



City of New Bedford

OFFICE OF THE MAYOR

FREDERICK M. KALISZ, JR.

Mayor

Aerovox
11.9
248142

RCRA RECORDS CENTER
FACILITY Aerovox Inc
I.D. NO. MA062319777
FILE LOC. Admin. Record #22
OTHER (10-9)



SDMS DocID

248142

January 15, 1998

Mr. John Moore
Moore & Isherwood, Inc.
156 Eighth Street
New Bedford, MA 02740

Dear Mr. Moore:

I am writing with respect to Aerovox's need to relocate their existing operations to another site. First, let me assure both you and Aerovox officials, my administration and city government will provide the utmost cooperation and assistance for Aerovox to undertake and complete it's move smoothly. In addition, to expedited permitting and the like, we believe we have an ideal site for the new facility and are ready to provide financial assistance to assist with the relocation.

We appreciate the long standing relationship our city has had with Aerovox and look forward to working with Aerovox and other companies as we move forward with our partnership with the private sector in revitalizing our city's economy.

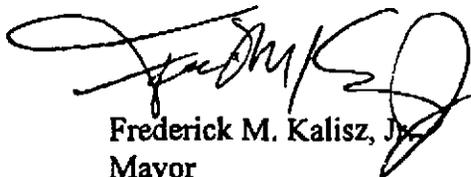
Our newly reorganized economic development organization, **The New Bedford Economic Development Council, Inc.** has prepared the attached Economic Assistance Package for your consideration.

The proposed site is presently owned by the City of New Bedford and appropriately zoned. The total square foot area of the two parcels is 471,483 sq. ft./ 10.85 acres. It is my understanding Aerovox will need approximately seven (7) acres for the structure and parking. Both for the benefit of the neighborhood and the new facility you will note on the attached drawing the establishment of a green belt on the water side of the lot. That area is adjacent to a city owned park and access for the public is planned. Upon further discussion we can decide whether to separate out the seven (7) acres you need or convey the entire parcel with a public access easement.

The property was acquired by tax taking and is being carried on the city's balance sheet as an asset for the amount of back taxes (approx. \$300,000). It would be helpful from the city's financial perspective not to take a direct hit to the balance sheet of \$300,000 which would occur if we were to convey the property to Aerovox for \$1 dollar. If necessary we will do so, but believe the structure of the attached financing will in effect result in Aerovox acquiring the land for no consideration without adversely affecting our balance sheet.

After reviewing the attached information please call to arrange a meeting to fine tune the details.

Sincerely,

A handwritten signature in black ink, appearing to read "Fred M. Kalisz, Jr.", written over a printed name and title.

Frederick M. Kalisz, Jr.
Mayor

Low Interest Loans (This Financing to Offset Acquisition Cost of Land)

\$100,000. Through the New Bedford Economic Development Council, Inc. at 4% interest only with a balloon payment in 20 years.

\$100,000. Through the Greater New Bedford Industrial Foundation, Inc. at 4% interest only with a balloon payment in 20 years.

Industrial Revenue Bonds

Full, low cost, financing through the Massachusetts Development Financing Agency (MDFA) OR the City of New Bedford's Industrial Development Finance Authority (IDFA). The bonds will be tax free IRBs. At present interest is running at 3 1/2%. With the necessary letter of credit and administrative fees the total financing is presently running approximately 5% per year.

Tax Increment Financing Agreement

A reduction in the real property taxes paid to the city of New Bedford under the TIF program.

By providing the TIF and because the facility will be located in a state certified target area, Aerovox will be entitled to a 5% **State Tax Investment Credit** for tangible, depreciable investments including the new building..

City property taxes on building if assessed at \$4,500,000. The tax on land value cannot be reduced by law. Current assessment is \$526,000 which equals a tax of \$16,616 per year. These projections are based on the current tax rate.

Year	TIF	Taxes Owed	Taxes Paid	Benefit
1	25	\$142,155	\$106,616	\$35,539
2	20	\$142,155	\$113,724	\$28,431
3	15	\$142,155	\$120,831	\$21,323
4	10	\$142,155	\$127,939	\$14,215
5	5	\$142,155	\$135,047	\$7,107

Total City Real Estate Tax Savings

\$106,616

Training/Retraining Moneys

Tactical Training Initiative (TTI)-State initiative that pays for some costs associated with job training/ retraining of new/ existing workforce. If the employer spends \$50,000 on job training the state will provide a matching grant of \$50,000.

On-The-Job-Training (OJT)-State/ Federal initiative utilizing the Job Training and Partnership Act (JTPA) that reimburses employer ½ of hourly wages paid, to qualified applicants, for a predetermined training period. After successful completion of training, the employer must hire employee and assume full payment until employee terminated.

Permitting

NBEDC will oversee meetings with all departments that are involved with new construction, etc. City will define what is needed, who is responsible and expedite time frame for permitting.

City of New Bedford will waive any pertinent permitting costs.

Utility Assistance

NBEDC will facilitate meeting with COMELECTRIC and COMGAS, to develop best possible rates for power and use. If applicable, the City will also offer Wastewater expertise and assist in any other city mandated programs that may impact the facility.