



**TOWN OF ANDOVER & VICOR CORP.
PROPOSED
TIF AGREEMENT**

APRIL 11, 2019

CHANGES SINCE 4/9



- Town will begin to receive tax revenue at the start of construction
- Year I will begin when the Certificate of Occupancy is issue
- Minimum 771 jobs retained in Andover (Clawback provision)

VICOR OVERVIEW



- Founded in 1981
- Global Headquarters are in Andover
- 569 full time jobs at Vicor's manufacturing location and 211 jobs at its corporate office in Andover
- Owns and occupies 84,767 square foot global headquarters building and 226,676 manufacturing facility

Total Square Footage: 311,443 (existing footprint)
Total Employees: 780



WHAT IS A TIF?



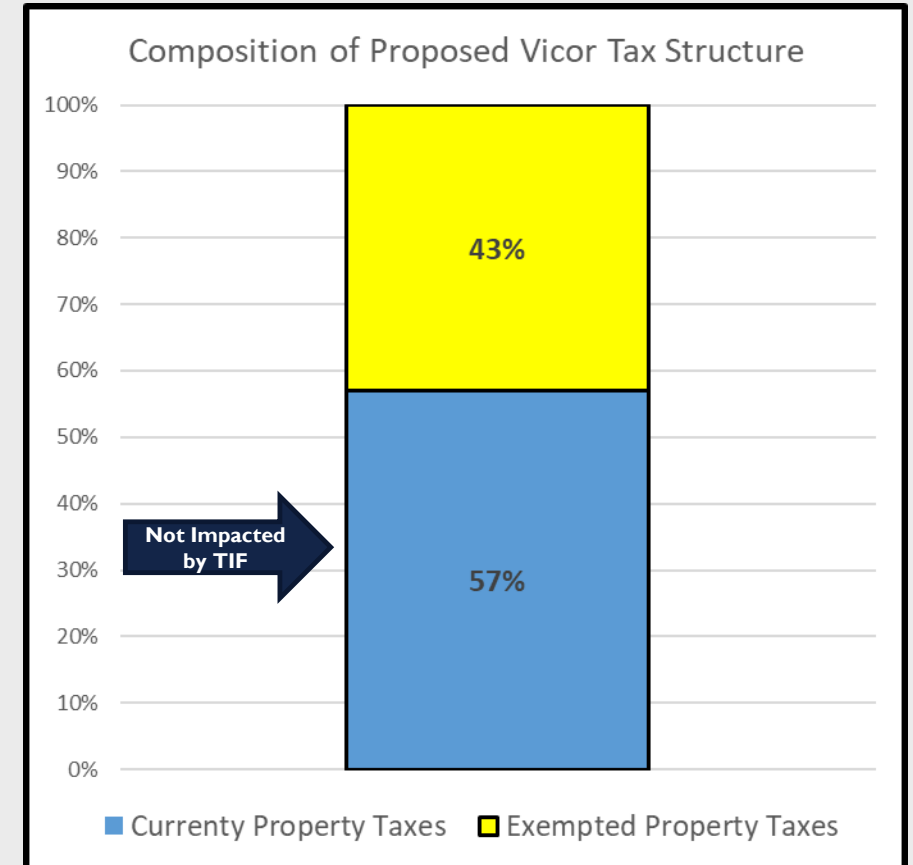
Tax Increment Financing Agreements are a negotiated agreement between business and host municipality. The percentage **exemption** applies to the incremental increase of assessed value of the parcel. The agreement may contain exemptions on personal property tax per **M.G.L.**

TIF is authorized by M.G.L.c. 40§59 and its implementing regulations 760 CMR 22.01. Under this legislation, landowners may be granted property tax exemptions of **up to 100% of the tax increment**. A municipality may enter into a TIF Agreement with a landowner for a **maximum term of 20 years**. A city or town must initiate a TIF by a **vote of its governing body approving the TIF Plan**

IDENTIFYING INCREMENTAL VALUE



400 Federal Street	
Current Square Footage =	226,276
New Square Footage =	87,000
Base Assessed Value =	\$ 15,608,500
Incremental Assessed Value =	\$ 11,711,800
New Market Assessed Value =	\$ 27,320,300
Estimated Annual Base Tax Payment =	\$ 429,390
FY19 Tax Rate per \$1000 =	\$ 27.51
Initial Incremental Annual Tax =	\$ 322,192



TIF AGREEMENT PROPOSED TERMS



- 6 year TIF agreement
- Estimate \$11.7M incremental value reflective of estimated \$33.5M investment
- Incremental property tax relief
 - Year 1: 100%
 - Year 2: 90%
 - Year 3: 80%
 - Year 4: 80%
 - Year 5: 75%
 - Year 6: 75%
- Building Fees are 100% collected (Estimated \$400K)
- 40 new jobs at 400 Federal Street (Clawback Provision) 75 new jobs over approx. 10 years
- Minimum of 771 jobs retained in Andover (Clawback Provision)
 - Clawback provision requires 100% job retention

TIF AGREEMENT – 6 YEAR PROJECTION



Year	Estimated Current Property Tax (Base Only)	Estimated Incremental Assessed Value	Estimated New Incremental Annual Property Tax	% Exempt	Exempted Annual RE Property Taxes	Estimated Incremental Tax Payment w/TIF to Town	Estimated Total RE Taxes to Town (Base + New)
1	429,390	11,711,800	322,192	100%	322,192	0	429,390
2	429,390	11,711,800	322,192	90%	289,973	32,219	461,609
3	429,390	11,711,800	322,192	80%	257,754	64,438	493,828
4	429,390	11,711,800	322,192	80%	257,754	64,438	493,828
5	429,390	11,711,800	322,192	75%	241,644	80,548	509,938
6	429,390	11,711,800	322,192	75%	241,644	80,548	509,938
TOTALS	2,576,340		1,933,152		1,610,961	322,191	2,898,531

- Projected assessed values are estimates
- Projections assume no annual increases in property value or tax rates
- Total exemption can not exceed \$1,610,961
- 100% collection of permit fees (Est. \$400K)

10 YEAR PROJECTION



Year	Estimated Current Property Tax (Base Only)	Estimated Incremental Assessed Value	Estimated New Incremental Annual Property Tax	% Exempt	Exempted Annual RE Property Taxes	Estimated Incremental Tax Payment w/TIF to Town	Estimated Total RE Taxes to Town (Base + New)
1	429,390	11,711,800	322,192	100%	322,192	0	429,390
2	429,390	11,711,800	322,192	90%	289,973	32,219	461,609
3	429,390	11,711,800	322,192	80%	257,754	64,438	493,828
4	429,390	11,711,800	322,192	80%	257,754	64,438	493,828
5	429,390	11,711,800	322,192	75%	241,644	80,548	509,938
6	429,390	11,711,800	322,192	75%	241,644	80,548	509,938
7	429,390	11,711,800	322,192	0%	0	322,192	751,582
8	429,390	11,711,800	322,192	0%	0	322,192	751,582
9	429,390	11,711,800	322,192	0%	0	322,192	751,582
10	429,390	11,711,800	322,192	0%	0	322,192	751,582
TOTALS	4,293,900		3,221,920		1,610,961	1,610,959	5,904,859

- Projections assume no increase in property values or tax rates
- 10 Year TIF benefit to the Town - \$1,610,959, total projected collections \$5,904,859

20 YEAR PROJECTION



Year	Estimated Current Property Tax (Base Only)	Estimated Incremental Assessed Value	Estimated New Incremental Annual Property Tax	% Exempt	Exempted Annual RE Property Taxes	Estimated Incremental Tax Payment w/TIF to Town	Estimated Total RE Taxes to Town (Base + New)
1	429,390	11,711,800	322,192	100%	322,192	0	429,390
2	429,390	11,711,800	322,192	90%	289,973	32,219	461,609
3	429,390	11,711,800	322,192	80%	257,754	64,438	493,828
4	429,390	11,711,800	322,192	80%	257,754	64,438	493,828
5	429,390	11,711,800	322,192	75%	241,644	80,548	509,938
6	429,390	11,711,800	322,192	75%	241,644	80,548	509,938
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10	429,390	11,711,800	322,192	0%	0	322,192	751,582
11	429,390	11,711,800	322,192	0%	0	322,192	751,582
12	429,390	11,711,800	322,192	0%	0	322,192	751,582
13	429,390	11,711,800	322,192	0%	0	322,192	751,582
14	429,390	11,711,800	322,192	0%	0	322,192	751,582
15	429,390	11,711,800	322,192	0%	0	322,192	751,582
16	429,390	11,711,800	322,192	0%	0	322,192	751,582
17	429,390	11,711,800	322,192	0%	0	322,192	751,582
18	429,390	11,711,800	322,192	0%	0	322,192	751,582
19	429,390	11,711,800	322,192	0%	0	322,192	751,582
20	429,390	11,711,800	322,192	0%	0	322,192	751,582
TOTALS	8,587,800		6,443,840		1,610,961	4,832,879	13,420,679

- Projections assume no increase property value or tax rates
- 20 Year TIF benefit to the Town - \$4,832,879, total projected collections \$13,420,679

PROPOSED VICOR TIF AGREEMENT



QUESTIONS?