



CITY CLERK  
GLOUCESTER, MA

11 OCT 13 AM 9:26

**GLOUCESTER CITY COUNCIL**

9 Dale Avenue, Gloucester, MA 01930  
Office (978) 281-9720 Fax (978) 282-3051

**Budget & Finance Committee**

Thursday, October 20, 2011 – **5:00 p.m.**  
1<sup>st</sup> Fl. Council Committee Rm. – City Hall

**AGENDA**

*(Items May be taken out of order at the discretion of the Committee)*

**1. Continued Business:**

- A) Discussion and Review with Richard Hingston, Giusti & Hingston re: FY2010 DESE Report and findings (Cont'd from 09/22/11)
- B) Special Events Permit Form re: Filing Fee (Cont'd from 09/08/11)

**2. Chris Sullivan, Sullivan & Rogers re: Discussion and review of FY11 Audit**

**3. Memorandum from Principal Assessor re: Tax Classification**

**4. Letter from Gloucester Rotary Club and Gloucester Rotary Club Foundation re: gift to City Stage Fort Park Playground 100<sup>th</sup> anniversary project**

**5. Memorandum from Chief Administrative Officer re: Gorton's Inc. establishment of an Economic Opportunity Area and Tax Increment Financing Request**

**6. Memo from City Auditor regarding accounts having expenditures which exceed their authorization And Auditor's Report**

**COMMITTEE**

**Councilor Steven Curcuru, Chair**  
**Councilor Paul McGeary, Vice Chair**  
**Councilor Jacqueline Hardy**

**Committee members – Please bring relevant documentation**

Back-up and Supporting Documentation all on file at the City Clerk's Office, City Hall

CC: Mayor Carolyn Kirk  
Jim Duggan  
Kenny Costa  
Jeffrey Towne  
Val Gilman  
Dr. Richard Safier/Tom Markham  
Nancy Papows

The listing of matters is those reasonably anticipated by the Chair which may be discussed at the meeting. Not all items listed may in fact be discussed and other items not listed may also be brought up for discussion to the extent permitted by law.

CITY CLERK  
GLOUCESTER, MA

11 SEP -7 AM 9: 19

**CITY OF GLOUCESTER, MASSACHUSETTS**  
**AGREED UPON PROCEDURES REPORT**  
**ON THE END OF YEAR FINANCIAL REPORT**

**June 30, 2010**

*Giusti, Hingston and Company*  
*Certified Public Accountants*  
*36 Jackman St., Unit 1 \* Georgetown, MA 01833 \* (Tel) 978-352-7470*

City of Gloucester, Massachusetts  
Agreed Upon Procedures Report on the  
End of Year Financial Report  
For the Year Ended June 30, 2010

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON  
PROCEDURES

School Committee  
Gloucester Public School District  
6 School House Road  
Gloucester, MA 01930

We have performed the procedures enumerated in the accompanying Summary of Procedures and Findings section of the Special Report that follows and is incorporated by reference herein. The procedures, which were agreed to by the Gloucester Public School District were performed solely to assist in determining if the School District properly prepared and filed the Department of Elementary and Secondary Education's End of Year Financial Report for the year ended June 30, 2010. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described in the accompanying Summary of Procedures and Findings section that follows either for the purpose for which this report has been requested or for any other purpose.

We were not engaged to, and did not perform an audit, the objective of which would be the expression of an opinion on any of the account totals included in the School District's annual report or any other records of the School District that may be referenced in our procedures. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

*Giusti, Hingston and Company*

Giusti, Hingston and Company  
Certified Public Accountants  
June 13, 2011

City of Gloucester, Massachusetts  
SPECIAL REPORT

**Scope**

To determine whether:

1. financial data reported on all End of Year Report schedules are traceable to the detail contained in the municipal or district accounting ledgers or records or to a documented methodology.
2. non-financial data reported on all End of Year Report schedules are traceable to the district's records or to a documented methodology.
3. there are documented methodologies supporting the financial and other reported information contained in these schedules, whether these methodologies are followed, and whether the methodologies are reasonable.
4. internal controls exist to provide reasonable assurance that the revenues, expenditures and other data are accounted for consistent with the Department regulations and guidelines.

**Objectives**

Determine whether required reports for Massachusetts School Districts include all activity of the reporting period, are supported by applicable accounting records, and are fairly presented in accordance with State requirements.

**General Requirements**

**Procedure 1**

For all EOYR Schedules (Except for Special Revenue Funds, which are not reported on the budgetary basis of accounting):

- A. Ascertain if the financial information were prepared in accordance with the budgetary basis of accounting (e.g., modified accrual plus current year encumbrances minus expenditures of prior year encumbrances).
  - a. Trace the amounts reported to accounting and other records that support the audited financial statements and verify agreement or perform alternative procedures to verify the accuracy and completeness of the reports and that they agree with the accounting records. Note that expenditures of federal awards should be reported through the end of the grant period.

City of Gloucester, Massachusetts  
Summary of Procedures and Findings  
June 30, 2010  
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- B. Trace non-financial data to records that accumulate and summarize data.
- a. Perform tests of underlying data to verify that the data were accumulated and summarized in accordance with the required or stated criteria and methodology, including the accuracy and completeness of the schedules. For Schedule 7, test eligibility criteria for reimbursable riders (pupils residing greater than 1.5 miles from their school of attendance).
  - b. When intervening computations or calculations are required between the records and the schedules, trace reported data elements to supporting worksheets or other documentation that link the schedules to the data.
- C. Determine if the District's accounting system meets the following DESE requirements:
- a. Determine whether the District uses an accounting system that provides for the reporting of all instructional costs by school location.
  - b. Determine if the accounting system is supported by up-to-date written policies and procedures and that the policies and procedures are followed on a uniform and consistent basis.
  - c. Determine if the District maintains written policies and procedures related to the classification of salaries and expenses by program, function and object and that the policies and procedures are followed on a uniform and consistent basis.

**Results**

The required testing was performed and any findings noted are reported below.

**Finding 1**

Documentation relating to the number of student transported more than/less than 1 ½ miles was not available. As a result, we could not test a sample to determine the accuracy of the amounts reported in each category.

We, also, offer the following recommendation.

***Recommendation:*** The numbering scheme in the chart of accounts and the manner in which the school budgets certain positions/expenditures make preparation of the Pupil and Financial Report very difficult and time consuming. For example, the School budgets and expends the Transportation Maintenance salaries in Function 4200 (which is not a function number in the Department of Elementary and Secondary Education's chart of accounts or the End of Year Financial Report). The Transportation function number per the Department of Elementary and Secondary Education is 3300. In addition, certain crossing guards are budgeted and expended in the Transportation (3300) Function instead of the School Crossing Guards Function (5550). The Pupil and Financial report only provides a reporting line for Professional Salaries for the

City of Gloucester, Massachusetts  
Summary of Procedures and Findings  
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Teachers, Classroom Function (2305) and the Teachers' Specialists Function (2310). However, the various schools have expense and other salary line items budgeted and expended in the 2305 and 2310 Functions.

Every time a salary/expenditure is not recorded in the general ledger in the proper function for Pupil and Financial Report purposes, a crosswalk or other method to ensure proper reporting must be implemented. This has proved to be a very difficult task for the school.

We recommend that the School review its chart of accounts and the manner in which it budgets for salaries and expenditures. The line item budgets should only include function numbers that coincide with function numbers in the Pupil and Financial Report (Currently the general ledger includes several function numbers that are not in the Report). Employees should be budgeted and charged to the functions as they would be reported in the Pupil and Financial Report.

**Procedure 2**

Obtain written representation from management that the reports provided to the auditor are true copies of the End of Year Report submitted or electronically transmitted to the Department of Education.

**Results**

A representation letter was received from management.

**Specific Requirements**

**Schedule 1**

**I. Revenue**

**A. Revenue from Local Sources**

**Procedure 1**

Trace revenues from local sources reported on Schedule 1 to the municipal and district accounting ledger. Also, trace the revenues on District's accounting ledger to revenue reported on Schedule 1. These amounts should agree.

**Results**

The amounts reported were materially correct.

**C. Revenue From Federal Grants**

**D. Revenue From State Grants**

**E. Revenue From Revolving & Special Funds**

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Summary of Procedures and Findings  
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**Procedure 2**

Trace revenues from state aid, federal grants, state grants, and revolving and special funds to the detail in the District's accounting ledger. These amounts should agree with the possible exception of state aid, federal grants, and state grants, which are entered by the State based on allotments.

**Results**

**Finding**

Back-up documentation to support \$73,711 (of the \$117,464) reported as Other Federal Grants on Line 481 was not available. In addition, the amount reported as Other Local Receipts on Line 650 was \$50,148 more than the amounts recorded in the general ledger.

All other amounts reported were materially correct.

**II. Expenditures**

**A. By School Committee**

**B. By City or Town**

**Procedure 1**

Trace the amounts reported for general fund education expenditures from Schedule 1 Line 1850 to the municipal accounting ledgers and to the District's accounting ledger. Also trace the expenditures reported on District's accounting ledgers to expenditures reported on Schedule 1. These amounts should agree. If a "crosswalk" exists between the accounting ledgers and the End of Year Report, verify that the crosswalk agrees with the accounting ledgers in total and trace a sample of expenditures from the crosswalk to the accounting ledgers.

**Results**

The amounts reported were materially correct.

**Procedure 2**

Trace the amounts reported for a sample of the Department of Elementary and Secondary Education's:

- a) functions (i.e. Teaching, Principal),
- b) state objects (i.e. Professional Salaries (01), Other Salaries (02), Expenditures (04-06)),
- c) Programs (i.e. Regular Day, Special Education, etc.),  
in Schedule 1 to the detail in the accounting ledgers or to the crosswalk, if applicable.  
These amounts should agree.

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**Results**

**Finding**

Except that revolving expenditures (\$116,681) were reported on Line 2960 in Column 11 (Other Local Receipts) instead of Line 2960 in Column 9 (Athletics), the amounts reported were materially correct.

**Procedure 3**

Test expenditures for Extraordinary Maintenance (4300). Trace the expenditures to the detail in the accounting ledgers. Verify that:

- a) expenditures do not include salaries,
- b) expenditures include applicable principal portions of a loan or the cost of a lease / purchase agreement,
- c) expenditures do not exceed the per project dollar limit for Extraordinary Maintenance (\$100,000).

**Results**

Not applicable. No expenditures were reported.

**Procedure 4**

Determine how expenditures for fringe benefits are assigned or allocated to the Schedule 1, Employee Benefits and Insurance Function (5100, 5200). Trace the reported cost to the detail in the accounting ledgers using the methodology indicated. These amounts should agree.

**Results**

The amounts reported were materially correct.

**Procedure 5**

Verify that expenditures charged to Line 1683 and 2060 – Short-term Interest (5400) related exclusively to Revenue Anticipation Notes.

**Results**

Not applicable. No expenditures were reported.

**Procedure 6**

Verify that expenditures charged to Line 1684 and 2065 – Short-term Interest – BAN's (5450) relate exclusively to Bond Anticipation Notes.

**Results**

The amounts reported were materially correct.

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**Procedure 7**

Identify expenditures reported as long-term school construction debt in principal (8100) and interest (8200). Verify that bond anticipation notes are not included in these functions.

- Trace the reported costs to the Treasurer's debt schedule.
- Trace the reported amounts to the detail in the accounting ledgers. These amounts should agree.

Note:

If the District received a lump sum wait list or progress payment from the MSBA, verify that the revenue was reported on Line 130 and that expense were reported for pay down of principal (8100), or purchase of land and buildings (7100,7200) if applicable.

**Results**

The amounts reported were materially correct.

**Procedure 8**

Trace the expenditures for tuition payments:

- a) to other school districts in the state (9100),
  - b) to out of state schools (9200),
  - c) to non-public schools (9300),
  - d) to member collaborative (9400),
  - e) to regional school assessment (9500) – by city or town,
- to the detail in the accounting ledgers. These amounts should agree.

Note:

If the District prepaid fiscal year 2011 special education tuition, verify prepaid tuition was not included as a fiscal year 2010 expense. If the District prepaid fiscal year 2010 tuition from fiscal year 2009, that amount should be included as a fiscal year 2010 expense.

**Results**

The amounts reported were materially correct.

**Procedure 9**

For municipal expenditures that result in services directly related to the School Committee:

- a) Obtain a copy of written agreement between the School Committee and Municipal officials documenting the agreed upon methodologies to be used when allocating, distributing, or assigning municipal expenditures to the District.
- b) Test the amounts reported using the document methodology. These amounts should agree.

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Summary of Procedures and Findings  
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**Results**

**Finding**

The agreement between the School Committee and the Municipal Officials stated that per pupil cost would be utilized for administrative costs reported in the Expenditures By City/Town section of Schedule 1. However, those administrative expenditures were not reported on Line 1910 (Function 1410 – Business and Finance).

**Recommendation:**

The agreement between the between the School Committee and Municipal officials documenting the agreed upon methodologies to be used when allocating, distributing, or assigning municipal expenditures to the District has not been updated in several years. We recommend that the School and Municipal officials review and update the current agreement.

**Procedure 10**

Expenditures from federal grants, state grants, and special funds:

- a. determine amounts reported in Column 1 by expenditure classification agree with filed final grant expenditure reports for SFSF grant; and
- b. trace amounts claimed as circuit breaker expenses on Line 3080 Column 6 to the accounting ledgers or journals.

**Results**

The amounts reported were materially correct.

**Schedule 3**

**Procedure 1**

- a) Trace the amounts reported by school location on the linked file to the accounting ledgers. These amounts should agree.
- b) If staff is assigned to more that one school, determine if the school maintains a payroll system or spreadsheet to document the assignment of staff salaries by school location.
- c) If allocations are used to assign salaries to schools, programs, functions, or objects, was the allocation supported by a documented methodology?
- d) If allocations are used for non-salary expenditures, determine if the District maintains a documented methodology for consistency in application. Allocations are acceptable on Schedule 3 for non-salary expenditures although direct assignment or charging is preferable.

**Results**

The amounts reported were materially correct.

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Summary of Procedures and Findings  
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**Schedule 4**

**Procedure 1**

Ascertain the methodology used to allocate, distribute or assign SPED costs to the placement on Schedule 4. Test amounts reported on Schedule 4 using this methodology. These amounts should agree.

**Results**

The amounts reported were materially correct.

**Schedule 7**

**Procedure 1**

Trace the transportation expenditures reported on Schedule 7 to the transportation expenditures reported on Schedule 1. These amounts should agree.

Determine the methodology used to allocate transportation expenditures on Schedule 7 and verify the accuracy of these allocations. Also, if applicable, verify that the reimbursable expenditures have been reduced by transportation revenue received from students transported.

**Results**

**Finding**

There were 28 riders reported on Line 4110, but, there were no associated expenditures reported on that line. All other amounts reported were materially correct.

**Procedure 2**

Trace the transportation expenditures reported on Schedule 7 to the detailed transportation records and verify that the amounts reported on Schedule 7 are accurate and consistent with the detailed records.

**Results**

The amounts reported were materially correct.

**Procedure 3**

Determine if the District's accounting system separates costs in order to facilitate reporting as outlined in Schedule 7 (In or Out of District, pre-school, non-public, school choice and charter school).

**Results**

The District's accounting system properly separates costs in order facilitate the reporting requirements of Schedule 7.

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**Schedule 19**

**Procedure 1**

Determine if the School District has reported all changes to Schedule 19, Part A.1 – “Appropriation by School Committee” to the Department of Education. Compare the final School Committee appropriations to the Schedule 19, Part A.1 file/amended to determine if all changes were reported.

**Results**

**Finding**

The General Administration Services (Function 1000) budget on Line 7400 (Estimated Expenditures By City/Town) did not include the per pupil calculated administrative costs. All other amounts reported were materially correct.

Thousand & Seven Hundred & Eighty-One Dollars) for estimated receipts from fees charged to users of the services provided by the Gloucester School Food Service Program in accordance with MGL c. 44, §53E.

**4. *Special Events Permit Form re: Filing Fee***

The Committee heard from the Clerk of Committees as to the compilation of the newly approved Special Events Permit Application and reviewed a memorandum (on file) submitted to the Committee regarding several other communities and what they charge for various events, and if they had similar forms to be filled out. Ms. Jorgensson also responded to the Committee's questions on permitting process, the increasing number of special events taking place in the City, as well as the time consumed by City staff for these applications for permits. The matter of the fee was postponed until the Committee had time to review more documentation.

**This matter is continued to October 20, 2011.**

**5. *Memo from City Auditor regarding accounts having expenditures which exceed their authorization And Auditor's Report***

Mr. Costa reviewed his documentation with the Committee which was submitted at the meeting and on file.

**A motion was made, seconded and voted unanimously to adjourn the meeting at 9:25 p.m.**

Respectfully submitted,

**Dana C. Jorgensson  
Clerk of Committees**

**DOCUMENTS/ITEMS SUBMITTED AT MEETING:**

- Blynman Schoolhouse Proposal: A Proposal to: City of Gloucester from: The Magnolia Historical Society regarding the sale by the City and the Purchase by that organization
- Two emails in support of the Magnolia Historical Society to obtain the use of the Blynman Schoolhouse from the City of Gloucester
- Email originated from Mark Cole, DPW Operations Manager regarding estimates for repairs to the Blynman Schoolhouse dated September 7, 2011
- Waterways Board revised letter for inclusion in the 65 Rogers Street RFP approved 9/7/2011 by the Waterways Board
- Letter dated June 8, 2011 to Ben Lynch of the DEP Waterways via email from Sarah Garcia, Community Development Director
- Memorandum by Sarah Garcia dated June 17, 2011 regarding 10A Floats in the DEP
- Uniform Massachusetts Accounting System – July 2011: Chapter 13 – Fiduciary and Permanent Funds pg. 223
- Fiduciary Funds: Statement of Fiduciary Net Assets, June 30, 2010 – City of Gloucester
- Fiduciary Funds: Statement of Fiduciary Net Assets, June 30, 2010 – City of Wellesley
- Fiduciary Funds: Statement of Fiduciary Net Assets, June 30, 2010 – City of Newton

## *Memorandum*

*To: Mayor Carolyn Kirk <sup>MP</sup>*  
*From: Nancy A. Papows, Principal Assessor*  
*cc: file*  
*Date: Monday, October 3, 2011*  
*Subject: Tax Classification*

Please be advised that the Mayor's Report should include a request that Tax Classification be included for consideration on the City Council Agenda of October 11, 2011. The City Council should refer this item to the B&F Committee for a recommendation to the City Council. Thank you.



**ROTARY INTERNATIONAL**  
ROTARY CLUB OF GLOUCESTER FOUNDATION, INC.  
P.O. Box 1228, Gloucester, Massachusetts 01930

9/29/11

Gloucester City Council  
9 Dale Ave.  
Gloucester, Ma 01930  
Attn: City Council President Jackie Hardy

11 OCT 31 AM 11:04  
CITY CLERK  
GLOUCESTER, MA

Dear Councilor Hardy,

On behalf of the Gloucester Rotary Club and the Gloucester Rotary Club Foundation, it gives me great pleasure, after nine years of intensive work (see the attached detail description), to gift back to the City of Gloucester our Stage Fort Park playground 100<sup>th</sup> anniversary project. Our work, which started in 2002, began with our anniversary project vision of transforming a decaying playground into a state of the art handicap accessible venue for residents and visitors alike, to fully enjoy with their families. Since the mid 2000's, the City of Gloucester's Stage Fort Park playground has had the honor of being recognized in a number of publications as one of the Top10 playgrounds in northeast Massachusetts.

With the above donation, the Gloucester Rotary Club Foundation has made a total investment in the Stage Fort Park playground of over \$190,000.00. We as a club have been privileged to partner with the City of Gloucester by assuming a stewardship role over the playground for the past nine years, and hope to continue that relationship for years to come.

Gloucester Rotarians feel that this project has bridged numerous generations, which has helped bring our community together as one, to fully enjoy one of Gloucester's crown jewels.

The Gloucester Rotary Club's Stage Fort Park Playground Project is an investment in civic pride, community spirit, and ultimately a better Gloucester to live, work or visit.

Sincerely,

  
Steven P. Kaity  
Past President/Committee Chair

**Gloucester Rotary Club**  
**Stage Fort Park Expense Recap(1/1/02-6/30/10)**  
 9/12/2011

<u>Year</u>	<u>Description</u>	<u>Amount</u>	<u>Total</u>
1/1/2003 -6/30/2006	Cape Ann Design	Engineering and design	
		\$ 14,359.92	
		\$ 14,359.92	\$ 14,359.92
7/1/2005 -6/30/2009	Earthworks Construction, Inc.	Land prep. Playground Area Drainage Playground Area Leveling of ground to meet ADA standards Install Playground Area Surround Install access road Install footings for tables and benches Land prep. ADA Paths Land prep. Parking Area Land prep. ADA Paths Land prep. ADA Paths	
		\$ 82,003.28	\$ 82,003.28
7/1/2005 -6/30/2006	County Land Survey		
		\$ 930.00	\$ 930.00
7/1/2004 -6/30/2007	Steps Plus	Purchased and Installed 10- ADA Approved picnic tables	
		\$ 6,900.00	\$ 6,900.00
7/1/2004 -6/30/2007	MISC.		
		\$ 928.44	\$ 928.44
7/1/2005 -6/30/2008	Ultiplay	Purchased and Installed Swings & Climbing wall 400 cu. Yds. ADA approved engineered wood chips	
		\$ 23,845.92	\$ 23,845.92
7/1/2006 -6/30/2007	Creative Pipe, Inc.(w/freight)	Purchased and Installed 10-ADA Approved benches	
		\$ 9,638.88	\$ 9,638.88
7/1/2006 -6/30/2007	Wolf Hill Landscaping	Purchased and Installed Landscaping, trees, bushes	
		\$ 3,000.00	\$ 3,000.00
7/1/2006 -6/30/2008	Northeast Nursery	Purchased and Installed Landscaping, trees, bushes	
		\$ 12,420.24	\$ 12,420.24
7/1/2007 -6/30/2008	Mt. Pleasant Memorials	Purchased and Installed granite and plaque	
		\$ 5,481.00	\$ 5,481.00
7/1/2008 -6/30/2009	Bentley Warren Trucking	Purchased and Installed Loam for field	
		\$ 2,375.00	
Clark Hydro seeding		Hydro seeding field	
		\$ 1,300.00	
Dave Linsky		lock/pivot post(gate)	
		\$ 590.00	
		\$ 4,265.00	\$ 4,265.00
7/1/2002 -6/30/2010	In Kind Services	Donated professional services	
		1500 hrs @ \$10.00 (conservative)	
		\$ 7,500.00	
		\$ 15,000.00	
		\$ 22,500.00	\$ 22,500.00
		<b>Grand Total</b>	<b>\$ 186,272.68</b>

The above does not include Playground Equipment(\$4480.00) donated and accepted in 2010

City Hall  
Nine Dale Ave  
Gloucester, MA 01930



TEL 978-281-9700  
FAX 978-281-9738  
jduggan@gloucester-ma.gov

CITY OF GLOUCESTER  
OFFICE OF THE MAYOR

## Memorandum

To: City Council President Hardy and Members of the Gloucester City Council

From: Jim Duggan, Chief Administrative Officer 

Date: October 11, 2011

Re: **Establishment of an Economic Opportunity Area and Tax Increment Financing Request**

The TIF Program has a demonstrated value to the community, affirmed through the TIF Committee review, ratification of agreements by the City Council, approval by the Massachusetts Office of Business Development's Economic Assistance Coordinating Council (EACC) and through annual monitoring to satisfy commitments.

The Mayor's Office has received a formal notification from Gorton's Inc their intent to apply to the Massachusetts Economic Development Incentive Program (EDIP). In order for Gorton's to be eligible for an EDIP, the project must be supported through our local TIF Program, including the designation of 127 Rogers Street as an Economic Opportunity Area.

In order to start the process, I have attached the following:

- Gorton's Letter of Intent;
- TIF Request;
- Application for Designation as a Site Specific Economic Opportunity Area; and
- EDIP Preliminary Application.

I have convened a Team of appropriate city staff as the TIF Review Committee. I respectfully request this material be forwarded to the Budget and Finance Committee for review and further discussions.

Thank you

11 OCT 11 PM 2:19  
OFFICE OF THE MAYOR



September 29, 2011

Mayor Carolyn Kirk  
City of Gloucester  
Gloucester City Hall  
9 Dale Avenue  
Gloucester, MA 01930

**Subject: Formal Notification to the City of Gloucester regarding Gorton's Inc.'s Intent to Apply to the MA Economic Development Incentive Program (EDIP)**

Dear Mayor Kirk:

I would like to thank you for taking the time to meet with me and my team to discuss Gorton's Inc.'s participation in the EDIP on September 20, 2011.

As you know, Gorton's Inc. is currently in the midst of selecting a final site for a significant expansion of its seafood processing capacity. The planned project would include a capital investment of approximately \$13,000,000 and the creation of twenty (20) full-time positions for both union and non-union staff.

Gorton's has had a long and significant presence on the Gloucester waterfront and in Gloucester's fishing industry and currently employs 268 full-time employees at its Gloucester Seafood Center. The city of Gloucester has for a long provided Gorton's with great access to a highly skilled and educated labor pool as well as an impressive array of subcontractors. However, Massachusetts higher labor costs, real estate and tax structure makes Gloucester an expensive production location.

In order to partially offset these costs, I would like to request your support in the pursuit of a TIF Agreement on Gorton's behalf. If the City were to approve such an agreement, this would allow Gorton's to pursue significant State Investment Tax Credits that could help reduce the final price tag associated with this proposed expansion.

Thanks again for your time last week. I, along with the rest of the Gorton's Inc. Team, look forward to working with you and your team to build on our existing Gloucester operations, and hopefully significantly expand our production capabilities and employment in the City.

Sincerely,  
Gorton's Inc.

  
Jean-Pierre Denault  
Vice President of Finance

cc: Annamarie Kersten, EDIP Director, MOBD  
Peter Milano, Senior Regional Director, MOBD  
Sarah Garcia, Gloucester Community Development Director



October 11, 2011

Mayor Carolyn Kirk  
City of Gloucester  
Gloucester City Hall  
9 Dale Avenue  
Gloucester, MA 01930

**Subject: Gorton's Inc. - TIF Request for 127 Rogers Street, Gloucester, MA**

Dear Mayor Kirk:

As you know, Gorton's Inc. is currently in the midst of selecting a final site for a significant expansion of its seafood processing capacity. The planned project would include a capital investment of approximately \$13,000,000 and the creation of twenty (20) full-time positions for both union and non-union staff.

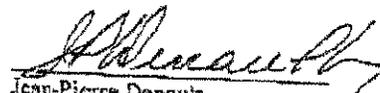
Gorton's Inc. preferred option is to locate the planned expansion at our existing Seafood Processing Center located at 127 Rogers Street. In order to partially offset Massachusetts' generally higher locational costs, I would like to request your support in the pursuit of a Tax Increment Financing Agreement on Gorton's behalf. The parameters of the proposed TIF Agreement are as follows:

- 5-year TIF Agreement scheduled to commence on 07/01/12 and conclude on 06/30/17
- 10% exemption schedule for all five years during which TIF Agreement is active
- \$18,672 in estimated municipal tax savings to Gorton's Inc. over life of TIF Agreement

I have attached a spreadsheet that calculates and outlines the parameters of the proposed TIF Agreement described above. If the City were to approve such an agreement, then it would statutorily allow Gorton's to pursue lucrative State Investment Tax Credits that in turn could significantly reduce the final price tag associated with the proposed expansion of our Gloucester Seafood Processing Center.

Thanks once again for all your support regarding Gorton's pursuit of a TIF Agreement with the City of Gloucester. I, along with the rest of the Gorton's Inc. Team, look forward to working with you and your team to finalize this proposed TIF Agreement.

Sincerely,  
Gorton's Inc.

  
Jean-Pierre Denault  
Vice President of Finance

cc: Jim Duggan, City of Gloucester, Chief Administrative Officer  
Sarah Garcia, City of Gloucester, Community Development Director

128 ROGERS STREET, GLOUCESTER, MA 01930 978.283.3000 [www.gortons.com](http://www.gortons.com)

**Estimated Real Property Tax Savings - 127 Rogers Street, Gloucester, MA (5-Year TIF)**

Fiscal Year	Year	Assessment	Improvement Value	Est. New Assessment	Tax Rate	Tax From New Development	Tax @ 100% Value	TIF % Exemption	Taxes Paid Each Year	TIF Benefit Each Year
2012	Base	\$5,047,100			\$12.08		\$60,959		\$60,959	
2013	1	\$5,122,807	\$3,000,000	\$8,122,807	\$12.08	\$96,240	\$96,124	10%	\$84,580	\$3,624
2014	2	\$5,199,649	\$3,045,000	\$8,244,649	\$12.08	\$36,784	\$99,595	10%	\$95,917	\$3,678
2015	3	\$5,277,643	\$3,090,675	\$8,368,318	\$12.08	\$37,335	\$101,089	10%	\$97,956	\$3,734
2016	4	\$5,356,808	\$3,137,035	\$8,493,843	\$12.08	\$37,895	\$102,606	10%	\$98,818	\$3,790
2017	5	\$5,437,180	\$3,184,091	\$8,621,251	\$12.08	\$38,464	\$104,145	10%	\$100,298	\$3,846
Totals						\$186,718	\$505,558		\$486,887	\$18,672
									Gross Savings	\$18,672
									Savings NPV at 7%	\$15,281

**Assuming:**

*Assessment	\$5,047,100
**Initial improvement value captured by the TIF	\$3,000,000
***Tax Rate	\$12.08
**Initiation Factor	1.50%

**THE MASSACHUSETTS ECONOMIC DEVELOPMENT INCENTIVE PROGRAM**

APPLICATION FOR DESIGNATION AS A  
**SITE SPECIFIC ECONOMIC OPPORTUNITY AREA**  
FOR

**127 ROGERS STREET EOA**

Located at  
127 Rogers Street  
Gloucester, MA 01930  
(Gloucester Assessor's Map 11, Lot 6)

WITHIN THE  
**Cape Ann Economic Target Area**

October, 11 2011

Proposed by the  
City of Gloucester

**APPLICATION FOR DESIGNATION  
OF ECONOMIC OPPORTUNITY AREA(S)**

**PART A: Applicant Information**

**1. Please check one:**

- This is an application for designation of a new EOA within a previously approved ETA.  
 This is a request to amend an EOA previously approved by the EACC.

**2. Community submitting this application:**

City of Gloucester, MA

**Name of proposed EOA(s):**

127 Rogers Street EOA

**PART B: Mandatory Requirements for the Proposed EOA**

**1. Location of Proposed EOA(s):**

The property is located at 127 Rogers Street in Gloucester, Massachusetts and is listed in the Gloucester City Assessor's files as Map 11, Lot 6. Please see the location map, attached as Exhibit A.

**2. Description of EOA(s):**

The 127 Rogers Street property is listed on Map 11 as Lot 6 within the City Assessor's files and is a commercial/industrial zoned tax parcel that currently houses Gorton's Seafood Processing Center.

A Site Specific EOA designation will advance the City of Gloucester's efforts to create and retain jobs and will also serve to stabilize Gloucester's commercial tax base. Additionally, the 127 Rogers Street EOA designation will strengthen the commercial tax base of the ETA, create new jobs and help strengthen the Massachusetts Economy.

**3. Basis for EOA Designation: Check the applicable category or categories (see definitions in attachment at back of application) for each proposed EOA:**

The area proposed for designation as an EOA is a "blighted open area."

The area proposed for designation as an EOA is a "decadent area."

The area proposed for designation as an EOA is a "substandard area."

The area proposed for designation as an EOA has experienced a plant closing or permanent layoffs resulting in a cumulative job loss of 2,000 or more full-time employees within the four years prior to the date of filing this application.

4. **Effective Time Period for EOA Designation: How long do you propose to maintain the EOA designation? The EOA designation may remain in effect for a minimum of five (5) years and a maximum of twenty (20) years.**

The 127 Rogers Street EOA will remain in effect for five (5) years.

5. **Local Criteria for Designation of EOAs: Describe how each proposed EOA meets your criteria for designation of EOAs, as specified in your application for designation of the ETA.**

- The City of Gloucester has adopted economic development goals that seek to minimize job loss, promote infrastructure improvements and diversify the City's commercial and industrial tax bases. The City of Gloucester established the Gloucester Economic Development Program (GEDIP) and Tax Increment Financing (TIF) as the primary vehicles to address these goals.

The objectives of the Gloucester Economic Development Program (GEDIP) and Tax Increment Financing (TIF) are as follows:

- Establishment of a fast and flexible economic development program.
- Attract new business and jobs by providing state tax credits and municipal property tax relief.
- Encourage business development in targeted areas of the City.
- Develop a business friendly government and encourage small business development.

6. **Economic Development Goals: Describe the economic development goals for each proposed EOA during the first five years of EOA designation.**

- Diversify the City of Gloucester's economic base.
- Create new employment opportunities.
- Stimulate the economy of the Cape Ann ETA.
- Increase the development potential of each locally designated EOA.

7. **Local Services: Describe the manner and extent to which the municipality intends to provide for an increase in the efficiency of the delivery of local services within the proposed EOA(s) (i.e. streamlining permit application and approval procedures, increasing the level of services to meet new demand, changing management structure for service delivery).**

The City of Gloucester is a business-friendly community whose municipal officials are always willing to work with existing businesses to promote economic development and success. City Officials help companies navigate the local permitting and zoning process and expedite these approvals whenever possible.

Application for Designation of 127 Rogers Street Economic Opportunity Area (EOA)

The proposed 127 Rogers Street EOA is already served by sewer, water, gas, electric, telephone and cable in the area. At this time, no additional services are envisioned for the EOA.

8. **Compliance with Community Reinvestment Act: Include a copy of a municipal plan or policy, if any exists, which links the municipality's choice of banking institutions to the bank's compliance with the requirements of the Community Reinvestment Act.**

The City of Gloucester does not currently have a written policy linking its banking policies to a bank's compliance with the Community Reinvestment Act.

9. **Project Approval:**

- (a) **Identify the municipal official or group/board which shall be authorized to review project proposals for and on behalf of the municipality.**

The Gloucester City Council, along with the City's TIF Review Committee is authorized to review project proposals on behalf of the City of Gloucester.

- (b) **Indicate the standards and procedures for review of project proposals, including the application procedures, the timeframe for review and determination, and the criteria and process for approval of project proposals. If you intend to use supplemental application material (i.e. municipal cover letter with instructions, job commitment signoff sheet, supplemental questions to be required by the municipality, etc.), it must be mentioned here and must be approved by the Economic Assistance Coordinating Council (EACC). Please attach (if appropriate).**

All projects seeking designation as a certified project within a proposed EOA will be forwarded to the City's TIF Review Committee that consists of the City Assessor, City Counsel, a representative of the City Council as appointed by the President of the City Council and other municipal officials as deemed appropriate by the Mayor.

This TIF Review Committee will recommend whether a given certified project applicant should be recommended for approval of a *Tax Increment Financing (TIF) Agreement* by the Gloucester City Council as well as negotiate the terms of the TIF Agreement by and between the City of Gloucester and Certified Project Applicant.

10. **Intent of Businesses to Locate in EOA: Identify the names and the nature of businesses, if any, that have indicated an intention to locate or expand in the proposed EOA(s). If possible, include letters of intent from the businesses, outlining the number of jobs that would likely be created and providing a timetable for development of the projects.\***

Gorton's Inc. has proposed a significant expansion of its Seafood Processing Center located at 127 Rogers Street. Due to growth within Gorton's stand-up, re-closable bag seafood product, much needed additional production capacity for this product line.

Application for Designation of 127 Rogers Street Economic Opportunity Area (EOA)

Planned capital investments for the proposed expansion project is anticipated to be \$13 million and would include the following improvements:

- 4500 s.f. roof modification that will increase the building height by approx 10ft to above current permit levels.
- Installation of a rooftop electrical substation building adjacent to the new raised roof.
- A full demolition and reconstruction of +/- 17000 s.f. of production space (floors, walls, ceilings).
- Installation of all new supply utilities (hydraulics, pneumatics, glycol, sprinklers, electrical).
- Ancillary support fixtures (lighting, material elevator, sanitation provisions)

The building preparation and machinery and equipment costs is expected to be:

- Building modifications: \$6.0 million Capital, \$1.0 million Expense
- Machinery and Equipment: \$7.0 million Capital

In order to meet increased anticipated demand for its frozen seafood products for the 2013 Lent Season, the additional production capacity outlined above will be required to be operational as of October 2012. Therefore, it can be reasonably expected that construction on the planned expansion project would need to begin no later than the second quarter of 2012 and have a targeted completion date of September 2012.

#### **PART C: SPECIAL REQUIREMENT FOR LARGER MUNICIPALITIES**

**This section must be completed by any municipality or member of a regional ETA with a population that exceeds fifty thousand (50,000) people. The population threshold should be calculated based on the most recent statistics available from the U.S. Bureau of the Census.**

This section is not applicable to the City of Gloucester.

#### **PART D: COMMITMENT TO PROVIDE LOCAL PROPERTY TAX RELIEF**

**The municipality completing this application must provide a binding written offer to provide either tax increment financing or a special tax assessment to each certified project located within the proposed EOA(s).**

**Please attach a copy of the municipality's binding written offer.**

- **In cities, this shall be in the form of a City Council Order or Resolution, along with a Certified Vote by the City Clerk.**

Application for Designation of 127 Rogers Street Economic Opportunity Area (EOA)

- **In towns with Town Meeting form of government, this shall be in the form of a Town Meeting Motion, along with a Certified Vote by the Town Clerk.**
- **In towns with Town Council form of government, this shall be in the form of a Town Council Order or Resolution, along with a Certified Vote by the Town Clerk.**

Attached as Exhibit C is a certification of the November ??, 2011 Gloucester City Council vote designating the 127 Rogers Street EOA and a Tax Increment Financing Agreement by and between the City of Gloucester and Gorton's Inc.

## EXHIBITS

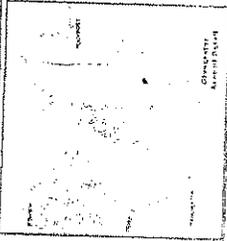
- Exhibit A: Map of Proposed 127 Rogers Street EOA
- Exhibit B: Gloucester City Council Vote Approving 127 Rogers Street EOA
- Exhibit C: Definition of "Decadent Area" per MGL Section 121A & 402 CMR 2.03

Exhibit A

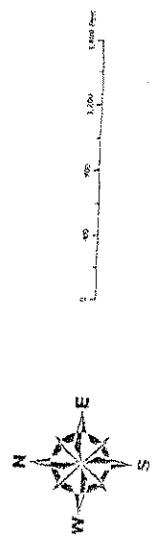
Map of Proposed 127 Rogers Street EOA



**Sheet Index 11**  
 1 inch = 40 ft



For Assessment Purposes Only  
 Updated on January 1  
 Data Sources:  
 Plat 125, and Plat 127 of 1890-1893, 1894.



City of  
**Gloucester, Massachusetts**  
 Assessor Map Book



EXHIBIT B

Gloucester City Council Vote as Certified by the Gloucester City Clerk

## EXHIBIT C

Definition of "Decadent Area" pursuant to MGL Section 121A & 402 CMR 2.03:

**Decadent Area:** an area which is detrimental to the safety, health, welfare or sound growth of a community because of the existence of buildings which are out of repair, physically deteriorated, unfit for human habitation, obsolete, or in need of major maintenance or repair, or because much of the real estate in recent years has been sold or taken for non-payment of taxes or upon foreclosure of mortgages; or because buildings have been torn down and not replaced and in which under existing conditions it is improbable that the buildings will be replaced; or because of a substantial change in business or economic conditions; or because of inadequate light, air, or open space; or because of excessive land coverage; or because diversity of ownership, irregular lot sizes, or obsolete street patterns makes it improbable that the area will be redeveloped by the ordinary operations of private enterprise; or by reason of any combination of the foregoing conditions.



COMMONWEALTH OF MASSACHUSETTS  
ECONOMIC ASSISTANCE COORDINATING COUNCIL  
MASSACHUSETTS OFFICE OF BUSINESS DEVELOPMENT

**Economic Development Incentive Program (EDIP)**  
PRELIMINARY APPLICATION

The following information is required by the Massachusetts Office of Business Development (MOBD) and the Economic Assistance Coordinating Council (EACC) to make a preliminary determination on the eligibility of a project under the Economic Development Incentive Program. This application must be returned in electronic form to your MOBD Regional Director and a hardcopy with original signature(s) mailed to: Brenda Reynolds, EDIP Coordinator, MOBD, 10 Park Plaza, Suite 3730, Boston, MA 02116. Please refer to the EDIP Guidelines, www.mass.gov/dbd/edip and your MOBD Regional Director for assistance with this application.

PART I. COMPANY INFORMATION			
Company Name	Gorton's Inc.		
Executive Officer/Company Designee	Jean-Pierre	Denault	
	First Name	Last Name	
Contact (if different from above)			
	First Name	Last Name	Title
Email	Jean-Pierre.Denault@Gortons.com		
Address	128 Rogers Street		
	Gloucester	MA	01930
	City	State	Zip
Phone	978-283-3000	Fax	978-281-8295
Company Headquarters Location	128 Rogers Street		
	Gloucester, MA 01930		
FEIN	43575531		
Type of Organization:	Corporation (Corporation, General Partnership, Limited Partnership)		
Company's Taxable Year End	December 31st		
Project Location	127 Rogers Street		
	Gloucester	MA	01930
	City	State	Zip

Please provide a brief description and history of the company, including NAICS code and whether or not company is a MA DOR registered manufacturer:

NAICS code: 311712 - Fresh & Frozen Seafood Processing  
MA Department of Revenue Registered Manufacturer: Yes (Yes / No)

Company Description / History: Gorton's Inc is a subsidiary of Nippon Suisan (USA) and is leading producer of frozen seafood products in both the retail and commercial markets in both the United States and Canada. Gorton's is America's leading seafood company and has been headquartered in Gloucester, MA since 1849.

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Gorton's provides its retail consumers and commercial customers with innovative frozen seafood products through retail grocery stores across the United States and Canada as well as frozen fish products to some of the world's leading fast food restaurant chains. Gorton's offers its employees the combination of an entrepreneurial environment often found in smaller organizations, along with the expertise of being a sophisticated consumer goods firm with global resources. Gorton's is committed to providing products and services that surpass expectations. The Gorton's brand in the U.S. (and the BlueWater brand in Canada) markets high quality, value added frozen seafood with innovative product lines such as Grilled Fillets, Shrimp Bowls and Tenders, along with traditional Fish Sticks and Fish Fillets. The Gorton's Fisherman and the "Trust the Gorton's Fisherman" jingle are among the best known brand equities with U.S. Consumers.

Over the last few years, successful new products, compelling consumer communication, and effective retail merchandising have resulted in significant Gorton's volume and share growth within the retail frozen seafood category. Gorton's people have earned the respect of the consumer packaged foods industry by being innovation leaders in both new product development and operational productivity.

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**PART II. ECONOMIC DEVELOPMENT PROJECT**

**A. Please indicate the date a Letter of Intent was sent to the municipality and cc: MOBD Regional Director**

September 29, 2011

**B. When applicable, please identify the Economic Opportunity Area (EOA) within the project municipality**

New EOA: 127 Rogers Street EOA

Existing EOA: NA

**1. Provide a description of the proposed business expansion project including a breakdown of investment required and the associated costs with a breakdown of the types of expense (land, building, construction, equipment etc.), and the extent to which existing public infrastructure meets the project's needs. When does the applicant expect to: (a) to begin the project, (b) to complete construction, and (c) to officially open the facility.**

Growth within Gorton's stand-up, re-closable bag seafood product is driving a need to invest in much needed additional production capacity for this product line. The company is currently evaluating three investment options whereby such additional production capability will be provided. Gorton's three (3) investment options are as follows:

- A new production line installation in existing space at Gorton's Seafood Processing Center in Gloucester, MA.
- A combined investment to re-tool two production lines at both the Gloucester, MA facility as well as the company's Brunswick, GA seafood processing facility.
- A new production line installation in existing space at the Gorton's Lachine, Quebec seafood processing facility.

Currently, the preferred option pending city permitting and favorable financial incentives is the first option described above, which is to make all investment at Gorton's Gloucester, MA Seafood Processing Center.

Capital investments for this option would include significant building modifications and renovations to accommodate the new production line with some infrastructure to support two additional lines. These would include:

- 4500 s.f. roof modification that will increase the building height by approx 10ft to above current permit levels.
- Installation of a rooftop electrical substation building adjacent to the new raised roof.
- A full demolition and reconstruction of +/- 17000 s.f. of production space (floors, walls, ceilings).
- Installation of all new supply utilities (hydraulics, pneumatics, glycol, sprinklers, electrical).
- Ancillary support fixtures (lighting, material elevator, sanitation provisions)

The total investment for this effort is \$13.0 million Capital and approximately \$1.0 million Expense. The breakout between building preparation and machinery/equipment is as follows:

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- Building modifications: \$6.0 million Capital, \$1.0 million Expense
- Machinery and Equipment: \$7.0 million Capital

In order to meet increased anticipated demand for its frozen seafood products for the 2013 Lent Season, the additional production capacity outlined above will be required to be operational as of October 2012. Therefore, it can be reasonably expected that construction on the planned expansion project would need to begin no later than the second quarter of 2012 and have a targeted completion date of September 2012.

**2. What is the estimated number of (a) full-time jobs to be created and (b) full-time jobs to be retained? Describe how the applicant will create the permanent full-time jobs in Massachusetts within 24 months after receipt of the incentive(s) and how these jobs will be maintained for at least 5 years. What actions will you take to recruit employees from among residents of the municipality and/or Economic Target Area?**

It is anticipated that twenty (20) net-new full-time jobs will be created as a result of the proposed expansion project detailed above. Gorton's Inc. current baseline employment level at its both its Gloucester, MA Headquarters and Seafood Processing Center is 268 employees, all of which are expected to be retained as a result of the proposed expansion project.

Given the above-stated need to have the expansion project operational by October of 2012, the anticipated twenty (20) additional jobs will be created within 24 months of the receipt of any EDIP incentives. These newly-created twenty (20) created jobs will be closely monitored by Gorton's Inc. to ensure that they will be maintained for at least five years as per MA EDIP requirements. Reasonable efforts will be made by Gorton's Inc. to recruit employees that reside within the Cape Ann Economic Target Area (ETA).

**3. Is the applicant new to Massachusetts?**

a. If not, where are the existing Massachusetts facilities?

Gloucester, MA

b. Will the proposed economic development project require and/or trigger the closing or consolidation of any Massachusetts facilities or the elimination of any other jobs currently in Massachusetts? If yes, please explain.

No

**4. Is the project likely to result in another substantial and exceptional economic benefit to the Commonwealth? If yes, please explain.**

The proposed expansion project will produce positive economic reverberations for not only the Massachusetts Economy as a whole, but also for the City of Gloucester.

The Commonwealth of MA can reasonably expect to receive the following direct economic benefits:

- Significant and incremental MA Personal Income Tax Revenue attached to the twenty (20) net new positions expected to be hired at Gorton's Gloucester Seafood Processing Center.
- Additional MA Corporate Excise Taxes to be paid by Gorton's as the company becomes

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increasingly profitable.

- Additional MA Personal Income Tax Revenue as a result of the temporary constructions workers that will be hired to complete the proposed expansion project.
- Additional MA Sales Tax to be paid on non-exempt construction materials used in the construction of the planned expansion project.
- Additional contributions to be made by Gorton's Inc. to the MA Unemployment Insurance and Workers Compensation Funds for the additional hiring of twenty (20) full-time employees.

The City of Gloucester can expect to receive the following direct financial benefits:

- Additional real property taxes, permits and fees associated with the planned expansion project.

**5. Will the project result in spin off economic activity that will support Massachusetts based suppliers and contractors? If yes, please explain.**

Additional and considerable spin off economic activity will occur as a result of the planned expansion project. Manufacturing salaries are generally higher than comparable salaries in the services sector. Therefore, the anticipated twenty (20) newly created jobs will generate more income and have a greater "ripple effect" as most will be within the manufacturing sector.

It is generally accepted that the Manufacturing Industry has the highest "Economic Multiplier Effect" of all industry types. The Regional Industrial Multiplier System (RIMS) is widely accepted as the "gold standard" of economic analysis and typically assigns the highest "economic multiplier effect" to job creation projects that are contained within the manufacturing sector.

Gorton's MA-based vendors and suppliers will see additional orders as production capacity is ramped-up. Such suppliers and vendors run the gamut of Gorton's Inc's operations and will include:

- Architectural, engineering and construction services
- Legal and other consulting services, uniform laundering, catering and other assorted local spending.

**6. Please answer the following questions related to the project location.**

a. Will the applicant own or lease/rent the facility where the business expansion/relocation will occur?	Own
b. If leasing/renting, identify the developer/landlord and state who will be the taxpayer of record for purposes of paying local real estate taxes?	NA
c. If owning, will the applicant fully occupy the space?	Yes
d. If the applicant will not fully occupy the space, does it intend to lease/rent the remaining space?	NA

**7. Certification for Abandoned Buildings.**

a. Does the proposed project involve the renovation	No (Yes/No)
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and reuse of an abandoned building?	
b. If yes or unsure, how long has the building been vacant or unused? (If known, state date)	NA
c. During the period of time that the building has been vacant or unused, what percentage of the building was vacant and unused? If the percentage varied during this time period, provide information for each change in the percent of vacant space and the applicable time period.	NA
<b>8. a. Please indicate the length of Certified Project requested.</b>	5 years
<b>b. Please state which incentives the applicant is seeking:</b>	
State Investment Tax Credit	Yes (Yes / No)
State Abandoned Building Renovation Deduction	No
Local Real Estate Tax Incentive	Yes
<b>9. Please indicate the company's outside of Massachusetts sales as a percentage of total sales and describe how the proposed project will alter the distribution impact.</b>	
<p>As Gorton's Inc. provides frozen seafood products to all states and provinces within the United States and Canada, the vast majority of the company's sales occur outside of Massachusetts. Only a very small percentage of Gorton's retail and commercial product sales can be traced back to Massachusetts and would consist of only those products sold in a retail capacity in Massachusetts supermarkets and retail food outlets as well as the sale of Gorton's frozen seafood products at fast food restaurants within the Commonwealth that have procured Gorton's as a provider.</p> <p>Therefore, it can be conservatively estimated that less than 5% of Gorton's sales occur within Massachusetts and at least 95% of the company sales occur outside of Massachusetts. It can be reasonably expected that since the vast majority of sales currently occur outside of Massachusetts, were the additional production capacity to come online this trend would undoubtedly continue.</p>	
<b>10. Provide detailed information on any other sources of public or quasi-public funding that has been received or will be sought to contribute towards the financing of the proposed expansion.</b>	
Gorton's Inc has not received nor will it request any additional sources of public or quasi-public funding regarding the financing of the proposed expansion project.	
<b>11. Is the applicant seeking tax incentives from the Massachusetts Life Science Center? If yes, this may affect the potential EDIP benefits.</b>	
No.	

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**PART III. LABOR AFFIRMATION**

**Part A:**

As an applicant requesting Certified Project approval, Gorton's Inc., affirms (check box) that this business will not unlawfully misclassify workers as self-employed or as independent contractors, and certifies compliance with applicable state and federal employment laws and regulations, including but not limited to minimum wages, unemployment insurance, workers' compensation, child labor, and the Massachusetts Health Care Reform Law, Chapter 58 of the Acts of 2006, as amended.

As an applicant requesting Certified Project approval, Gorton's Inc., affirms (check box) that this business will not knowingly employ developers, subcontractors, or other third parties that unlawfully misclassify workers as self-employed or as independent contractors, or that fail to comply with applicable state and federal employment laws and regulations, including but not limited to minimum wages, unemployment insurance, workers' compensation, child labor, and the Massachusetts Health Care Reform Law, Chapter 58 of the Acts of 2006, as amended.

**Part B: Within the past five years, has the applicant or any of its officers, directors, employees, agents, or subcontractors of which the applicant has knowledge, been the subject of (if yes, please provide details):**

(a) an indictment, judgment, conviction, or grant of immunity, including pending actions, for any business-related conduct constituting a crime under state or federal law;

Yes       No

Details:

(b) a government suspension or debarment, rejection of any bid or disapproval of any proposed contract subcontract, including pending actions, for lack of responsibility, denial or revocation of prequalification or a voluntary exclusion agreement; or

Yes       No

Details:

(c) any governmental determination of a violation of any public works law or regulation, or labor law or regulation or any OSHA violation deemed "serious or willful?"

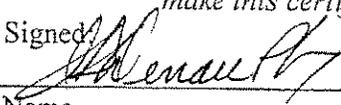
Yes       No

Details:

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Authorization and Certification

*I/We Jean-Pierre Denault, Vice President - Finance, Gorton's Inc. (names and titles) of the applicant business applying for "Certified Project" status from the Commonwealth of Massachusetts, Economic Assistance Coordinating Council hereby certify that I/we have been authorized to file this application and to provide the information within and accompanying this application and that the information provided herein is true and complete and that it reflects the applicant's intentions for investment, job creation and sales. I/we understand that the information provided with this application will be relied upon by the Commonwealth in deciding whether to approve "Certified Project" status and that the Commonwealth reserves the right to take action against the applicant or any other beneficiary of the Certified Project if the Commonwealth discovers that the applicant intentionally provided misleading, inaccurate, or false information. I/we make this certification under the pains and penalties of perjury.*

Signed:  VP - Finance 10-11-11  
Name Title Date

Name Title Date

Certification as to accuracy and Public Records Law acknowledgement:

*The signatories hereby certify that the answers in this application and the documents submitted in support thereof are accurate and complete representations of the applicant. They also hereby acknowledge that, under the Public Records law of the Commonwealth of Massachusetts, this application and all documents submitted in support thereof are public records under the provisions of Massachusetts G. L., Ch. 4, sec. 7 (26).*

Signed:  VP - Finance 10-11-11  
Name Title Date

Name Title Date