

TAX INCREMENT FINANCING AGREEMENT
AMONG
THE TOWN OF BOXBOROUGH,
SOCIÉTÉ GÉNÉRALE FINANCIAL CORPORATION
AND
CISCO SYSTEMS SALES AND SERVICES, INC.

AGREEMENT made this 26th day of June, 2000 among the TOWN OF BOXBOROUGH, a municipal corporation duly organized under the laws of the Commonwealth of Massachusetts, having a principal place of business at Town Hall, 29 Middle Road, Boxborough, Massachusetts 01719 (hereinafter referred to as the "TOWN"), SOCIÉTÉ GÉNÉRALE FINANCIAL CORPORATION, a Delaware corporation with an address at 1221 Avenue of the Americas, New York, New York 10020 (hereinafter referred to as the "OWNER"), and Cisco Systems Sales and Services, Inc., a Delaware corporation with an address at 1710 West Tasman Drive, San Jose, California 95134-1706 (hereinafter referred to as the "COMPANY").

WITNESSETH

WHEREAS, the OWNER has acquired for the benefit of the COMPANY certain land containing approximately 139± acres, together with the improvements thereon (including a 277,000 square foot building) located at 1414 Massachusetts Avenue (Route 111), Boxborough, Massachusetts formerly occupied by NEC Information Systems Corporation and referred to herein as "Site 1";

WHEREAS, the OWNER has or will cause Site 1 to be leased or subleased to the COMPANY ;

WHEREAS, the OWNER and the COMPANY intend that a regional headquarters for the COMPANY be located in the Town of Boxborough (the "Project"), provided that the TOWN enters into this Agreement;

WHEREAS, Site 1 is located within the boundaries of the 495 Regional Technology Center Economic Target Area (ETA) and the Cisco 1 Economic Opportunity Area (EOA), which have been designated as such by the Massachusetts Economic Assistance Coordinating Council (EACC);

WHEREAS, the Project is expected to create approximately 700 permanent (regular), full-time jobs at Site 1, and will result in an investment by the OWNER of approximately \$49 million in the acquisition of Site 1 and the renovation and re-construction of approximately 277,000 square feet of office and/or research and development space on Site 1;



Site 1

WHEREAS, the OWNER is seeking a Tax Increment Financing Exemption from the TOWN for the development of the Project, in accordance with the Massachusetts Economic Development Incentive Program and Chapter 23A of the Massachusetts General Laws;

WHEREAS, a description and plan of Site 1 is attached hereto as Exhibit A;

WHEREAS, the parcels of land currently included in Site 1 is shown on Boxborough Assessors' Map 1, Group 2 as Parcels 113, 116.2, 117, 124 and 125 and Map 2, Group 2 as Parcels 134 and 209;

WHEREAS, the TOWN presently adheres to a unified rate of taxation for commercial/industrial and residential property within the TOWN and does not presently intend to adopt dual rates of taxation therefor;

WHEREAS, the TOWN believes that certain inequities may currently exist among the assessed valuations of the commercial/industrial properties within the TOWN;

WHEREAS, the TOWN intends that all commercial/industrial properties within the TOWN be equitably and fairly assessed by fiscal year 2003;

WHEREAS, the OWNER, the COMPANY and the TOWN agree that upon completion of the renovation and reconstruction of 277,000 square feet of office and/or research and development space at Site 1, \$85 per square foot will be an equitable and fair valuation of Site 1 (approximately double the average assessed valuation of industrial/commercial property in Boxborough in fiscal year 2001);

WHEREAS, the OWNER and the COMPANY do not intend to seek a real estate tax abatement for the Project, or any portion thereof, with respect to any fiscal year on or before fiscal year 2003;

WHEREAS, the TOWN strongly supports increased economic development to provide additional jobs for residents of the ETA and the TOWN, to expand commercial and industrial activity within the TOWN and to develop a healthy economy and a more diversified and stronger tax base;

WHEREAS, the Project will further the economic development goals and the criteria established for the ETA and the EOA;

WHEREAS, by vote of the members of the Special Town Meeting on June 26, 2000 (the "Town Meeting Vote"), the TOWN was authorized to enter into a Tax Increment Financing Agreement with the OWNER and COMPANY in the form hereof;

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:

Site 1

1. Pursuant to the authority of the Town Meeting Vote, the TOWN hereby enters into this Tax Increment Financing Agreement with the OWNER and the COMPANY (the "Agreement"). The land which is the subject of this Agreement shall be Site 1.

2. A Tax Increment Financing Exemption (the "Exemption") is hereby granted to the OWNER by the TOWN in accordance with Chapter 23A, Section 3E; Chapter 40, Section 59; and Chapter 59, Section 5, clause 51 of the Massachusetts General Laws. The Exemption shall be for a period of twenty (20) years (the "Exemption Period"), commencing with the fiscal year 2002 (which begins July 1, 2001) and ending with the fiscal year 2021 (which ends June 30, 2021), and shall provide a fifteen percent (15%) annual exemption from taxation on the incremental value of Site 1 above its Base Valuation (as hereinafter defined), which incremental value shall be based upon the value of the Initial Improvements thereon. As used herein, the "Initial Improvements" shall mean the renovation and/or reconstruction of approximately 277,000 square feet of office and/or research and development space at Site 1 and subsequent improvements and renovations during the term of this Agreement that do not add building square footage. In addition, personal property located within the Initial Improvements from time to time during the term of this Agreement is exempt from taxation. Notwithstanding anything herein to the contrary, any additional building square footage to be constructed on Site 1 beyond the Initial Improvements shall not have the benefit of the Exemption unless otherwise provided in a separate agreement which would need to be negotiated with the TOWN.

3. The Exemption formula for the Project will be calculated as prescribed by the above-referenced provisions of the Massachusetts General Laws; the Acts and Resolves of 1993, as amended; and in 751 CMR 22.00 *et seq.*, and regulated by the Department of Revenue. The Exemption formula shall apply to the incremental difference in the assessed valuation of Site 1 in the base year (the "Base Valuation"), and the assessed valuation of Site 1 for the next twenty (20) years. As used herein, the "base year" shall mean fiscal year 2001. The parties hereby agree that the Base Valuation for Site 1 is \$15,000,000.

4. Through fiscal year 2003, the agreed assessed valuation of Site 1 following issuance by the TOWN building department of a certificate of occupancy with respect to any portion of the Initial Improvements shall be at a rate equal to eighty-five dollars (\$85) per square foot of office and/or research and development space renovated and/or reconstructed on Site 1 (approximately double the average assessed valuation of industrial/commercial property in Boxborough in fiscal year 2001). The OWNER agrees that if all the Initial Improvements shall not be completed by the end of fiscal year 2003, notwithstanding such failure to complete, beginning in fiscal year 2004, the OWNER shall make payment of real property taxes to the TOWN as if the Initial Improvements had been completed, or 100% of the real property taxes without the Exemption, whichever is less.

5. The Exemption granted to the OWNER by the TOWN hereby is in consideration of the commitments of the COMPANY (acting for itself as lessee or sublessee, or as the construction agent of OWNER, as the case may be), which the OWNER and COMPANY each hereby affirm:

Site 1

- a. to create and maintain 700 permanent (regular), full-time, jobs upon the completion of the Initial Improvements at Site 1;
- b. to invest approximately \$49 million in acquisition of Site 1 and capital improvements to Site 1 (including the renovation and re-construction of approximately 277,000 square feet of office and/or research and development space);
- c. subject to applicable law and assuming equal qualification, to afford priority to residents of the ETA in its hiring of new employees for the Project. In order to facilitate such employment, the COMPANY will advertise 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 its regional headquarters in Boxborough. The COMPANY will also conduct open houses and job fairs, at least annually, within the TOWN with the specific purpose of creating visibility for job opportunities at the COMPANY; and
- d. subject to applicable law and assuming equal qualification, to explore opportunities to hire qualified local contractors, vendors and suppliers, in connection with the construction of the Project and the operation of Site 1.

6. The COMPANY (acting for itself as lessee or sublessee, or as construction agent of OWNER, as the case may be) further agrees:

- a. The COMPANY will encourage the volunteer efforts of its employees at the Blanchard Memorial Elementary School, the Acton-Boxborough Regional Schools, and the Minuteman Regional Technical School, through its "Adopt a School" program. Based on the COMPANY's experience in other communities, the "Adopt a School" program is expected to produce benefits such as training, mentoring, donation of equipment and installation of Internet infrastructure to help schools keep pace with rapidly changing technologies.
- b. The COMPANY agrees that, during the Exemption Period, it will not seek or accept from the EACC any material changes to its "certified project" application or to this Site 1 TIF Agreement without approval of the Board of Selectmen.
- c. The COMPANY hereby confirms its commitments to the TOWN made in the Memorandum of Agreement dated April 24, 2000 between the COMPANY and the TOWN, which provide for funding of approximately \$340,000 for TOWN master planning, information systems, consultants and other TOWN purposes.

7. The COMPANY agrees to submit annual reports on job creation, job retention and new investments at Site 1, to the TOWN by July 31 of each year during the Exemption Period. In accordance with Massachusetts Law, the annual report shall include the number of permanent (regular), full-time jobs created and the number of people hired from within the ETA annually and on a cumulative basis, the value of capital investments made with respect to Site 1 annually and on a cumulative basis, and the utilization of local contractors, vendors and suppliers annually and on a cumulative basis.

This Agreement is being executed simultaneously with a Tax Increment Financing Agreement among the OWNER, the COMPANY and the TOWN with respect to the portion of the Project located at the intersection of Swanson Road and Whitcomb Road, more particularly described and shown in Exhibit B attached hereto (the "Site 2 TIF Agreement"). It is the intention of the OWNER, the COMPANY and the TOWN that the terms and conditions of this Agreement and the Site 2 TIF Agreement are interdependent. Therefore, neither agreement shall be of force and effect until the other agreement shall be of force and effect. Any failure to comply with the terms of either agreement shall be deemed to be a default under the other agreement, and if either agreement shall terminate, then the other agreement shall also terminate.

9. If the OWNER and/or the COMPANY fail to comply with the terms of this Agreement, the TOWN, acting through its Board of Selectmen, upon TOWN Meeting approval, may take action to request decertification of the Project by the EACC after giving written notice to OWNER and the COMPANY by certified mail, return receipt requested, and a reasonable opportunity to cure any such non-compliance. If the Owner or Company fails promptly to cure such non-compliance and the Project is thereafter decertified, the TOWN shall discontinue the Exemption benefits provided to the OWNER as set forth herein, commencing with the fiscal year in which such failure occurs.

10. In the event that the COMPANY or the OWNER files a petition to the Appellate Tax Board contesting the valuations for Site 1 set forth in paragraphs 3 and 4 of this Agreement in any fiscal year on or before 2003, or claiming the benefit of the Exemption for building square footage constructed on Site 1 beyond the Initial Improvements, then this Agreement may be terminated by the TOWN by giving written notice of such termination to the OWNER and the COMPANY by certified mail, return receipt requested.

11. This Agreement shall be binding upon all parties to it, and shall be binding upon and inure to the benefit of subsequent owners of Site 1, so long as the Project has not been decertified by the EACC.

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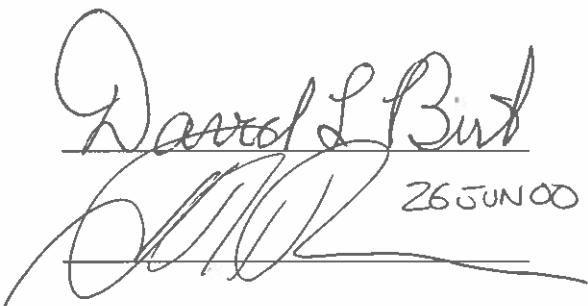
WITNESSETH the execution and delivery of this Agreement by the undersigned as an instrument under seal as of the date first above written.

Attachments:

Exhibit A: Plan and Description of Site 1
Exhibit B: Plan and Description of Site 2

TOWN OF BOXBOROUGH

By its Board of Selectmen:



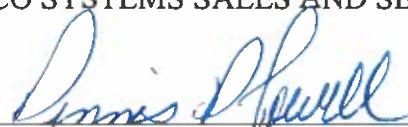
SOCIÉTÉ GÉNÉRALE FINANCIAL
CORPORATION

By:


Name: Powell Robinson
Title: First Vice , duly authorized
President

CISCO SYSTEMS SALES AND SERVICES, INC.

By:


Name: Dennis D. Powell
Title: Treasurer , duly authorized

Authorized at Special Town Meeting
Passed June 26, 2000 attached hereto.



BOXBOROUGH SPECIAL TOWN MEETING

I, Virginia B. Richardson, Clerk of the Town of Boxborough, hereby do certify that the following is a true copy of the action taken on Article 1 of the Special Town Meeting held on Monday, June 26, 2000 at the Blanchard Memorial School in Boxborough, Massachusetts:

ARTICLE 1 ECONOMIC OPPORTUNITY AREA (SITE 1)

(Majority vote required)

To see if the Town will vote to: (a) designate the land at 1414 Massachusetts Avenue, Boxborough, containing approximately 139 acres, shown on Assessors Map 1 Group 2 as Lots 113, 116.2, 117, 124, 125, and on Assessors Map 2 Group 2 as Lots 134 and 209 as an Economic Opportunity Area as provided for under Massachusetts General Laws, Chapter 23A, Sections 3A – 3J, for a term of twenty (20) years; and (b) designate said Economic Opportunity Area as a Tax Increment Financing Zone and adopt, for the purpose of protecting and growing the job base and tax base of the town, a Tax Increment Financing Plan entitled "Plan to Promote the Economic Stability and Growth of the 495 Regional Technology Center Economic Opportunity Area and TIF Zone, Cisco 1," dated June, 2000, on file with the Board of Selectmen and the Town Clerk; or take any other action relative thereto.

The Board of Selectmen Unanimously Recommends (5-0) based on the currently negotiated framework, pending final documents to be presented at Town Meeting. The framework represents a net benefit to the Town.

The Finance Committee Recommends. The proposed agreement is fair, and the development of this property by Cisco will be advantageous to the Town.

ACTION ON ARTICLE 1, June 26, 2000. On Mr. Wheeler's motion, the Town did vote to designate the land as described in the Special Town Meeting Warrant of June 26, 2000 under Article 1 as an Economic Opportunity Area as provided for under Massachusetts General Laws, Chapter 23A, Sections 3A – 3J, for a term of twenty (20) years; and further to designate said Economic Opportunity Area as a Tax Increment Financing Zone and adopt, for the purpose of protecting and growing the job base and tax base of the town, a Tax Increment Financing Plan as further described in the warrant under Article 1.

A true copy attest:

Virginia B. Richardson
VIRGINIA B. RICHARDSON
Town Clerk of Boxborough



BOXBOROUGH SPECIAL TOWN MEETING

I, Virginia B. Richardson, Clerk of the Town of Boxborough, hereby do certify that the following is a true copy of the action taken on Article 2 of the Special Town Meeting held on Monday, June 26, 2000 at the Blanchard Memorial School in Boxborough, Massachusetts:

ARTICLE 2 TAX INCREMENT FINANCING AGREEMENT (SITE 1)

(Majority vote required)

To see if the Town will vote to: (a) approve the form of the Tax Increment Financing Agreement for Cisco 1 among the landowner (Société Générale Financial Corporation), the user (Cisco Systems Sales and Services, Inc.) and the Town of Boxborough on file with the Board of Selectmen and Town Clerk; and (b) authorize the Board of Selectmen to execute the TIF Agreement, and any documents relating thereto, and to take such other actions as are necessary or appropriate to implement those documents; and (c) authorize the Board of Selectmen to approve and certify proposed projects as provided in the TIF Plan and to apply to the Economic Assistance Coordinating Council of the Commonwealth of Massachusetts under the Economic Development Incentives Program for approval and designation of the Economic Opportunity Area, TIF Zone, TIF Plan, and any certified projects, and take such other and further action as may be necessary or appropriate to carry out the purposes of this article; or take any other action relative thereto.

The Board of Selectmen Unanimously Recommends (5-0) based on the currently negotiated framework, pending final documents to be presented at Town Meeting. The framework represents a net benefit to the Town.

The Finance Committee Recommends. The proposed agreement is fair, and the development of this property by Cisco will be advantageous to the Town.

ACTION ON ARTICLE 2, June 26, 2000. On Mr. Wheeler's motion, the Town did vote to approve the form of the Tax Increment Financing Agreement for Cisco Site 1 as described in the Special Town Meeting Warrant of June 26, 2000 under Article 2; and to authorize the Board of Selectmen to execute said TIF Agreement, and any documents relating thereto, and to take such other actions as are necessary or appropriate to implement those documents; and further to authorize the Board of Selectmen to approve and certify proposed projects as provided in said TIF Plan and to apply to the Economic Assistance Coordinating Council of the Commonwealth of Massachusetts under the Economic Development Incentives Program for approval and designation of the Economic Opportunity Area, TIF Zone, TIF Plan, and any certified projects.

A true copy attest:

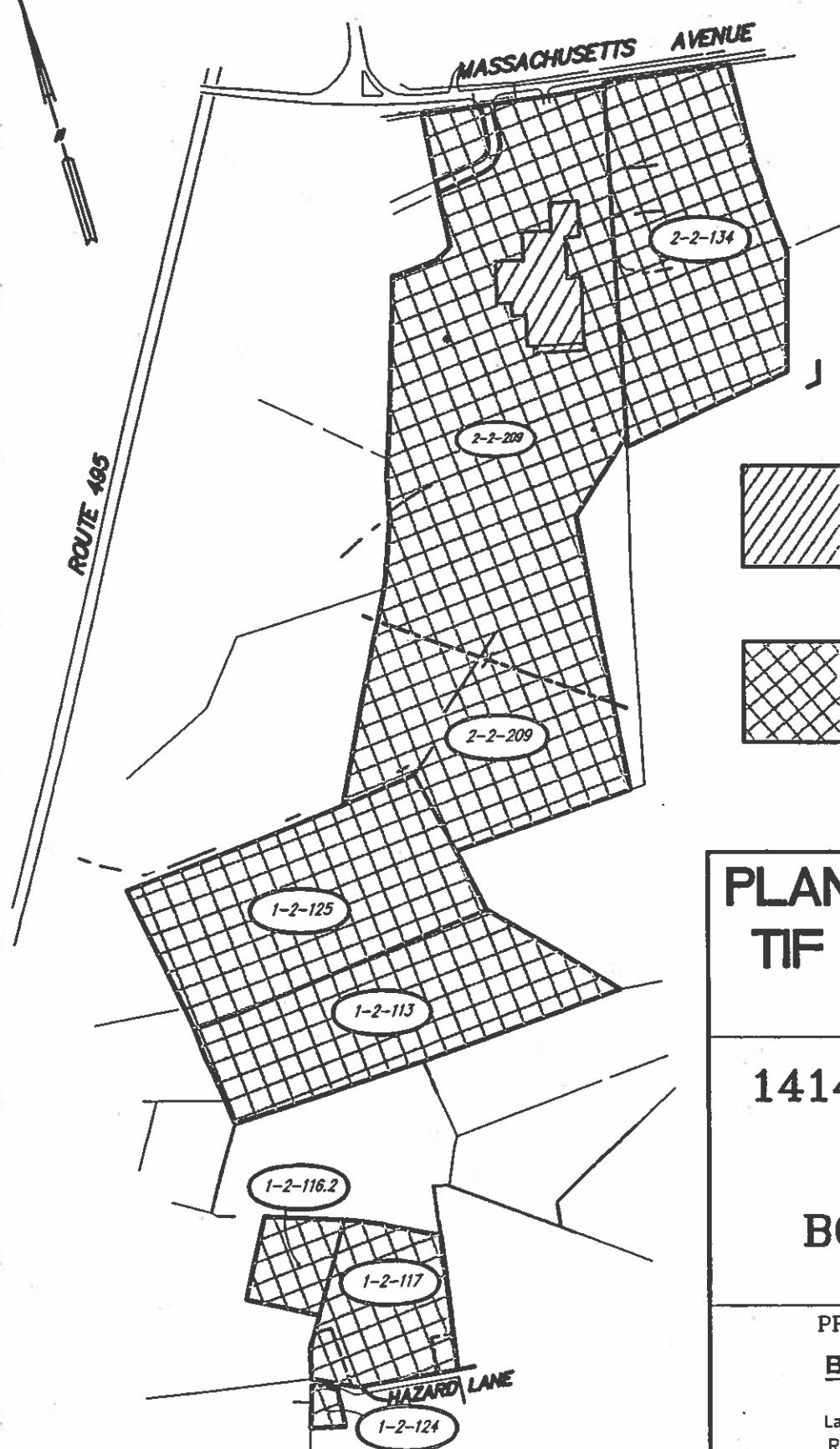
Virginia B. Richardson
VIRGINIA B. RICHARDSON
Town Clerk of Boxborough

EXHIBIT A

Description of Site 1 Property

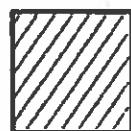
The subject property, located at 1414 Massachusetts Avenue in Boxborough, Massachusetts, generally known as "Site 1," consists of: (i) seven (7) separate parcels of real property in the Town of Boxborough, totaling approximately 139 acres (the "Land") described in more detail below, (ii) the improvements on the Land, including an existing building with a total gross floor area of approximately 277,000 square feet (the "Building") and appurtenant parking areas, utilities and infrastructure; and (iii) any other renovations or improvements constructed on the Land during the period of this TIF Agreement that do not add building square footage.

The seven parcels comprising the Land are shown as assessor's lots 1-2-113, 1-2-116.2, 1-2-117, 1-2-124, 1-2-125, 2-2-134, and 2-2-209 on the attached plan entitled "Plan of Cisco 1 EOA, TIF Zone, and Site 1 Property, 1414 Massachusetts Avenue in Boxborough, MA", prepared by Beals and Thomas, Inc., dated June 21, 2000.



NOTE:

THE NUMBERS REFER TO THE
BOXBOROUGH ASSESSOR'S
MAP-BLOCK-PARCEL NUMBER



THE BUILDING
277,000 ± S.F.



THE LAND
(CONSISTING OF LOTS 113,116.2,
117,124,125,134 & 209)
139 ± ACRES

PLAN OF CISCO 1 EOA, TIF ZONE, AND SITE 1 PROPERTY

**1414 MASSACHUSETTS
AVENUE
IN
BOXBOROUGH, MA
(MIDDLESEX COUNTY)**

PREPARED BY:

BEALS AND THOMAS, INC.

Civil Engineers-Landscape Architects
Land Surveyors-Planners-Wetland Scientists
Reservoir Corporate Center
144 Turnpike Road (Route 9)
Southborough, Massachusetts 01772
Tel.: 508-366-0560
Fax: 508-366-4391

DATE: JUNE 21, 2000

SCALE: 1"=700'

BTI JOB NO. W-322.09

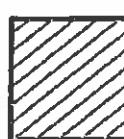
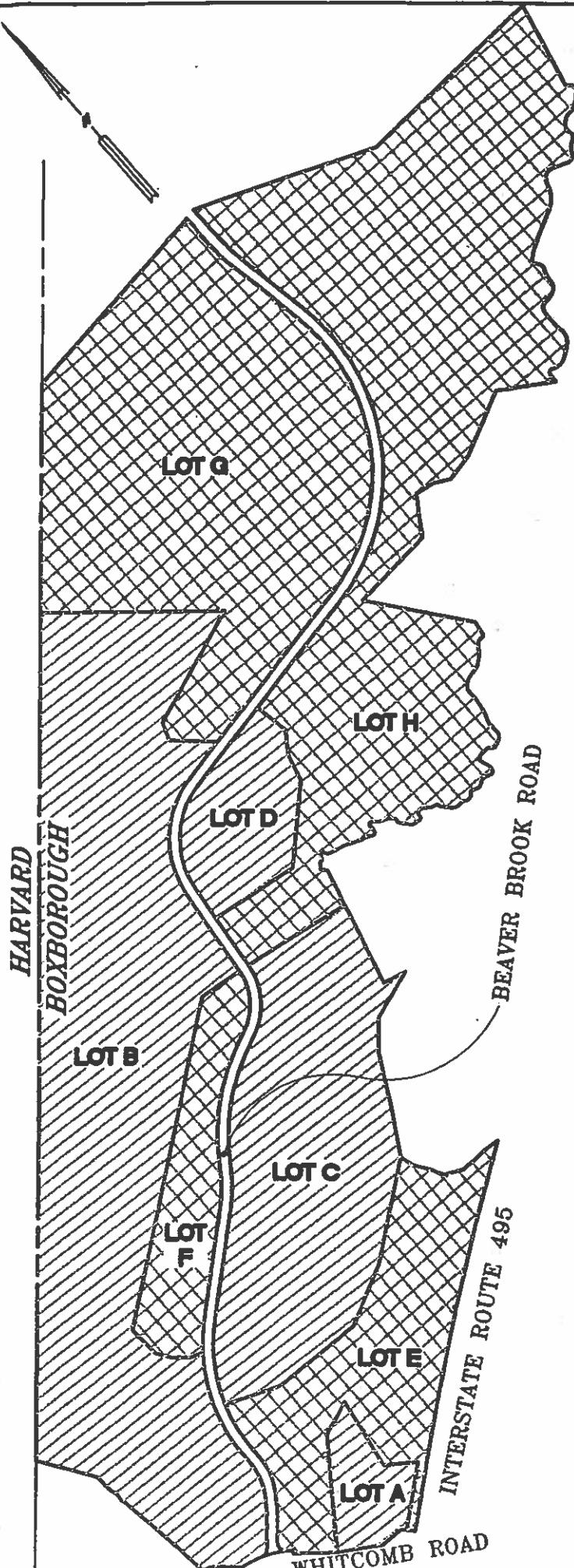
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BTI DWG NO. 0322072

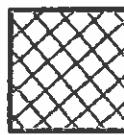
EXHIBIT B**Description of Site 2 Property**

The subject property, generally known as the "Site 2," consists of : (i) separate parcels of real property in the Town of Boxborough, totaling approximately 112 acres including the building lots (the "Land") described in more detail below; (ii) the improvements on the Land, including seven proposed buildings with a total gross floor area of approximately 900,000 square feet (the "Buildings") and appurtenant parking areas, utilities and infrastructure; (iii) any other renovations or improvements constructed on the Land during the period of this TIF Agreement that do not add building square footage; and (iv) approximately 154 acres of excess land (the "Excess Land") described in more detail below.

Site 2 is comprised of the parcels of land shown as assessor's parcels 168.1, 168.2, 168.3, 168.5, 168.6, 168.7, 169A, 171.2B, 171.9, 171.10, 171.11, 171.12, 171.13, 173.17B, 188.14, and 188.15 on the attached plan entitled "Plan of Cisco 2 EOA, Site 2 and TIF Zone for Site 2, Towermarc Business Park in Boxborough, MA", prepared by Beals and Thomas, Inc., and dated June 21, 2000. The Land is shown as Lots A, B, C and D on the attached plan entitled "Plan of Cisco 2 EOA, TIF Zone, and Site 2 Property," prepared by Beals and Thomas, Inc., dated June 19, 2000, and the Excess Land is shown as Lots E, F, G and H on said "Plan of Cisco 2 EOA, TIF Zone, and Site 2 Property."



THE LAND
(CONSISTING OF LOTS A, B, C, D)
 $112 \pm$ ACRES



EXCESS LAND
(CONSISTING OF LOTS E, F, G, H)
 $154 \pm$ ACRES

NOTE:

LOTS A, B, C, D, E, F, G, AND H ARE PROPOSED LOTS TO BE CREATED BY AN APPROVAL NOT REQUIRED PLAN TO BE FILED WTH THE BOXBOROUGH PLANNING BOARD.

**PLAN OF CISCO 2 EOA,
TIF ZONE, AND SITE 2
PROPERTY**

**TOWERMARC
BUSINESS PARK
BOXBOROUGH, MA
(MIDDLESEX COUNTY)**

PREPARED BY:

BEALS AND THOMAS, INC.

Civil Engineers-Landscape Architects
Land Surveyors-Planners-Wetland Scientists
Reservoir Corporate Center
144 Turnpike Road (Route 9)
Southborough, Massachusetts 01772
Tel.: 508-366-0560
Fax: 508-366-4391

DATE: JUNE 19, 2000

SCALE: 1"=700'

BTI JOB NO. W-0049.67

BTI FILE NO. 0049282A

BTI DWG NO. 0049282

