of the Project at the Property (the first day of such fiscal year in which said full assessed valuation occurs is hereinafter referred to as the “Start Date”); and shall provide an exemption from taxation of the new incremental value of the Property resulting from the Project, as determined by the Town of Andover Assessor, as follows:

<u>Fiscal Year</u>	<u>Exemption Percentage</u>
Fiscal Year 1	100%
Fiscal Year 2	90%
Fiscal Year 3	80%
Fiscal Year 4	80%
Fiscal Year 5	75%
Fiscal Year 6	75%

2. The Base Valuation shall be the assessed value of the Property for Fiscal Year 2019 in the amount of \$15,608,500.
3. The Base Valuation shall be adjusted annually by an adjustment factor, which reflects the increased commercial and industrial property values within the community, as provided in Chapter 40, Section 59 of the Massachusetts General Laws.
4. Notwithstanding the foregoing Exemption Schedule or anything in this Agreement to the contrary, the total amount of the Exemption authorized by this Agreement commencing on the date hereof, shall not exceed \$1,610,961. Once the total amount of said Exemption has reached \$1,610,961, the percentage of the Exemption shall be reduced to zero and this Agreement shall terminate at the end of the Fiscal Year in which the Exemption is reduced to zero.
5. The Assessor shall remit to the Company annually, by December 31st, a statement of the amount of the exemption for each fiscal year of this TIF Agreement.
6. The Company is a registered manufacturer by the Massachusetts Department of Revenue and is exempt from paying municipal personal property taxes.

B. THE COMPANY'S OBLIGATIONS

The Exemption granted to the Company by the Town hereby is in consideration of the Company's following commitments:

1. The Company shall retain 771 permanent full-time jobs in Andover. The Company shall create 40 new permanent full-time jobs at 400 Federal Street over a five (5) year period commencing in the first year of the Exemption Term. The Company's job retention and creation plans shall be outlined in the Employment & Job Creation section of the EDIP Local Incentive-Only Application to be submitted to the State in connection with the Company's request for a TIF exemption.
2. Provided the Company receives the necessary and appropriate governmental and regulatory approvals to do so, it shall construct an approximately 87,000 square foot manufacturing facility at the Property, adjacent and attached to the Company's existing manufacturing facility.
3. The Company plans to invest in the Project approximately \$33.5 million, including approximately \$20.5 million for hard and soft construction costs and approximately \$13 million for machinery and equipment. The Company expects to complete the Project by March 31, 2021, and in the event of construction delays no later than March 31, 2022.
4. Subject to applicable law, the Company will use reasonable efforts, including, but not limited to, cooperating with the Massachusetts Executive Office of Labor and Workforce Development in order to identify and to hire qualified residents within the region to fill vacancies within the Company for Andover-based jobs as they develop.
5. The Company shall submit an annual report pursuant to General Laws Chapter 23A, Section 3F to the Massachusetts Economic Assistance Coordinating Council ("EACC") through the Commonwealth's on-line portal for each year of the Application designation. The annual report shall include the number of jobs created, and value of the Property capital investments and other related items with respect to the Property annually and on a cumulative basis. The Company shall submit a report as required by General Laws Chapter 40, Section 59(viii) to the Town Clerk and EACC.
6. Subject to the provisions of this Agreement, the Company shall pay all real estate taxes owed to the Town relating to the Property in a timely fashion. The Company shall also pay the real estate taxes as assessed by the Town on any partial construction completion in full and in a timely manner.
7. The Company agrees that the Town has the right to petition the EACC to decertify the Certified Project and to revoke this Agreement if the Town acting through its Board of Selectmen, determines that the Company has failed in a material way to meet any particular obligations as set forth in this Agreement, subject to the provisions of this Section B.7 and the further provisions below. Prior to taking any action to request decertification of the Project by the EACC, the Town shall give written notice of the alleged default to the Company and provide them an opportunity to meet with the Town officials to discuss a remedy for the alleged default. The Company shall have thirty (30) days from the receipt of such written notice to respond to the Town regarding any alleged default and one hundred twenty (120) days from the receipt of such written notice to remedy such alleged

default.

Prior to filing any such petition for decertification the Town shall schedule a hearing and at said hearing, the Town shall consider general economic conditions, regional or industry issues affecting the Company directly or indirectly, the Company's potential ability to meet hiring projections, and any other relevant factors. If the Town is satisfied that the Company has made a good faith effort to meet its obligations under this Agreement, the parties will attempt to negotiate a mutually acceptable and reasonable resolution, which may result in amendments to the terms of the Agreement, prior to the Town filing a de-certification petition.

8. In the event of any de-certification by the EACC, the Town shall discontinue the Exemption benefits described above, commencing with the fiscal year immediately following the year for which the Company has so failed to meet its obligations.
9. In addition to discontinuance of benefits as set forth in Paragraph B.8 above, if the Agreement is decertified because the Company has failed to retain the 771 jobs in any year during the term of this Agreement, as required in Paragraph B.1 hereof, then pursuant to Massachusetts General Laws Chapter 23A, Section 3F(e), the Town may recapture the value of the real estate taxes not paid due to the Exemptions provided herein. Said recapture shall be made through a special assessment on the Company in the municipal fiscal year that follows the EACC's decision to revoke project certification. 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.
10. The matters described above as obligations of the Company are only conditions to the eligibility for tax exemptions under this agreement and do not create any enforceable obligations or covenants of the Company. The Town's sole remedies for failure by the Company to satisfy any of its obligations and conditions are the procedures set forth in paragraphs B.7 through B.9 above.

C. ADDITIONAL PROVISIONS

1. Pursuant to the provisions of Chapter 40, Section 59 of the Massachusetts General Laws and applicable regulations, this Agreement shall be binding upon the Company, its successors, assigns, and subsequent owners of the Property, so long as the Project has not been decertified by the EACC. The Company may convey, assign or otherwise transfer its interests in the Property to a wholly owned subsidiary or affiliate without prior approval of the Town. The Company shall provide notice to the Town of any such transfer and both the Company and the new Property owner shall provide all reasonably requested assurances to the Town regarding compliance with this Agreement. However, the Company may not otherwise convey, assign or transfer this TIF, or its rights hereunder to another party without the express and advance written consent of the Town, which consent may not be unreasonably withheld or denied by the Town. In the case of such denial by the Town, the Town may petition the EACC for decertification as provided

above. Any transaction, or series of transactions, which results in a change of control of the Company, or a transfer of the Property whether by the sale of a majority of its voting stock, merger, acquisition or otherwise, shall be deemed to be a transfer within the meaning of this paragraph.

2. The Town and the Company acknowledge and agree that there is no public construction contemplated by this Agreement and, therefore, no betterment schedule referred to in Massachusetts General Laws Chapter 40, Section 59 is required. This Agreement and the Tax Increment Financing Exemption provided for hereunder shall apply only to the Property. No other building at 400 Federal Street shall be eligible for a Tax Increment Financing Exemption unless specifically approved by Andover Town Meeting.
3. This Agreement is governed by the laws of the Commonwealth of Massachusetts. If any provision of this Agreement shall be found invalid for any reason, such invalidity shall be construed as narrowly as possible and the balance of this Agreement shall be deemed to be amended to the minimum extent necessary to provide to the Town and the Company substantially the benefits set forth in this Agreement.
4. This agreement is subject to Massachusetts General Laws Chapter 23A, Sections 3A to 3F, Chapter 40, Section 59, and Chapter 59, Section 5, Clause Fifty-first and the applicable regulations thereto.
5. The time within which the Company shall be required to perform any of its obligations under this agreement shall be extended in the event the performance of such obligation is delayed by a force majeure event such as an act of God, earthquake, fire, act of terrorism, war, labor dispute, delay or restriction by a government body, or any other cause beyond the reasonable control of the Company.
6. All notices permitted or required under the provisions of the Agreement shall be in writing, and shall be sent by registered or certified mail, postage prepaid, or shall be delivered by private express carrier to the addresses listed below or at such other address as may be specified by a party in writing and served upon the other in accordance with this section. Such notices shall be deemed given when delivered or when delivery is refused.

If intended for the Town, addressed to:

Town of Andover
Office of the Town Manager
36 Bartlett Street
Andover, MA 01810
Attention: Andrew Flanagan

with copies concurrently delivered to:

Town of Andover
Division of Community Development and Planning
36 Bartlett Street
Andover, MA 01110
Attention: Paul Materazzo

If intended for the Company, addressed to:

Vicor Corporation
25 Frontage Road
Andover, MA 01810
Attention: James A. Simms, CFO, Treasurer & Secretary

7. The Company agrees to allow the Town to monitor compliance with this Agreement. The Company shall provide to the Town, upon reasonable request, access to such information as the Town may deem necessary to monitor the Company's compliance.
8. This Agreement shall not be binding, and shall not go into effect until fully executed by the parties thereto, and until such time as this Agreement has been approved by the Massachusetts Economic Assistance Coordinating Council.

SIGNATURES FOLLOW ON NEXT PAGE

WITNESSETH the execution and delivery of this Agreement by the parties hereto as of the date first above written.

TOWN OF ANDOVER BOARD OF SELECTMEN

Date _____

VICOR CORPORATION

By: _____

Name: _____

Title: _____

Date: _____

ATTACHMENT

Property Map

