

**TAX INCREMENT FINANCING AGREEMENT
BY AND BETWEEN
THE TOWN OF HOPKINTON,
LYKAN BIOSCEINCE, LLC
and
SOUTHFIELD PROPERTIES I, LLC**

This AGREEMENT is made this ____ day of February, 2019 by and between the TOWN OF HOPKINTON, a municipal corporation duly organized under the laws of the Commonwealth of Massachusetts, with a principal place of business at Town Hall, 18 Main Street, Hopkinton, MA 01748 (the "TOWN"), LYKAN BIOSCEINCE, LLC, a Delaware limited liability company with a principal place of business at 222 Willow Rock Point, Fayetteville, GA 30215 (the "COMPANY") and SOUTHFIELD PROPERTIES I, LLC, a Delaware limited liability company, with a principal place of business at 230 C East Main Street, Marlborough, MA 01752 (the "LANDLORD").

PRELIMINARY STATEMENTS

WHEREAS, the LANDLORD owns approximately 6.6 acres of real estate, identified on Hopkinton Assessors' Map R29, Block 8, Lot B as attached (the "PROPERTY") which has a street address of 97 South Street, currently contains a 63,600 square foot building, which is to be renovated.

WHEREAS, the LANDLORD intends to lease the PROPERTY to the Company in connection with the Project as defined below.

WHEREAS, the LANDLORD and the COMPANY are expected to make an estimated capital investment of approximately \$10 million (\$2 million in renovations by the LANDLORD and \$8 million in renovations by the COMPANY) and an estimated \$2 million investment in personal property, for a total investment of \$12 million at the PROPERTY (the "PROJECT").

WHEREAS, the COMPANY plans to create 125 new, permanent full-time jobs located on the PROPERTY within a 5-year period.

WHEREAS, the TOWN is located within the boundaries of the Framingham-Marlborough Region Economic Target Area (the "ETA").

WHEREAS, the COMPANY intends to apply for status as a Local Incentive-Only Project under the Massachusetts Economic Development Incentive Program (EDIP).

WHEREAS, the TOWN supports increased economic development, to expand commercial and industrial activity within the TOWN, and to develop a healthy economy and stronger tax base.

WHEREAS, on January 29, 2019, the Hopkinton Board of Selectmen recommended approval of the TIF Agreement to Hopkinton Special Town Meeting.

WHEREAS, by vote of the members of the February 2019 Special Town Meeting, the TOWN has been authorized to enter into this Agreement with the COMPANY and the LANDLORD.

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 is hereby acknowledged, the parties hereby agree as follows:

1. The Tax Increment Financing exemption formula for the PROPERTY shall be calculated as prescribed by *M.G.L. c.23A, §3E; c.40, §59 and c.59, §5, cl.51st*. The Tax Increment Financing Exemption formula shall apply to the incremental difference in the assessed valuation of the PROPERTY created by the PROJECT, excluding parking, landscaping and accessory facilities associated therewith (the "REAL ESTATE INCREMENT").
 - a. The parties hereby agree that the base valuation for the PROPERTY is the value used for the calculation of property taxes owed in Fiscal Year 2020.
 - b. The REAL ESTATE INCREMENT created by the PROJECT is the amount eligible for exemption from real estate taxation.
 - c. Specifically, except as otherwise provided below, this Agreement calls for an exemption from real estate taxation on the increased value of the PROPERTY created by the PROJECT, according to the following TIF SCHEDULE:

Fiscal Year 2021	90% of the REAL ESTATE INCREMENT
Fiscal Year 2022	90% of the REAL ESTATE INCREMENT
Fiscal Year 2023	90% of the REAL ESTATE INCREMENT
Fiscal Year 2024	80% of the REAL ESTATE INCREMENT
Fiscal Year 2025	80% of the REAL ESTATE INCREMENT
Fiscal Year 2026	50% of the REAL ESTATE INCREMENT
Fiscal Year 2027	50% of the REAL ESTATE INCREMENT
Fiscal Year 2028	20% of the REAL ESTATE INCREMENT
Fiscal Year 2029	20% of the REAL ESTATE INCREMENT
Fiscal Year 2030	20% of the REAL ESTATE INCREMENT

2. The base valuation shall be adjusted annually by an adjustment factor that reflects increased commercial and industrial property values within the community, as provided in *M.G.L. c.40, §59*.
3. The TOWN shall provide an exemption from personal property taxation on all personal property situated on the PROPERTY according to the following Personal Property Exemption Schedule beginning in Fiscal Year 2021, until the COMPANY is designated by the Massachusetts Department of Revenue ("MassDOR") as a manufacturer:

Fiscal Year 2021	90% of the personal property taxes otherwise due
Fiscal Year 2022	90% of the personal property taxes otherwise due
Fiscal Year 2023	90% of the personal property taxes otherwise due
Fiscal Year 2024	80% of the personal property taxes otherwise due
Fiscal Year 2025	80% of the personal property taxes otherwise due
Fiscal Year 2026	60% of the personal property taxes otherwise due
Fiscal Year 2027	60% of the personal property taxes otherwise due
Fiscal Year 2028	60% of the personal property taxes otherwise due
Fiscal Year 2029	60% of the personal property taxes otherwise due
Fiscal Year 2030	60% of the personal property taxes otherwise due

Upon designation of the COMPANY as a manufacturer by the MassDOR, all personal property situated on the PROPERTY shall become 100% exempt from taxation pursuant to *M.G.L. c.59, §5, Cl.16*. If the COMPANY is denied designation as a manufacturer by the MassDOR then the TOWN shall continue to provide an exemption from personal property taxation on all personal property situated on the PROPERTY for the term of this Agreement in accordance with *M.G.L c. 59. §5, Cl.51* and the foregoing Personal Property Exemption Schedule.

4. The TOWN is granting the Tax Increment Financing Exemption in consideration of the COMPANY'S commitment to:
 - a. Create 125 new permanent full-time jobs ("NEW JOBS") during the term of this Agreement. Such NEW JOBS shall have an annual average salary (excluding benefits) of \$98,000 or more per job; provided, however, that the COMPANY shall not be in default under this Agreement if some of the individual NEW JOBS that are created fail to meet such compensation standard, as long as the overall average salary is equal to or greater than \$98,000 per job.
 - b. Give priority in its hiring of new employees, subject to applicable law and assuming equal qualification, the hiring of qualified residents of the TOWN. In order to facilitate such employment, the COMPANY shall advertise positions on-line that would encourage such residents to apply for employment with the COMPANY. The COMPANY, however, will retain all authority regarding hiring decisions and recruitment activities;
 - c. Invest, together with the LANDLORD, approximately \$10 million in renovations to the PROPERTY;
 - d. Invest approximately \$2 million in personal property to be situated at the PROPERTY;
 - e. Give priority in its procurement practices, subject to applicable law and assuming equal qualification, to the contracting of qualified local contractors, vendors and suppliers, in connection with the construction of the PROJECT. At a minimum, the COMPANY shall advertise in local newspapers and online procurement sites encouraging such qualified local contractors, vendors and suppliers to submit bids and proposals to the COMPANY whenever advertisements are otherwise placed by the COMPANY for such bids and proposals relating to the construction of the PROJECT. The COMPANY, however, shall retain all authority regarding the contracting of contractors, vendors and suppliers.
 - f. Subject to applicable law and assuming equal qualification, to explore opportunities to hire qualified local contractors, vendors and suppliers, in connection with the construction and operation of the PROJECT. The COMPANY, however, shall retain all authority regarding the hiring of contractors, vendors and suppliers;
 - g. Refrain from applying to the TOWN for any abatement of real or personal property taxes assessed as a result of the PROJECT pursuant to Section 1 or 3, hereof, during the term of this AGREEMENT. The LANDLORD also hereby agrees to refrain from applying to the TOWN for any abatement of real or personal property taxes assessed as a result of the PROJECT pursuant to Section 1 or 3, hereof, during the term of this AGREEMENT The

TOWN hereby agrees that the LANDLORD and COMPANY shall continue to have the right to apply for an abatement pursuant to the relevant provisions of M.G.L. Chapter 59 for any increase in the base valuation as set forth in Section 2 hereof.

- h. Limit water usage at the PROPERTY to no more than 10,000 total cubic feet in any six (6) month billing period;
 - i. Formulate, in consultation with the Hopkinton Public Schools Superintendent, a system of locally focused internships for Hopkinton residents. The COMPANY shall provide to the TOWN a plan for implementing such internships within twelve (12) months of the issuance of a certificate of occupancy for the PROJECT; and
 - j. Formulate, in consultation with the Town Manager, a system for locally focused employee volunteer programs. The COMPANY shall provide to the TOWN a plan for implementing such program within six (6) months of the issuance of a certificate of occupancy for the PROJECT.
5. The COMPANY commits to implement job creation according to the following schedule:
- | | |
|--------------------------------|---|
| On or before December 31, 2019 | Create 10 NEW JOBS at the PROPERTY (10 jobs total) |
| On or before December 31, 2020 | Create 10 NEW JOBS at the PROPERTY (20 jobs total) |
| On or before December 31, 2021 | Create 35 NEW JOBS at the PROPERTY (55 jobs total) |
| On or before December 31, 2022 | Create 35 NEW JOBS at the PROPERTY (90 jobs total) |
| On or before December 31, 2023 | Create 35 NEW JOBS at the PROPERTY (125 jobs total) |
6. The COMPANY'S job creation plans are outlined in the Employment & Jobs Creation section of the EDIP Local Incentive-Only Application submitted to the State in connection with the COMPANY'S request for a TIF exemption.
7. The COMPANY shall submit an annual report to the Massachusetts Economic Assistance Coordinating Council ("EACC") through the state'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 PROJECT capital investments and other related items with respect to the PROPERTY annually and on a cumulative basis.
8. The COMPANY shall submit annual reports on job creation and new investment to the Board of Assessors on or before February 1, beginning February 1, 2020, of each year for the duration of the Tax Increment Financing Exemption period. These reports shall include:
- a. The number of NEW JOBS created on the PROPERTY and the number of people hired from within the TOWN for the annual time period ending the previous

December 31st and on a cumulative basis. The COMPANY shall maintain a roster of said NEW JOBS created on the PROPERTY listing the job title and average annual salary and said roster may be inspected by the TOWN to insure compliance with this Agreement, but said roster shall not be submitted to the TOWN; and

- b. A report describing the COMPANY's efforts relating to the utilization of local contractors, vendors and suppliers as contemplated by Section 5(d) of this Agreement.
9. Notwithstanding the provisions of Section 1(c) of this Agreement, should the COMPANY fail to submit a required annual report, and such failure shall continue for twenty (20) days after notice from the TOWN to the COMPANY and to the LANDLORD of such failure, or should the annual report indicate that the COMPANY has failed to meet its scheduled target for NEW JOBS or the annual average salaries for such NEW JOBS is less than \$98,000 per year (excluding benefits), or should the TOWN provide a notice of other default to the COMPANY pursuant to Section 10 of this Agreement, the exemption from real property taxation shall be zero percent (0%) for the subsequent fiscal year and, provided the COMPANY has not been designated a manufacturer by the MassDOR as referenced in Section 3 hereof, the exemption from personal property taxation also shall be zero percent (0%) for the subsequent fiscal year. Following said reduction, the exemption from real estate taxation shall revert to the schedule set forth in Section 1(c) of this Agreement, and, provided the COMPANY has not been designated a manufacturer by the MassDOR, the exemption from personal property taxation shall revert to the Personal Property Exemption Schedule set forth in Section 3 of this Agreement, upon attainment of the NEW JOBS and the annual average salaries targets and the cure of any noticed default for each subsequent year, respectively.
10. If, at any point during the Agreement, the COMPANY is in default of this Agreement and its obligations, the TOWN, acting through its Board of Selectmen, may, at its sole discretion, after providing the notice and the opportunity to the COMPANY and to the LANDLORD to cure described below in this Section 10 of this Agreement, notify the EACC and/or take action to request decertification of the project by the EACC. Prior to any decertification proceeding, however, the COMPANY shall have the opportunity to cure, correct or remedy its default or failure to create the required number of employees. Upon receiving written notice of such a failure or default from the TOWN (with a copy to the LANDLORD), the COMPANY shall have sixty (60) days to commence to cure, correct or remedy such failure or default, and shall complete such cure, correction or remedy within ninety (90) days of the receipt of such written notice, or, with respect to defaults that cannot be remedied within such one hundred twenty (120) day period, within such additional period of time as is required to reasonably remedy such default, provided that the COMPANY exercises due diligence in the remedying of such default. Should the COMPANY opt not to cure the default or remedy the failure to create NEW JOBS, the COMPANY agrees that it will not oppose any subsequent request for decertification by the Town. In any event, in addition to the COMPANY's right to cure such default or remedy such failure, the LANDLORD shall have the right (but not the obligation) to commence to cure, correct or remedy such failure or default within sixty (60) days of receiving the aforementioned written notice from the TOWN. Should the LANDLORD elect to exercise its right to cure under this Section, it shall give notice to the TOWN and to the COMPANY of its intention to do so, and shall complete such cure, correction or remedy within one hundred and twenty (120) days of the receipt of the

aforementioned written notice from the TOWN, or, with respect to defaults that cannot be remedied within such one hundred and twenty (120) day period, within such additional time as is required to reasonably remedy such default, provided that the LANDLORD exercises due diligence in the remedying of such default.

11. If and to the extent that either party is prevented from performing its obligations hereunder by an event of *force majeure*, such party shall be excused from performing hereunder and shall not be liable in damages otherwise, and the parties instead shall negotiate in good faith with respect to appropriate modifications to the terms hereof. For purposes of this TIF Agreement, the term *force majeure* shall mean the supervening causes described here, each of which is beyond the reasonable control of the affected party: acts of God, fire, earthquake, floods, explosion, actions of the elements, war, terrorism, riots, mob violence, failure of transportation, strikes, lockouts, actions of labor unions, condemnation, laws or orders of governmental or military authorities, or any other cause similar to the foregoing, not within the control of such party obligated to perform such obligation.
12. If the COMPANY ceases to be an operating entity during the term of this Agreement, and has not conveyed its assets or ownership to another qualified company that continues to operate on the PROPERTY, and has not assigned its rights and obligations under this Agreement as set forth in Section 13 hereof to said successor company, then the Town shall be under no obligation to continue the Tax Increment Financing Exemption.
13. Pursuant to the provisions of *M.G.L. c.40, §59* and applicable regulations, this Agreement shall be binding upon the LANDLORD and the COMPANY, their successors, assigns and subsequent owners of the Property. Should this Agreement be assigned, the COMPANY shall provide notice to the Town in accordance with the provisions of this Agreement.
14. The LANDLORD shall pass on all real estate tax savings resulting from this Agreement to the COMPANY.
15. The Board of Selectmen of the Town of Hopkinton intends to execute this Agreement on behalf of the TOWN. Should the Agreement fail to be approved by Town Meeting or the Massachusetts Economic Assistance Coordinating Council, it will not be binding on any of the parties.
16. By executing this Agreement, the LANDLORD shall incur no obligation or liability under this Agreement, except if the LANDLORD elects to cure a COMPANY default as provided in Section 10 of this Agreement. In any event, redress for any claims against the LANDLORD under this Agreement shall be made only against the LANDLORD to the extent of the LANDLORD's interest in the PROPERTY. The obligations of the LANDLORD under this Agreement shall not be personally binding on, nor shall any resort be had to the private properties of, any of its trustees or board of directors and officers, as the case may be, the general partners thereof or any beneficiaries, stockholders, employees or agents of the LANDLORD, or the investment manager, and in no case shall the LANDLORD be liable to the TOWN or to the COMPANY hereunder for any lost profits, damage to business, or any form of special, indirect or consequential damages.

17. The COMPANY shall give written notice to the TOWN at least 30 days prior to any relocation of operations from the PROPERTY, or of any transfer of its leasehold on the PROPERTY or its business to any other entity; provided, however, that, if the COMPANY determines in good faith that such notice cannot be given 30 days in advance because of the requirements of securities laws or related regulations, or any contractual, regulatory, or other similar types of obligations or prohibitions, such notice shall be given promptly after such prohibitions no longer apply. Such notice shall not operate to terminate any other obligation set forth in this Agreement.
18. 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 the contract shall be deemed to be affected to the minimum extent necessary to provide to the parties substantially the benefits set forth in this Agreement.

SIGNATURES FOLLOW ON NEXT PAGE

AGREED TO:

LYKAN BIOSCIENCE, LLC

By: _____

Name: _____

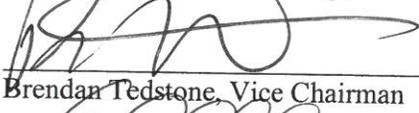
Title: _____

Date of Signature

TOWN OF HOPKINTON



Claire Wright, Chairman



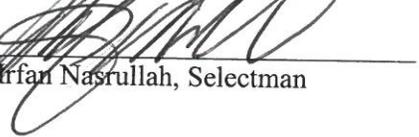
Brendan Tedstone, Vice Chairman



John Coutinho, Selectman



Brian Herr, Selectman



Arfan Nasrullah, Selectman

1/29/19

Date of Signature

SOUTHFIELD PROPERTIES I, LLC

By:

Title:

Date of Signature

ATTACHMENT
Assessor's Map R29, Block 8, Lot B



0 270 540 ft

Printed on 01/08/2019 at 10:16 AM

Town of Hopkinton GIS