

TAX INCREMENT FINANCING AGREEMENT

BY AND BETWEEN

THE TOWN OF WESTFORD,

AND

RED HAT, INC.

AND

TWO LITTLETON ROAD REALTY TRUST

THIS AGREEMENT is made this day of _____, 2011, by and between the Town of Westford, a municipal corporation duly organized under the laws of the Commonwealth of Massachusetts, having a principal place of business at Town Hall, 55 Main Street, Westford, MA 01886 (hereinafter referred to as the “TOWN”), and Red Hat, Inc., a corporation organized under the laws of Delaware, having a business address at 1801 Varsity Drive, Raleigh, North Carolina 27606 Attention: General Counsel (hereinafter referred to as the “COMPANY”) and Two Littleton Road Realty Trust, a Realty Trust organized under the laws of the Commonwealth of Massachusetts having a business address at 37 Power Road, Westford, MA 02062 (hereinafter referred to as the “OWNER”).

WITNESSETH

WHEREAS, Pursuant to M.G.L. c. 40, § 59 and 760 CMR 22.04, the Director of the Department of Business Development and the Massachusetts Economic Assistance Coordinating Council (“EACC”) has designated the COMPANY’s Project located at 314 Littleton Road, within the TOWN an area of the Commonwealth as presenting exceptional opportunities for increased economic development (“Exceptional Opportunity Area”), thereby permitting the designation of a TAX INCREMENT FINANCING (“TIF”) Zone within such area.

WHEREAS, the OWNER will construct a new build-to-suit building of approximately 100,000 s.f. and the COMPANY will make tenant improvements, furniture, fixtures and equipment investments in such new building, which new building will be adjacent to an approximately 72,168 s.f. existing building, all located on a parcel of land containing approximately 7.753 acres located at 314 Littleton Road, Westford (collectively, the “FACILITY”), and more particularly as shown on the plan attached hereto as Exhibit A;

WHEREAS, the COMPANY will enter into a long term lease with the OWNER of the FACILITY;

WHEREAS, the FACILITY is located within the Exceptional Opportunity Area and the Tax Increment Financing Zone, as designated, or to be designated, by the TOWN, the Director of the Department of Business Development and the EACC (the “Exceptional Opportunity Area” and “TIF Zone”, respectively) and shown on the plan attached hereto as Exhibit A;

WHEREAS, the COMPANY, over time, will be making tenant improvements, equipping and operating the ADDITION for its use in the COMPANY’S research and development and related activities (the “CERTIFIED PROJECT”);

WHEREAS, the CERTIFIED PROJECT, when complete and at full operational capacity, will create approximately one hundred eighty-one (181) permanent, full-time jobs and will represent an investment of approximately Thirty Million Dollars (\$30,000,000.00) in tenant improvements, equipment, furniture and fixture and other improvement costs.

WHEREAS, the COMPANY anticipates that such jobs will be created and investments made within five years from the date of initial occupancy of the CERTIFIED PROJECT.

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

WHEREAS, the assessed valuation of the FACILITY for fiscal year 2011 is \$5,602,300;

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

WHEREAS, the CERTIFIED PROJECT will further the economic development goals and the criteria established for the Exceptional Opportunity Area 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 OWNER and COMPANY for the CERTIFIED PROJECT.
2. Subject to Town Meeting approval of the AGREEMENT, the EXEMPTION is hereby granted by the TOWN to the OWNER and the COMPANY in accordance with Chapter 23A, Section 3E; Chapter 40, Section 59; Chapter 240, Acts of 2010 and Chapter 59, Section 5 of the Massachusetts General Laws. The EXEMPTION shall be for the period of thirteen (13) years (the “EXEMPTION PERIOD”), commencing with Fiscal Year 2013 (which begins July 1, 2012) and ending with Fiscal Year 2025 (which ends June 30, 2025) and shall provide a percentage EXEMPTION from taxation, as described in the table below, on the increased value of the FACILITY resulting from the CERTIFIED PROJECT.

The EXEMPTION shall be calculated and remain unchallenged for each fiscal year as follows:

		REAL PROPERTY TAX EXEMPTION
YEAR	FISCAL YEAR	
1	2013 (7/1/2012-6/30/2013)	0% 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)	50% of the increase in valuation
4	2016 (7/1/2015-6/30/2016)	50% of the increase in valuation
5	2017 (7/1/2016-6/30/2017)	50% of the increase in valuation
6	2018 (7/1/2017-6/30/2018)	50% of the increase in valuation
7	2019 (7/1/2018-6/30/2019)	50% of the increase in valuation
8	2020 (7/1/2019-6/30/2020)	50% of the increase in valuation
9	2021 (7/1/2020-6/30/2021)	50% of the increase in valuation
10	2022 (7/1/2021-6/30/2022)	50% of the increase in valuation
11	2023 (7/1/2022-6/30/2023)	50% of the increase in valuation
12	2024 (7/1/2023-6/30/2024)	50% of the increase in valuation
13	2025 (7/1/2024-6/30/2025)	50% of the increase in valuation

		PERSONAL PROPERTY TAX EXEMPTION
YEAR	FISCAL YEAR	
1	2013 (7/1/2012-6/30/2013)	100% of the increase in valuation
2	2014 (7/1/2013-6/30/2014)	100% of the increase in valuation
3	2015 (7/1/2014-6/30/2015)	100% of the increase in valuation
4	2016 (7/1/2015-6/30/2016)	100% of the increase in valuation
5	2017 (7/1/2016-6/30/2017)	100% of the increase in valuation
6	2018 (7/1/2017-6/30/2018)	100% of the increase in valuation
7	2019 (7/1/2018-6/30/2019)	100% of the increase in valuation
8	2020 (7/1/2019-6/30/2020)	100% of the increase in valuation
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12	2024 (7/1/2023-6/30/2024)	100% of the increase in valuation
13	2025 (7/1/2024-6/30/2025)	100% of the increase in valuation

3. The EXEMPTION formula for the CERTIFIED 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 in the assessed valuation of the FACILITY between the base valuation in the base year, which shall be fiscal year 2012, and the annual increase in assessed valuation of the FACILITY for the thirteen (13) years.

4. The agreed base valuation of \$6,446,300 for FY 2012 is the assessed value of the FACILITY in the fiscal year immediately prior to the fiscal year in which the property becomes eligible for the EXEMPTION.
5. It is anticipated by the parties that the OWNER and the COMPANY may be applying to the EACC for Exceptional Opportunity Area tax credits pursuant to the Massachusetts Economic Development Incentive Program for eligible expenditures made as part of an Enhanced Expansion Project in the Exceptional Opportunity Area 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 OWNER and the COMPANY in this process, including without limitation by executing any letters or agreements reasonably required by EACC.

B. CONDITIONS

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

1. To create one hundred (100) new, permanent full-time jobs within 24 months from the state incentive award under the Massachusetts Economic Development Incentive Program and to create an additional eighty-one (81) new, permanent full-time jobs over a five year period from the date of occupancy as outlined in the "Certified Project Application," dated as of July 5, 2011 ("CERTIFIED PROJECT APPLICATION") submitted to the TOWN by the COMPANY in connection with OWNER and the COMPANY'S request for the EXEMPTION, and hire residents of the TOWN as outlined in the WORK FORCE ANALYSIS AND JOB CREATION PLANS section of the CERTIFIED PROJECT APPLICATION. Such new jobs shall be in addition to existing jobs at the FACILITY, currently numbering two hundred thirty-three (233);
2. To invest approximately Thirty Million Dollars (\$30,000,000.00) in tenant improvements, furniture, fixtures and new equipment at the FACILITY, as described in the CERTIFIED PROJECT APPLICATION which investments shall be placed in use by the date which is five years from the date of initial occupancy of the CERTIFIED PROJECT;
3. To cooperate with 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 Westford residents are made aware of job opportunities with the COMPANY, including 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;
4. The OWNER shall cause its general contractor to maintain a list of qualified local contractors, vendors and suppliers interested in providing services in connection

with construction of the CERTIFIED PROJECT, and shall cause its general contractor to inform such contractors, vendors and suppliers of opportunities to provide such services as such opportunities become available;

5. To submit annual reports on job creation, job retention and new investments at the FACILITY to the TOWN, and the EACC by September 30 of each year during the EXEMPTION PERIOD, on the form adopted by EACC for such purpose;
6. To pay all real estate taxes owed the TOWN relating to the FACILITY in a timely fashion.

C. ADDITIONAL PROVISIONS

1. The OWNER and the COMPANY agree that the TOWN has the right to petition the EACC to decertify the project and revoke this AGREEMENT if the TOWN, acting through its Board of Selectmen, determines that the OWNER and the COMPANY has failed in any material way to meet any of the obligations as set forth in this AGREEMENT, subject to the provisions of Section C5, and C7. 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 OWNER and the COMPANY has so failed to meet its obligations. Prior to filing any such petition for de-certification, however, the TOWN shall give the OWNER 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 OWNER and 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.
2. The OWNER and the COMPANY 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. This provision shall not apply to any disposition to an entity controlling, controlled by or common control with the Company, or to a successor by merger, consolidation or sale of substantially all of the stock or assets of the Company. Said notice shall be given to the Town Manager, 55 Main Street, Westford, MA 01886. The TOWN shall not, except as required by law, disclose any information provided by the OWNER and 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 OWNER and the COMPANY and its successors and assigns and shall inure to the benefit of affiliates of the COMPANY so long as the CERTIFIED PROJECT has not been de-certified by the EACC. Notwithstanding the existing tenant lease on the FACILITY, if the OWNER and the COMPANY decides to sell or sublease the FACILITY, the OWNER and the COMPANY shall give the TOWN at least two (2) month's

written notice of said sale or sublease. This provision shall not apply to any disposition to an entity controlling, controlled by or common control with the Company, or to a successor by merger, consolidation or sale of substantially all of the stock or assets of the Company. Said notice shall be given to the Town Manager at the above address.

4. The CERTIFIED PROJECT becomes eligible for the EXEMPTION on the July 1st 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, and the OWNER 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. Such notices shall be deemed given when delivered or when delivery is refused.
7. Failure by the OWNER and the COMPANY to perform any term or provision of this AGREEMENT shall not constitute a default under this AGREEMENT unless OWNER and the COMPANY fails 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 OWNER 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 reasonably remedy such default, provided OWNER and the COMPANY exercises due diligence in the remedying of such default. Any extension of the cure period beyond ninety (90) days shall be subject to the approval of the Board of Selectmen, which approval shall not be unreasonably withheld. 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 WESTFORD, TWO LITTLETON ROAD REALTY TRUST and RED HAT, INC. as an instrument under seal as of the date first above written.

The **TOWN OF WESTFORD**, by its Board of Selectmen, duly authorized pursuant to Town Meeting vote under Article of the 2011 Special Town Meeting, duly called and held on _____, 2011

BOARD OF SELECTMEN

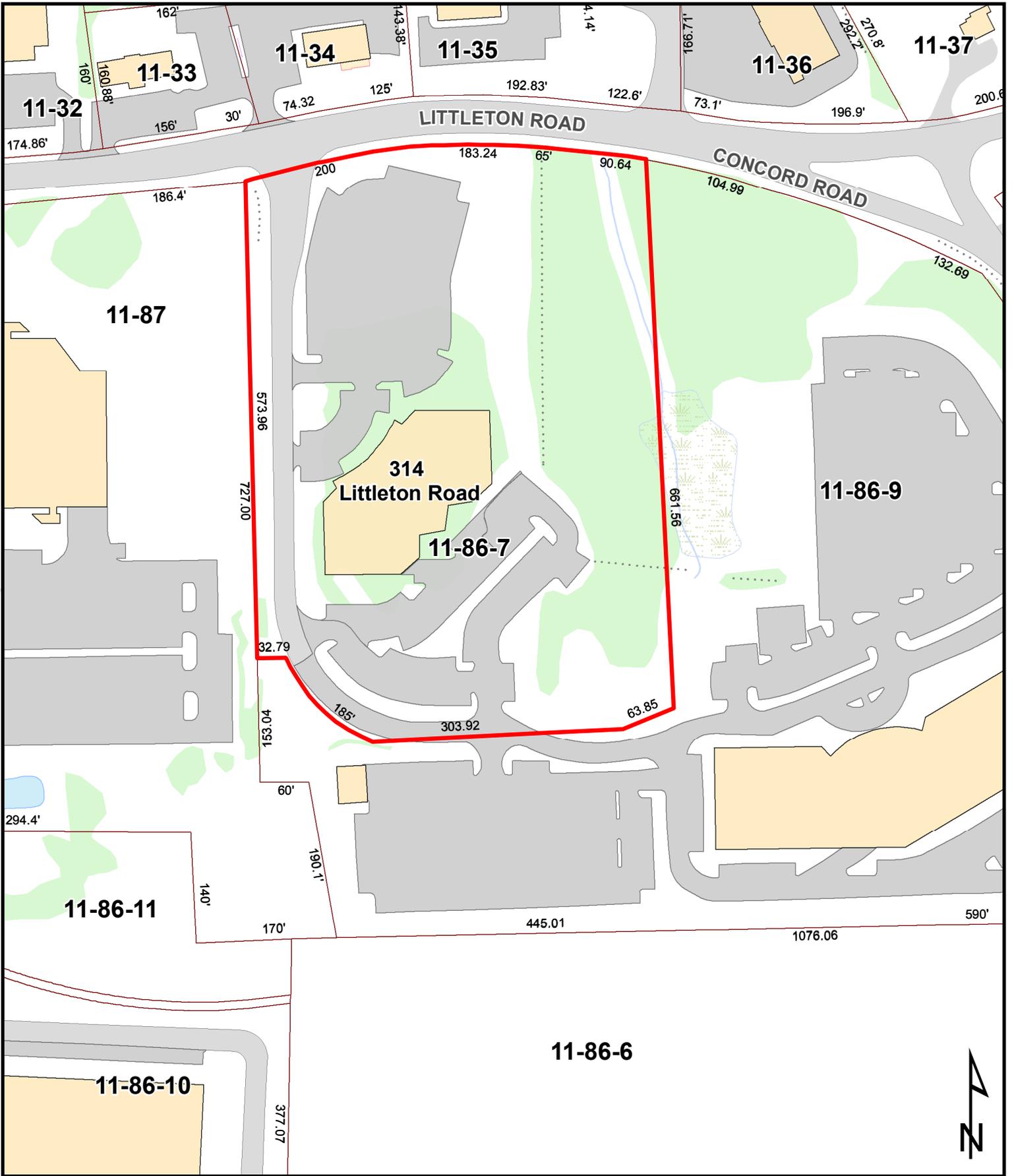
RED HAT, INC.

By: Authorized Officer

TWO LITTLETON ROAD REALTY TRUST

By:

**Exhibit A - Map of FACILITY and EXCEPTIONAL OPPORTUNITY AREA
and TIF ZONE**



- TIF Zone
- Parcels
- Main Buildings
- Parking Area
- Ponds
- Marsh
- Forrested Area

Red Hat, Inc, 314 Littleton Road, Westford MA
Exceptional Opportunity Area and TIF Zone
Parcel 11-86-7

