

**TOWN COUNCIL MINUTES  
ECONOMIC DEVELOPMENT  
Town Hall Council Chambers  
December 5, 2016, Monday**

Present: Edmund Harrington, Chairman  
Thomas J. Lacey, Vice Chairman  
Robert Conlon, Councilor  
Rebecca Haugh, Councilor

Not Present: Brian McDonald, Councilor

Also Present: Brian Connolly, Chief Financial Officer  
Ted Langill, Chief of Staff  
Richard Swanson, Town Auditor  
Joseph Callanan, Town Solicitor  
Robert Luongo, Planning Director

Recording Secretary: Mary Barker

Chairman Harrington called the meeting to order at 6:06 PM.

**16 149-Prodrive TIF Agreement- Massachusetts Office of Business Development**

This matter was referred to the Budget/Management Committee on November 21, 2016. Mr. Langill was invited to the table to provide an overview of the measure. He reported that the Mayor was delayed but would arrive later. He reported on the competitive process in securing this company with a TIF and it is part of a larger package with the state. It began with the state's search. Prodrive, a Dutch company reached out looking for a site for their North American headquarters. The state assisted and narrowed the field to the best options. A site visit took place and Prodrive executives chose Weymouth at Union Point. The agreement and Prodrive coming to Weymouth is vital to the economic growth of the community. The company will provide several hundred new jobs, additional tax revenue, additional local receipts and an active direct partnership with Weymouth schools.

A presentation followed by the Project Manager for American Expansion, Eric Zulkiewicz, Richard Dalton, Regional Director for Massachusetts Office of Business Development and the Presidents of Weymouth's and South Shore's Chambers of Commerce.

Mr. Zulkiewicz reported that Prodrive is pleased with this location. He provided background information for the company; Prodrive was founded in 1993 in the Netherlands. It has grown quickly- one of the fastest in Europe over the last five years and now moving to global expansion. The company manufactures electronics for high-end computer systems serving many industries, particularly the automated manufacturing industry. The company will bring electronics manufacturing back to the USA and

Massachusetts. They will create many jobs within the engineering realm, and using new systems perfected in Holland.

He reviewed the campus design-the initial phase will include the first building and central operation. It will be 25,000 square feet of office and flex manufacturing space with 3-500 jobs in the next 5-10 years. The first phase is the only one covered in the TIF. Three additional buildings are proposed for the campus as it expands. He reviewed the employment expectation; over 75% of employees in the Netherlands and required to possess a Bachelor Degree or better. He reviewed the benefit to the town in local tax receipts and the proposed partnership with the schools. He has spoken with the superintendent regarding sponsoring the high school robotics team, partnering with STEM programs and potentially hosting summer competition and/or camp programs. In addition, this organization will provide a rapidly growing hi-tech company that will be active in the community, just as they are in Holland. They believe their presence at Union Point will attract other high-quality commercial developments as well.

Councilor Conlon asked how much land is included in the TIF agreement. Mr. Zulkiewicz responded that it requires about 15 acres at full build out with some parking and leasing structured parking, as it becomes necessary. LSTAR is still negotiating. The land for Phase 1 will be at drastically reduced pricing. 4-5 acres is what they desire. LSTAR and the company are negotiating the P&S and in a week should sign such. Then follows a 120-day due diligence period-it should be a 4-month process. Prodrive is expanding so quickly it can't hire qualified engineers quickly enough in Europe. The proximity to Boston and Cambridge educational opportunities will allow them to cultivate and secure local talent. Councilor Conlon suggested a post-grad program through the public schools, which could prepare students as future workforce. Councilor Conlon urged local residents be given preferential employment treatment. Mr. Zulkiewicz responded that applicants from the economic target area will be given preference (this includes Rockland, Abington and Weymouth). Councilor Conlon responded that Rockland and Abington are not contributing to the TIF and should not be in contention.

Councilor Haugh noted she is excited; they have been waiting for that first commercial development at Union Point for some time. She asked what percent of the workforce will be Americans. Mr. Zulkiewicz responded that it will be 95%+; they will have some initial temporary employees from the Netherlands to recreate processes. Councilor Haugh asked who are its customers and competitors in the region. Mr. Zulkiewicz responded that their biggest competitors are Phillips (electronics) and ASML (equipment). There are two steps to making a circuit board. The semiconductor is created at other companies and Prodrive takes it and attaches the resistors, capacitors and processors to the circuit board to make a working piece of electronics. Most of the companies that would be large enough to compete have moved to Asia (Flextronics, Foxcom). There are few printed circuit board assembly companies remaining in this area of the country.

Councilor Lacey asked if this presentation will be the same provided to full Town Council. Mr. Langill responded yes, plus the financial piece that will follow. Councilor Lacey noted that this is exactly what the Town Council, and he in particular envisioned

when they voted against a mall proposal for the site in 2005. This can propel the future growth of this town.

Mr. Dalton from the Massachusetts Office of Business Development was invited to the table. He noted that Governor Baker fully supports this. He reviewed the vetting process. He noted the only concern was that the company will not be the only company in the development. The supplemental application will be voted next week. It includes a \$12,000 tax incentive per employee; a rate that is usually reserved for a gateway community. They have met with many at the state level. In addition to tax credits, and jobs, they have arranged meetings with Workforce Training and other departments to facilitate a soft landing in the area. They also will be speaking with Mass Development for the financing of the project. He noted to Councilor Conlon's request that the TIF calls for local hiring and it is fairly common. The agreement also includes the school partnership component, which is not usual.

Councilor Harrington thanked Mr. Dalton and the Governor's office for the support to Weymouth.

Mr. Langill reviewed the financial details of the TIF agreement, also in Power Point presentation. The key is that there are multiple phases. Those further out are still being worked out. They know the end result and the first phase. The initial Phase 1 includes construction of 2 of the 5 buildings and results in 150 full time jobs, costing \$38 million. This is exempt from property taxes. When they apply for manufacturing licenses with the state, they are then exempt from personal property taxes also.

What is not covered in the TIF is the Phase 2 construction (186,000 sq. ft. of construction, an additional 7.5 acres costing \$29 million and creating 330 jobs). Subsequent phases are also fully taxable (2 additional buildings, each 186,000 sq.ft., They have an option for additional land if it is needed. Full investment will be \$97 million with potential 350-500 jobs.

The TIF agreement, applied to the added value for a twenty-year decreasing terms is as follows:

Initial 5 years	95%
Subsequent 3 years	80%
Subsequent 3 years	60%
Subsequent 3 years	40%
Subsequent 3 years	20%
Subsequent 3 years	10%

They see this as a catalyst for unprecedented economic development. It's not just taxes but local receipts- meals tax, etc. coming in (excise for cars registered). The community benefit is built into the agreement and they will support the schools even before they break ground.

Councilor Harrington asked about the major capital equipment tax. Mr. Langill responded that it would be exempt as a manufacturer in the state.

Councilor Conlon asked how much does the tax revenue represent in today's values. Mr. Langill responded that the total potential is \$24.5 million in total taxes, both exempted and non-exempted. The TIF portion represents about \$5.5 million over the life of the agreement, or about 23%. Councilor Conlon asked when Phase 2 begins. The first two phases will be built and on the rolls by 2023. Phase 2 will start in a couple of years and within the first five. Councilor Conlon noted that the sooner it starts the less it will cost in the long run.

Councilor Lacey asked that they review this segment in particular in depth at full Town Council. He confirmed that construction Phase 1 completed and up and running by 2019.

Councilor Harrington asked if the TIF continues if they do not expand into Phase 2. Mr. Langill responded that a claw-back provision is included to collect the exempted taxes if it does not continue.

Councilor Haugh asked the appraised value of the 7.5 acres. Mr. Langill responded that the parcels are not divided for assessment yet; it is estimated at \$1.8 million. He looked for a similar parcel. At the end it will be assessed significantly higher with the building component.

David Robinson, Chair of the Weymouth Chamber of Commerce and Peter Foreman, Chair of the South Shore Chamber of Commerce were invited to the table. Mr. Foreman noted the perceptions are clear, but he corrected the perception that Weymouth is giving tax money to Prodrive. It is not giving any Weymouth tax dollars to Prodrive. It phases in the new revenue received from the company coming in. If they don't develop here, the town gets no new value. This is a quick turnaround. The state and local officials deserve credit.

Mr. Robinson noted that this will benefit Weymouth but it's only a piece of the puzzle for Union Point. It's also a risk for Prodrive being the first occupant. He noted the key here will be the businesses that grow around it. He is happy to see Prodrive investing in the schools before a shovel goes in the ground.

Councilor Haugh asked when ground breaking is estimated. Mr. Zulkiewicz responded that they should start construction in about 4 months.

Councilor Conlon disagreed with the chair of the Chamber. The town is giving \$24 million; the state is providing \$4 million and LSTAR is giving free land. Mr. Foreman noted they could argue the math and semantics, but there is a larger point. The state and the community are strong partners in this move. Other companies can appreciate and see this.

Councilor Harrington confirmed the total tax benefit to the town, without a TIF, is \$25 million and with a \$5-6 million break it realizes a \$19 million investment in the future.

Councilor Lacey noted he loves the partnership. They are merely asking for a jumpstart long-term commit to growth. This isn't giving away money and it doesn't reflect the additional revenue which will be realized from the project. He is hopeful.

Councilor Haugh asked the chairman of the South Shore Chamber if anything of this magnitude is being developed elsewhere in the region? Mr. Foreman responded that Union Point is the largest project on the South Shore with most transformative impact on the economy. When it's completed, it will be the largest development project in the state. What the three towns have done to bring this forward cannot be understated. Prodrive is one of the largest for the South Shore, but may not remain that way as further development comes forward.

A Motion was made by Councilor Lacey to forward measure 16 149 to the full Town Council with a recommendation for favorable action and was seconded by Councilor Haugh. UNANIMOUSLY VOTED.

#### ADJOURNMENT

At 6:54 PM, there being no further business, a MOTION was made by Councilor Lacey to adjourn and was seconded by Councilor Haugh. UNANIMOUSLY VOTED.

Respectfully submitted by Mary Barker as Recording Secretary

Approved by Ed Harrington, as Chair of the Economic Development Committee

Voted unanimously on 3 January 2017