

**DRAFT for Public Review**

**TAX INCREMENT FINANCING AGREEMENT**

**BY AND BETWEEN**

**THE TOWN OF DOUGLAS,**

**GILBOA PROPERTIES LLC**

**AND**

**CLASSIC ENVELOPE, INC.**

**THIS AGREEMENT** is made this day of November, 2011, by and between the Town of Douglas, a municipal corporation duly organized under the laws of the Commonwealth of Massachusetts, having a principal place of business at the Municipal Center, 29 Depot Street, Douglas, MA 01516 (hereinafter referred to as the “TOWN”), Gilboa Properties LLC, a Massachusetts limited liability company having a principal place of business at 82 McCracken Rd., Millbury, MA 01527 (hereinafter referred to as the “LESSOR”) and Classic Envelope, Inc., a Massachusetts corporation having a principal place of business at 1 Main Street, Whitinsville, MA 01588 (hereinafter referred to as the “COMPANY”).

**WITNESSETH**

**WHEREAS**, the TOWN has been designated as a member of the Blackstone Valley Economic Target Area (the “ETA”) by the Massachusetts Economic Assistance Coordinating Council (the “EACC”);

**WHEREAS**, the LESSOR owns, or will own, the land, and the buildings, and improvements to be constructed and leased to the COMPANY and other possible tenants (collectively, the “TENANTS”) all to be located on the parcel of land located 120 Gilboa Street, Douglas consisting of approximately 61.9 acres (the “FACILITY”), and more particularly as shown on the plan attached hereto as Exhibit A;

**WHEREAS**, the FACILITY is located within the 120 Gilboa Street Economic Opportunity Area and a Tax Increment Financing Zone, both as designated by the TOWN and the EACC (the “EOA” and “TIF Zone”, respectively) and shown on the plan attached hereto as Exhibit A;

**WHEREAS**, the LESSOR will be purchasing, improving and equipping an existing two story building of approximately 316,263 s/f, and the LESSOR, together with the COMPANY and the TENANTS will be improving, equipping and operating the FACILITY for its use in manufacturing, warehouse, office and other potential uses and activities, (the “CERTIFIED EXPANSION PROJECT”);

**WHEREAS**, the CERTIFIED EXPANSION PROJECT, when complete, and at full operational capacity, will create one hundred fifteen (115) permanent, full-time jobs including seventy-five (75) jobs transferred from Northbridge, Massachusetts including those created by the COMPANY and the TENANTS and will represent an investment of at least \$3,900,000 in acquisition, tenant improvements and equipment costs. The LESSOR anticipates the CERTIFIED EXPANSION PROJECT will be completed and in operation by the end of fiscal year 2013.

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**WHEREAS**, the LESSOR, the COMPANY and the TENANTS are seeking a Tax Increment Financing Exemption from the TOWN (the “EXEMPTION”) in order to enhance the financial viability of the CERTIFIED EXPANSION PROJECT to be established at the FACILITY, in accordance with the Massachusetts Economic Development Incentive Program (the “EDIP”) and Chapter 23A of the Massachusetts General Laws;

**WHEREAS**, the TOWN strongly supports increased economic activity at the FACILITY to provide additional jobs for residents of the TOWN, to expand manufacturing, office, commercial, retail and other business activity, including the possibility of developing educational programs within the TOWN, and to develop a healthy economy and strong tax base; and

**WHEREAS**, the CERTIFIED EXPANSION PROJECT will further the economic development goals and the criteria established for the ETA, the EOA and the TIF ZONE;

**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. TAX INCREMENT FINANCING EXEMPTION**

1. The TOWN, acting by and through its Board of Selectmen, subject to approval by the Town Meeting, hereby enters into this Tax Increment Financing Agreement (the “AGREEMENT”) with the LESSOR and the COMPANY and any TENANTS identified from time to time for the CERTIFIED EXPANSION PROJECT.
2. Subject to Town Meeting approval of the AGREEMENT, the EXEMPTION is hereby granted by the TOWN to the LESSOR in accordance with Chapter 23A, Section 3E; Chapter 40, Section 59; and Chapter 59, Section 5 of the Massachusetts General Laws. The EXEMPTION shall be for the period of fifteen (15) years (the “EXEMPTION PERIOD”), commencing with Fiscal Year 2013 (which begins July 1, 2012) and ending with Fiscal Year 2027 (which ends June 30, 2027) and shall provide a percentage EXEMPTION from taxation, as described in the table below, on the increased value of the of the existing building and any outbuildings at the FACILITY resulting from the CERTIFIED EXPANSION PROJECT. The EXEMPTION shall be calculated and remain unchallenged for each fiscal year as follows:

<b>YEAR</b>	<b>FISCAL YEAR</b>	<b>TAX EMPTION</b>
1	2013 (7/1/2012-6/30/2013)	15% of the increase in valuation
2	2014 (7/1/2013-6/30/2014)	50% of the increase in valuation
3	2015 (7/1/2014-6/30/2015)	45% of the increase in valuation
4.	2016 (7/1/2015-6/30/2016)	40% of the increase in valuation
5	2017 (7/1/2016-6/30/2017)	30% of the increase in valuation
6	2018 (7/1/2017-6/30/2018)	25% of the increase in valuation
7	2019 (7/1/2018-6/30/2019)	20% of the increase in valuation
8	2020 (7/1/2019-6/30/2020)	15% of the increase in valuation
9	2021 (7/1/2020-6/30/2021)	15% of the increase in valuation
10	2022 (7/1/2021-6/30/2022)	10% of the increase in valuation
11	2023 (7/1/2022-6/30/2023)	10% of the increase in valuation
12	2024 (7/1/2023-6/30/2024)	10% of the increase in valuation
13	2025 (7/1/2024-6/30/2025)	10% of the increase in valuation

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14	2026 (7/1/2025-6/30/2026)	10% of the increase in valuation
15	2027 (7/1/2026-6/30/2027)	10% of the increase in valuation

3. The EXEMPTION formula for the CERTIFIED EXPANSION PROJECT will be calculated as prescribed by the Massachusetts General Laws Chapter 40, Section 59 and in 760 CMR 22.00. The EXEMPTION formula shall apply to the incremental difference between the valuation of the FACILITY in the base year, which shall be fiscal year 2012 and any increases in the annual assessed valuation of the main building portion of the FACILITY for the fifteen (15) years. The LESSOR agrees to pass on any local property tax savings to the COMPANY and any other TENANTS at the FACILITY, pro rata, on a square foot basis.
4. The base valuation for FY 2012 is the assessed value of the FACILITY in the fiscal year immediately prior to the fiscal year in which the property will become eligible for the EXEMPTION.
5. It is anticipated by the parties that the LESSOR, the COMPANY, and possibly one or more other TENANTS may be applying to the EACC for investment tax credits pursuant to the EDIP for eligible expenditures made in the EOA and TIF Zone. The TOWN agrees that the Board of Selectmen will review any further requests for certifying such costs to the EACC and cooperate with the LESSOR, the COMPANY and any other TENANTS in this process.

**B. CONDITIONS**

The EXEMPTION granted to the LESSOR by the TOWN hereby is in consideration of the LESSOR'S, the COMPANY'S and any TENANTS' commitments stated hereafter as follows:

1. To create at one hundred-fifteen (115) new, permanent full-time jobs as outlined in the CERTIFIED EXPANSION PROJECT APPLICATION, submitted to the TOWN by the COMPANY in connection with LESSOR'S and COMPANY'S request for the EXEMPTION, and hire residents of the TOWN and the ETA as outlined in the WORK FORCE ANALYSIS AND JOB CREATION PLANS section of the CERTIFIED EXPANSION PROJECT APPLICATION;
2. To invest at least Three Million Nine Hundred Thousand Dollars (\$3,900,000) and as much as Six Million Dollars (\$6,000,000) in the acquisition, improvement and equipping of the FACILITY, as described in the CERTIFIED EXPANSION PROJECT APPLICATION which building and improvements shall be placed in use by the end of Fiscal Year 2013;
3. To cooperate with the Southern Worcester Workforce Investment Board, the local Office of the Massachusetts Department of Employment and Training and other agencies, as appropriate, in seeking to fill job vacancies with the COMPANY as they develop, and operate a job outreach program whereby Douglas residents are made aware of job opportunities with the COMPANY, including posting on the TOWN'S public cable station, advertising in the local newspapers encouraging such residents to apply for employment with the COMPANY any time advertisements are otherwise placed by the COMPANY for employment at the FACILITY and hire properly qualified DOUGLAS residents on a priority basis consistent with any applicable laws or regulations and organize and pay any expenses for a job fair aimed at Douglas

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residences to promote employment opportunities for Douglas residents no later than two months after the FACILITY has received its occupancy permit.

4. To provide annual summer employment for two (2) students attending Douglas High School or Douglas students attending the Blackstone Valley Regional Technical School;
5. To provide the TOWN with available space at the FACILITY, and without interfering with the operations of the LESSOR or COMPANY, inside storage of equipment operated by the TOWN'S Highway Department;
6. To provide the TOWN with available space at the FACILITY, and without interfering with the operations of the LESSOR or COMPANY, space for a studio for the TOWN'S cable television station;
7. To use best efforts to afford priority to local contractors, vendors and suppliers, in connection with the construction of the CERTIFIED EXPANSION PROJECT and the operation of the FACILITY, subject to any applicable laws or regulations, and assuming equal qualification;
8. To have all COMPANY'S owned vehicles, used in connection with the FACILITY, garaged so that any local motor vehicle excise tax owed with respect to such vehicles will be paid to the TOWN;
9. To submit annual reports on job creation, job retention and new investments at the FACILITY to the TOWN, the EACC and the ETA by September 30 of each year during the EXEMPTION PERIOD. The annual report shall include the number of permanent (regular), full and part time jobs created and the number of people hired from within the TOWN annually, and on a cumulative basis, the value of capital investments made with respect to the FACILITY annually and on a cumulative basis, the amount of property and automobile excise taxes paid to the TOWN and the utilization of local contractors, vendors and suppliers annually and on a cumulative basis;
10. To pay all taxes owed the TOWN relating to the premises in a timely fashion;
11. To permit the TOWN, through its Town Administrator, to manage, administer, monitor and enforce this AGREEMENT.

**C. ADDITIONAL PROVISIONS**

1. The LESSOR and the COMPANY agree that the TOWN has the right to petition to the EACC to decertify the CERTIFIED EXPANSION PROJECT and revoke this AGREEMENT if the TOWN, acting through its Board of Selectmen, determines that the LESSOR and the COMPANY have failed in any material way to meet any of the obligations as set forth in this AGREEMENT. Upon 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 LESSOR and the COMPANY have so failed to meet their obligations. Prior to filing any such petition for de-certification, however, the TOWN shall give the LESSOR and the COMPANY written notice of the alleged defaults and an opportunity to be heard at a public hearing on the matter. If the TOWN is satisfied that the LESSOR and the COMPANY have made a good faith effort to meet their obligations under this AGREEMENT,

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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.

2. The LESSOR shall give the TOWN two (2) month's written notice prior to any proposed change in the use of, or proposed disposition of the FACILITY. Said notice shall be given to the Town Administrator at the address listed above. The TOWN shall not, except as required by law, disclose any information provided by the COMPANY regarding the proposed change in the use of, or proposed disposition of the FACILITY.
3. Pursuant to the 760 CMR 22.05 (8) (d), this AGREEMENT shall be binding upon all parties to it, and be binding upon the LESSOR and the COMPANY and their successors and assigns and shall inure to the benefit of affiliates of the LESSOR and the COMPANY so long as the CERTIFIED EXPANSION PROJECT has not been de-certified by the EACC. Notwithstanding the existing tenant lease on the FACILITY, if the LESSOR decides to sell or sublease the FACILITY, the LESSOR shall give the TOWN at least two (2) month's written notice of said sale or sublease. Said notice shall be given to the Town Administrator at the above address.
4. The CERTIFIED EXPANSION PROJECT becomes eligible for the EXEMPTION on the July 1<sup>st</sup> following the date on which the EACC approves the TIF Plan pursuant to which this AGREEMENT is executed, as provided in 760 CMR 22.05 (4)(d).
5. 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, the LESSOR and the COMPANY substantially the benefits set forth in this AGREEMENT.
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 above or at such other address as may be specified by a party in writing and served upon the other in accordance with this section.
7. If and to the extent that any 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 or otherwise, so long as the force majeure event shall continue, and the parties instead shall negotiate in good faith with respect to appropriate modifications to the terms hereof. For purposes of the AGREEMENT, the term force majeure shall mean any supervening cause beyond the reasonable control of the affected party, including without limitation requirement of statute or regulation; actions of any court, explosion, actions of the elements, war, terrorism, riots, mob violence, actions of regulatory authority, or public authority having jurisdiction; acts of God, fire, earthquake, floods, inability to procure or a general shortage of labor, equipment, facilities, materials or supplies in the open market, failure of transportation, strikes, lockouts, actions of labor unions, condemnation, laws or orders of governmental or military authorities, denial of, refusal to grant or appeals of any permit, approval or action of any public or quasi public authority, official, agency or subdivision and any litigation relating thereto, or any other cause similar to the foregoing, not within the control of such party obligated to perform such obligation.

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8. Failure by the LESSOR and the COMPANY to perform any term or provision of this AGREEMENT shall not constitute a default under this AGREEMENT unless LESSOR and the COMPANY fail to commence to cure, correct or remedy such failure within thirty (30) days of the receipt of written notice of such failure from the TOWN to the LESSOR and the COMPANY and thereafter fails to complete such cure, correction or remedy within ninety (90) days of the receipt of such written notice, or, with respect to defaults which cannot be remedied within such ninety (90) day period, within such additional period of time as is required to reasonable remedy such default, provided the LESSOR and the COMPANY exercise due diligence in the remedying of such default. Notwithstanding the foregoing, any late payments of property taxes due under this AGREEMENT shall be subject to the same interest and penalty charges that would otherwise be levied in case of a failure to timely pay property taxes.
9. After receiving written notice from any person, firm or other entity, that such party holds a mortgage which includes as part or all of the mortgaged premises, any part of the FACILITY, the TOWN shall, so long as such mortgage is outstanding, be required to give to such holder the same notice as is required to be given to LESSOR under the terms of this AGREEMENT, but such notice may be given by the TOWN to the LESSOR and the COMPANY and such holder concurrently. It is further agreed that such holder shall have the same opportunity to cure any default as is available to the LESSOR and that such holder shall have forty five (45) days more to cure any such default than would be available to LESSOR under the provisions of this AGREEMENT. In addition, so long as any such holder, within seventy five (75) days of receiving any such notice form the TOWN, shall commence proceedings for foreclosure of any such mortgage and shall, in the meantime, keep and perform or cause to be kept and performed all the obligations of the LESSOR and the COMPANY, to satisfy any condition of this AGREEMENT, to the extent that any such actions can be performed or undertaken by a party proceeding under foreclosure under applicable law, no default or failure of any condition shall exist under this AGREEMENT. Notwithstanding the foregoing, any late payments of property taxes due under this AGREEMENT shall be subject to the same interest and penalty charges that would otherwise be levied in case of a failure to timely pay property taxes.

**WITNESSETH** the execution and delivery of this AGREEMENT by the TOWN OF DOUGLAS, GILBOA PROPERTIES LLC and CLASSIC ENVELOPE, INC., as an instrument under seal as of the date first above written.

The **TOWN OF DOUGLAS**,  
By its Board of Selectmen, duly authorized

\_\_\_\_\_  
Timothy P. Bonin, Chairman

\_\_\_\_\_  
Michael D. Hughes, Vice Chair

\_\_\_\_\_  
Mitchell S. Cohen

\_\_\_\_\_  
Harold R. Davis

**GILBOA PROPERTIES, LLC**

By: \_\_\_\_\_  
, it's Manager

**CLASSIC ENVELOPE, INC.**

\_\_\_\_\_  
Authorized Officer

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Jeffrey D. LaPorte

Exhibit A-Map of FACILITY and EOA