

TAX INCREMENT FINANCING AGREEMENT
BY AND BETWEEN
THE CITY OF BOSTON
AND
BERKELEY/COLUMBUS REAL ESTATE LLC

This AGREEMENT is made this 25th day of March, 2010, by and between the City of Boston, a municipal corporation duly organized under the laws of the Commonwealth of Massachusetts, having a principal place of business at City Hall, One City Hall Plaza, Boston, Massachusetts 02201 (hereinafter referred to as the "City") and Berkeley/Columbus Real Estate LLC, a Massachusetts limited liability company and a majority owned, indirect subsidiary of Liberty Mutual Insurance Company, with its place of business at 175 Berkeley Street, Boston, Massachusetts 02117 (hereinafter referred to as the "Company"). Hereinafter, collectively the City and the Company are referred to as the "Parties."

WITNESSETH

WHEREAS, the Company is a majority owned, indirect subsidiary of Liberty Mutual Insurance Company, a Massachusetts stock insurance company, which is associated (through common ownership, control or related affiliation) with additional affiliates, including those listed in the draft Certified Project Application submitted by Liberty Mutual Insurance Company dated February 16, 2010 and listed in the Economic Development Incentive Program ("EDIP") Preliminary Application dated February 22, 2010, and the EDIP Supplemental Application dated March 4, 2010 (collectively, the "Certified Project Application"). Collectively, Liberty Mutual Insurance Company, together with its affiliates, are referred to as "Liberty Mutual"; and

WHEREAS, the Property (as hereinafter defined) is located within the boundaries of the Boston Economic Target Area ("ETA") and the Berkeley/Columbus Economic Opportunity Area ("EOA"), which EOA has been approved by the City of Boston City Council on March 24, 2010; and

WHEREAS, the property subject to this Agreement consists of three parcels, two formerly owned by the Salvation Army located at 147 Berkeley Street (PID 05/01149/000) and 155 Columbus Avenue (PID 05/01148/000), and comprised of approximately 29,356 square feet of land partially improved with a 1952 five-story commercial office structure, and the other formerly owned by the Benjamin Franklin Smith Printing located at 147 Columbus Avenue (PID 05/01147/000), comprised of approximately 4,637 square feet of land, improved with an 1888 four-story, brick and timber-frame light industrial structure, together with any air rights parcels created by the City Assessing Department, in its discretion, as may be necessary to provide for the Project (as hereinafter defined) (collectively, the three land parcels and any air rights parcels created are hereinafter referred to as the "Property"). The Property consists of

approximately 33,993 square feet of land and the boundaries of the three parcels are indicated on the City Assessing Department map included in Exhibit A; and

WHEREAS, the Company proposes to redevelop and construct a new office building on the Property consisting of an approximately 580,000 square foot structure that will replace the former Salvation Army and the former Benjamin Franklin Smith Printing buildings. Such redevelopment would be subject to all applicable regulations and approvals, including Article 80 Large Project Review, and other relevant provisions under the City of Boston Zoning Code; and

WHEREAS, such approximately 580,000 square foot proposed office building together with all improvements to be constructed shall be referred herein as the "Project"; and

WHEREAS the Project will enable the Company to create approximately 600 new, permanent, full-time jobs in Boston as indicated in Liberty Mutual's Certified Project Application, during the Exemption Period (as hereinafter defined), which the Company will use its good faith efforts, as described in the Certified Project Application, to fill with residents of the ETA, and will result in an investment of approximately \$300 million in new construction and improvements at the Property; and

WHEREAS, the Company is seeking a Tax Increment Financing Exemption (the "Exemption" or "Exemption Percentage") from the City for the Project and the Property, in accordance with the Commonwealth of Massachusetts Economic Assistance Coordinating Council's Massachusetts Economic Development Incentive Program and Chapter 23A of the Massachusetts General Laws, as amended and applicable; and

WHEREAS, a description of the Property is attached hereto as Exhibit A and a proposed plan of the Project to be the subject of the Exemption is attached hereto as Exhibit B; and

WHEREAS, the Property together with the Project shall hereinafter be referred to as the "Parcels"; and

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

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

WHEREAS by vote of the City Council on March 24, 2010 ("the City Council vote"), the City was authorized to enter into a Tax Increment Financing Agreement with the 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:

1. Pursuant to the authority of the City Council vote, the City hereby enters into this Tax Increment Financing Agreement (“TIF Agreement”) with the Company for the Project. The subject of this TIF Agreement shall be the Parcels.
2. An Exemption is hereby granted to the Company by the City in accordance with Chapter 23A, Section 3E; Chapter 40, Section 59; and Chapter 59, Section 5, all as amended and applicable, of the Massachusetts General Laws. The Exemption shall be for a period of twenty (20) years (the “Exemption Period”), commencing on July 1, 2010 and ending on June 30, 2030, and shall exempt from taxation in each fiscal year a percentage (the “Exemption Percentage”) of the Incremental Value (as defined below) of the Parcels. The Exemption percentages for each year of the TIF Agreement are as follows:

Fiscal Year	Exemption Percentage
2011	50%
2012	50%
2013	50%
2014	50%
2015	40%
2016	40%
2017	40%
2018	40%
2019	30%
2020	30%
2021	30%
2022	30%
2023	20%
2024	20%
2025	20%
2026	20%
2027	15%
2028	15%
2029	10%
2030	10%

For purposes of this TIF Agreement, the base value shall be \$13,555,500.00 (the “Base Value”), that is, the Fiscal Year 2010 value of the Property.

3. The increased value of the Parcels over the Base Value (the "Incremental Value") shall be calculated as prescribed by the Massachusetts Code of regulations Chapter 760, Section 22.05(4) and the Commonwealth of Massachusetts Department of Revenue Division of Local Services Informational Guideline Release No. 94-201.
4. The Exemption granted to the Company by the City is hereby in consideration of the Company's commitment to:
 - (a) Job Creation: Create 600 new, permanent, full-time jobs in Boston, during the Exemption Period, as outlined in the Certified Project Application, and hiring residents of the ETA as outlined in the Work Force Analysis and Job Creation Plans section of the Certified Project Application submitted to the City by the Company in connection with the Company's request for the Exemption. Job creation targets are as follows: by year 2017 of the Exemption Period, 400 new jobs shall be created and maintained, and by year 2030, an additional 200 new jobs shall have been created and maintained; and
 - (b) Capital Investment: Invest \$300 million for capital improvements for the Project and capital equipment to be located on the Property, which improvements and equipment shall be in use by 2013.
5. The Company shall submit annual reports, specifically, a copy of its Annual Reporting Form, on job creation, job retention, and new investments at the Property filed with the Massachusetts Economic Assistance Coordinating Council ("EACC") to the City and to the Boston Redevelopment Authority ("BRA") by September 30th of each year of the Certified Project designation. The annual report shall include the number of permanent full-time and part-time jobs created, the number of people hired from within the ETA annually and on a cumulative basis, a description of advertising and recruiting efforts within the ETA, and the value of capital investments made by the Company with respect to the Property annually and on a cumulative basis.
6. The Company shall submit to the City Assessing Department an annual Form of List, pursuant to Massachusetts General Laws, Chapter 59, Section 5, by March 31st of each year during the Exemption Period. Such Form of List shall include all personal property located within the Project or any other portion of the Property, which would be taxable but for Chapter 59, Section 5, clause 51st.
7. The City shall have the right to monitor and enforce this TIF Agreement.

8. If the Company fails to meet, and maintain where applicable, the job creation and investment commitments specified in 4(a) and 4(b) above (collectively, the "Employment and Investment Targets"), the City, acting through its Mayor, upon City Council approval, may take action to request decertification of the Project by the EACC. Upon decertification, the City shall discontinue the Exemption benefits provided to the Company as set forth herein, commencing with the first fiscal year in which the Company failed to meet such commitments.

Prior to taking any action to request decertification of the Project, however, the City shall give the Company written notice of the alleged failure to meet and maintain the Employment and Investment Targets and an opportunity to meet with City officials to discuss the matter. If the City is satisfied that the Company has made a good faith effort to meet the Employment and Investment Targets, the Parties will attempt to negotiate a mutually acceptable and reasonable resolution, which may result in amendments to the terms of this TIF Agreement, prior to the City taking action to request decertification of the Project by the EACC. The City agrees that the City's right to seek decertification of the Project by the EACC as aforesaid shall be the City's sole and exclusive remedy under this TIF Agreement, it being expressly acknowledged and agreed that everything stated as an obligation of the Company hereunder is merely a condition to receipt of the Exemption.

9. The benefits of this Agreement shall inure to the benefit of the successors and assigns of the Company, subject to the provisions of this Section 9. The City acknowledges that the Company has the right to transfer ownership of the Parcels, or any portion thereof, to a related entity that is controlled, managed or owned by the Company or Liberty Mutual. The Company shall notify the City in writing of any such transfer.

If the Company transfers its interest in the Parcels or any portion thereto, to an unrelated entity, the Company's rights hereunder shall not be transferable without the written consent of the EACC and the City. The City reserves the right to review the terms of the TIF Agreement in effect at the time of the transfer to an unrelated entity and to make changes that, in its sole discretion, it deems reasonable and appropriate. If the assignee rejects the City's changes, the City may take action to nullify this Agreement and request decertification of the Project and the Property by the EACC.

In the event this TIF Agreement is nullified for reasons set forth above, this TIF Agreement shall be null and void from the day the Company stops operating the Parcels in accordance with this TIF Agreement and in accordance with the designation given to the Company by the EACC and

the Exemption Percentage in the current and all remaining Fiscal Years shall be zero percent (0%).

10. For purposes of this TIF Agreement, the Company shall not count employees of any third party tenant of the Project (that is, a tenant unrelated to the Company or Liberty Mutual leasing space at the Project) toward the job creation commitments as required by Section 4(a) hereof, nor shall any such third party tenant receive an exemption under Chapter 59, section 5, clause 51st. It being understood that the Company shall notify any third party tenant and if necessary waive, or caused to be waived by a condition in any lease, any tenant claim for such exemption.

11. The parties acknowledge that the property adjacent to the Property with an address of 330 Stuart Street is owned or controlled by Liberty Mutual. Liberty Mutual agrees that during the term of this Agreement, it will not pursue an appeal of any decision by the City on any abatement application that Liberty Mutual may file for 330 Stuart Street, provided that the value per square foot of 330 Stuart Street (exclusive of parking) does not exceed the value per square foot of the Project (exclusive of the TIF Exemption). If, during the term of this Agreement, an appeal of any decision by the City on any abatement application for 330 Stuart Street is filed by Liberty Mutual, or any successor or assign, and the value per square foot of 330 Stuart Street is equal to or less than the value per square foot of the Project (exclusive of the TIF Exemption), then the Exemption Percentage in the fiscal year that corresponds with the appeal shall be zero percent (0%).

12. All notices, reports and other communications required or permitted under this TIF Agreement must be in writing, signed by a duly authorized representative of the City, Company, or BRA, as the case may be, and shall be (i) hand delivered, (ii) delivered by nationally recognized overnight delivery service, or (iii) mailed by certified or registered mail, return receipt requested, postage prepaid, to the parties at the following addresses or such other address as each may have specified to the other by such a notice:

City: City of Boston Assessing Department
City Hall, Room 301
Boston, MA 02201
Attn: Commissioner

BRA: Boston Redevelopment Authority
One City Hall Square, 9th Floor
Boston, MA 02201
Attn: Director of Economic Development

Company: Berkeley/Columbus Real Estate LLC
Liberty Mutual Insurance Company
Corporate Real Estate Department (MS 03L)
175 Berkeley Street
Boston, Massachusetts 02116
Attn: Director of Facilities

13. This TIF Agreement shall be governed and construed by the laws of the Commonwealth of Massachusetts, without regard to conflict of law principles.
14. This TIF Agreement may be amended only by a written instrument signed by the Parties.
15. This TIF Agreement may be executed in counterparts. All such counterparts shall be deemed to be originals and together shall constitute but one and the same instrument. The Parties have agreed to execute multiple original copies of this TIF Agreement.
16. The Company shall perform the obligations set forth in this Agreement or shall cause Liberty Mutual to perform the obligations in this Agreement. Any condition to the receipt by the Company of benefits hereunder, including, without limitation, the creation of jobs or the construction of improvements, will be deemed satisfied if such condition is satisfied by Liberty Mutual.

[REMAINDER OF PAGE LEFT BLANK INTENTIONALLY]

WITNESSETH the execution and delivery of this TIF Agreement by the City of Boston and Berkeley/Columbus Real Estate LLC as an instrument under seal as of the date first above written.

Attachments:

Exhibit A: Description of Property (Maps)

Exhibit B: Description of the Property and Plan of the Project

BERKELEY/COLUMBUS REAL ESTATE
LLC

By Helen E.R. Sayles
Name: Helen E.R. Sayles
Title: Vice President

CITY OF BOSTON

By Thomas M. Menino
Thomas M. Menino, Mayor

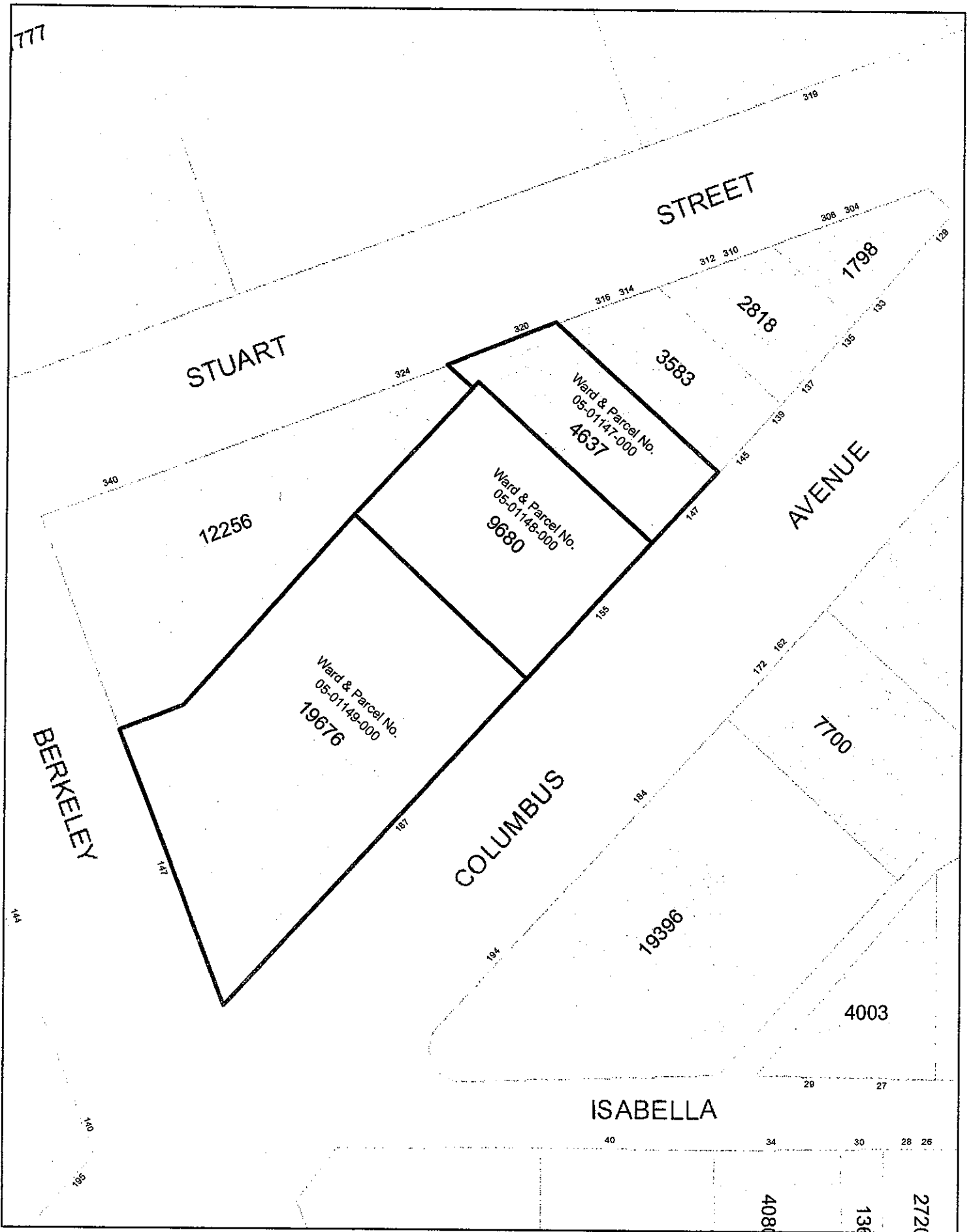
Approved as to form:

D. J. S.
Corporation Counsel SPJ
City of Boston

Exhibit A
Description of the Property [Parcels] (Maps)

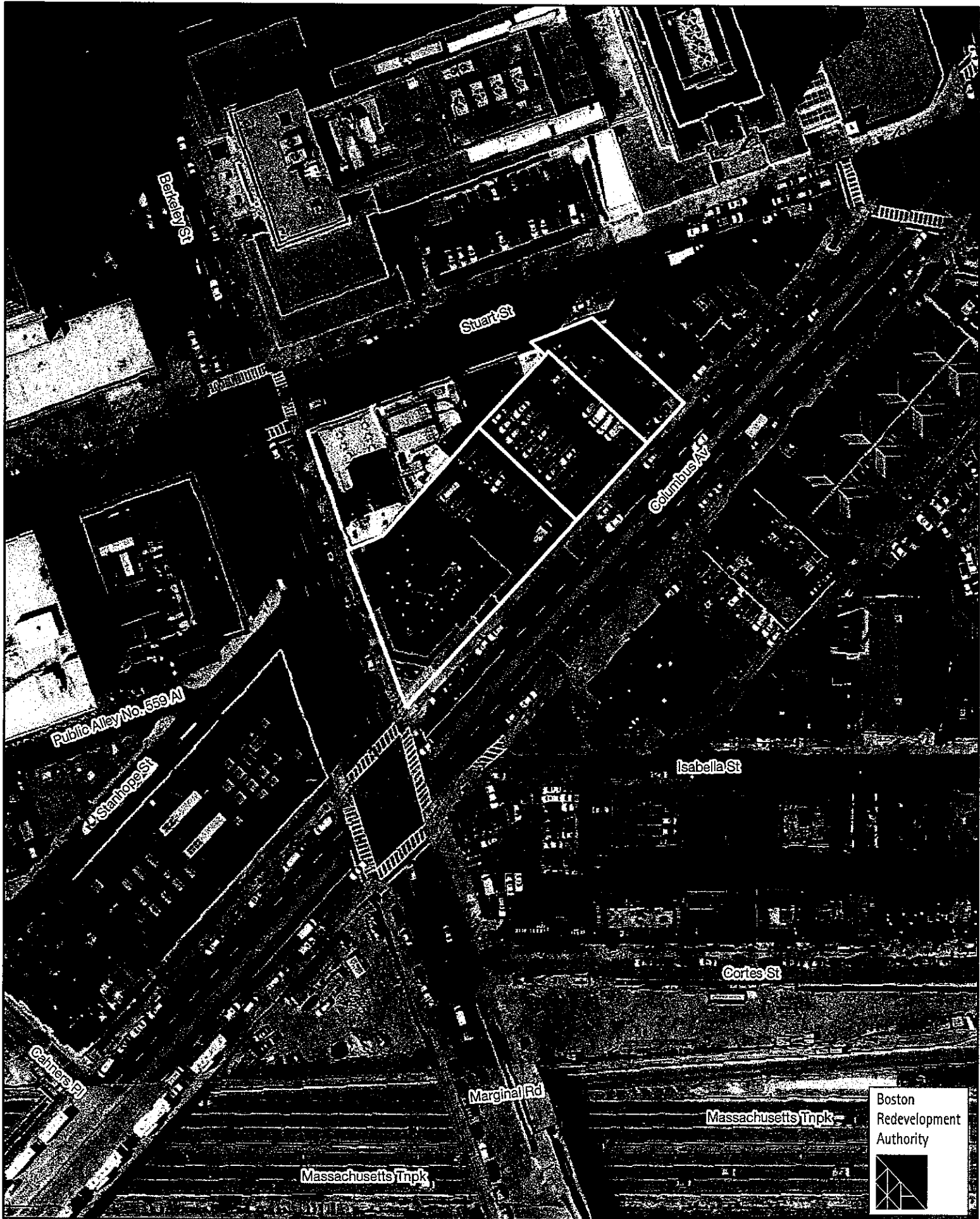
147 Berkeley Street, 155 Columbus Avenue,
and 147 Columbus Avenue

1:700



147 Berkeley Street, 155 Columbus Avenue,
and 147 Columbus Avenue

1:1,200
2008 USGS Aerial



Boston
Redevelopment
Authority

147 Berkeley Street, 155 Columbus Avenue,
and 147 Columbus Avenue

1:6,500

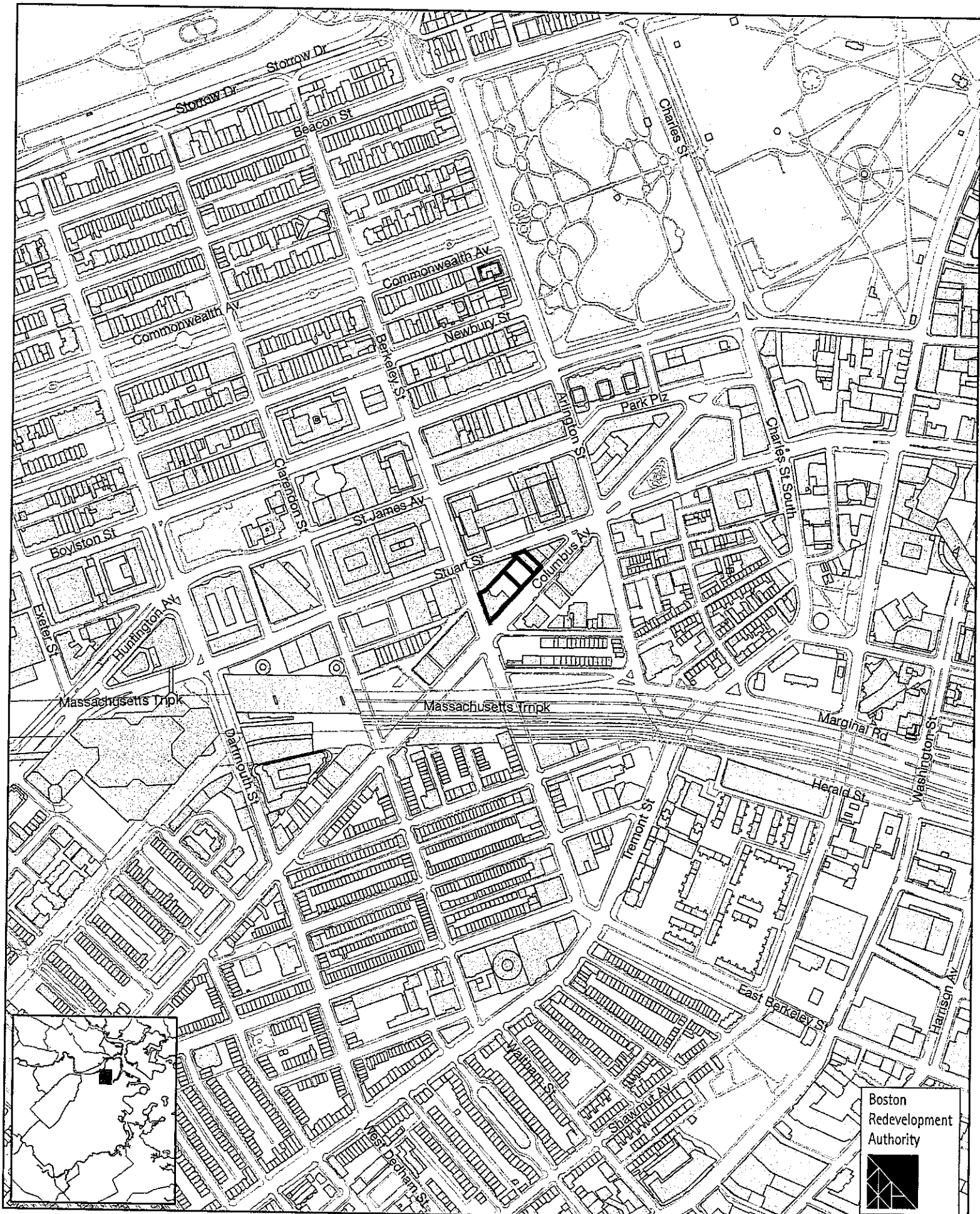


Exhibit B
Description of the Property and Plan of the Project

Liberty Mutual plans to redevelop the Property. Redevelopment Plans include constructing a new building consisting of an approximately 580,000 square foot structure on the Property. Such redevelopment would be subject to all applicable regulations and approvals, including Article 80 Large Project Review under the City of Boston Zoning Code. The Property is located in the so-called Stuart Street Study Planning Area established in 2005 and the subject of the Stuart Street Planning Study, a BRA sponsored planning initiative that commenced in 2007. Such planning initiative identified the former Salvation Army site and former Benjamin Franklin Smith Printing site as potential development opportunities. The BRA formed the Stuart Street Advisory Group to assist in examining potential development opportunities, identifying and defining height, density, and use guidelines, and developing scenarios for future development in the area. As a major property owner in the study area, Liberty Mutual is a member of the Stuart Street Advisory Group and has been actively engaged in the study for the past two years. The draft zoning guidelines for the Stuart Street Planning Study area have been established and were subject to a public comment period, which ended on March 1, 2010.

Liberty Mutual projects that current cost estimates for such redevelopment would be approximately \$300 million. Liberty Mutual would commit to creating at least 600 new jobs over the life of a twenty year TIF agreement in addition to the approximately 745 new jobs that Liberty Mutual has created in Boston since 2004. In addition, the new development would generate on average, approximately 500 construction jobs during the construction period as indicated in the Certified Project Application. During the initial years of occupancy Liberty Mutual intends to occupy approximately 71% of the new building and lease the remaining space to third party tenants for 5 and 10 year terms. If a TIF agreement is granted, Liberty Mutual plans to begin the development review process promptly. In addition to public benefits and other mitigation commitments that are associated with large projects, the new building would be considered a Development Impact Project under the Boston Zoning Code and would be subject to linkage. Using today's rates and the approximately 580,000 square feet, the new development would generate approximately \$3,777,600 for the City's Neighborhood Housing Trust and \$753,600 for the jobs creation trust for a total of approximately \$4,531,200.