

Budget & Finance Committee Meeting

Thursday, June 4, 2020

REMOTE PARTICIPATION**-Minutes-****Present: Chair, Councilor Melissa Cox, Vice Chair, Councilor Scott Memhard, Councilor John McCarthy****Absent: None****Also Present: Joanne M. Senos, Kenny Costa, Vanessa Krawczyk, Jill Cahill, Sal DiStefano, Gary Johnstone, Eric Smith, John Dunn, Councilor Barry Pett**

Councilor Cox called the meeting of the Budget & Finance Committee for Thursday, June 4, 2020 to order at 5:30 p.m.

Councilor Cox announced that this meeting is recorded by video and audio in accordance with state open meeting law, consistent with the governor's order suspending certain provisions of the open meeting and gaming gatherings of people, 10 or more people. This meeting is connected by remote participation. If you are calling in on a phone, you can press Star 9 to request to speak. If you are watching on a computer or device, there is a raise hand and a button that you can tap or press to request to speak. Please use either of these options during oral communications to be recognized to speak.

1. Tax Increment Financing (TIF) Agreement between the City of Gloucester and Cometeer, Inc.

EDIC Director Sal DiStefano conveyed to the Committee that they appeared before them at their last meeting to seek permission to negotiate a TIF Agreement with Cometeer, Inc. He introduced Maria DiStefano, Regional Director for the Massachusetts Office of Business Development, who they worked closely with, and Matthew Roberts and Cara Trischitta, representing Cometeer, Inc. They are here tonight seeking approval of the TIF Agreement. He explained that there is basically two parts to the TIF Agreement. One is the duration of the local TEF which will be seven years, and the annual discount on the incremental property tax will average out to 50 percent. However, in the TIF calculation, they front loaded those percentages to help the company as they ramp up production in the beginning when they need the most help. He was really excited about this project. He thought during these economic times, having a company that is planning on opening in Gloucester at 21 Great Republic Drive, adding one hundred and fifty jobs over seven years and doing a new and exciting proud product, is really cool, and really innovative. Matthew Roberts said this is something where he wished they could all meet in person because they do have a taste to believe product that they are trying to scale up in Gloucester. He is sure no one has ever seen a coffee pod quite like this before. The coffee pod has their pharmacy pharmaceutical grade extract where they pull the best flavors out of coffee and then flash freeze it in these little aluminum capsules that they ship frozen to their consumers. They arrive at your house, frozen, which you can use them in a Keurig machine or you can actually just peel off the lid of a capsule and dump it into eight ounces of hot water dissolving, almost like an alka seltzer effect. Mr. Roberts held the product up for the Committee to see. He said you can melt this little frozen pack of coffee into one of the most delicious cups of coffee you've ever had just seen in minutes out of your freezer. They are really excited about the opportunity in Gloucester and the support that we have offered them. He mentioned at the last meeting that he is from the North Shore, and it would be great to bring manufacturing home. Their goal isn't just to establish manufacturing, it is to establish a new bar of manufacturing in the food and beverage space. They really want to mimic the lead of great food and beverage companies, the next generation of those companies, when we're trying to build out this business. They are going to be scaling rapidly. Over the next few years, they are not going to be profitable from day one. When trying to scale food and beverage manufacturing, you actually really need to get up over about 50 million dollars in revenues if you ever think you're going to see a profit. While building out this business, all the support that they can get is super appreciated. Their goal really is to over deliver on their investment in Gloucester. They have gotten some quotes back on what it would cost to actually

get the buildings to the state that they needed in and thinks that they will only overspend on the investment. The one hundred and fifty people they plan to hire over the next four years, they could eclipse that as well. Councilor Memhard asked Mr. Roberts to describe a little bit of the process itself that will take place at Great Republic Drive once they are up and running. Mr. Roberts replied that they are working with a variety of roaster across the United States. They will be procuring coffee, and through their brand partners, who are some of the best coffee saucers in the world where they actually go and have handshake relationships with the farmers in Kenya, Ethiopia, Costa Rica, wherever that may be. They get their coffee and and run it through their top secret extraction process, where they essentially pull out the best flavors of coffee with a focus on precision that really no one has taken before when it comes to brewing coffee. What they are able to do is pull out good flavors without any of the ashier or bitterness. They pull up the best flavors into a superrich concentrate, and they will be using flash freeze tunnels to freeze that coffee just seconds after it's been brewed. What they have proven is that you can actually preserve coffee at its peak state in that format. Since there are no no grounds, they made an aluminum packaging style because the capsule will rinse clean during use in these aluminum capsules, can go in with aluminum soda cans and beer cans. Actually, in a past, these capsules used to be a beer or soda can. What they using for the aluminum packaging actually is post consumer recyclable aluminum. They will be getting coffee beans in and then putting frozen coffee capsules out, essentially, and this is our manufacturing home. Councilor Memhard commented that it sounds like the sort of innovation that Clarence Birdseye would be proud of like he did in 1922. Mr. Roberts replied that he was familiar with the history of Gloucester and frozen foods and seafood. Cara Trischitta said that one of their pillars for their company not only is to be able to deliver as much quality coffee, but also to maintain the sustainability. It is just such a privilege to be able to come into Gloucester and bring the business here. Mr. Roberts said they will using all local contractors. Their focus is to not only create great jobs but high quality paying jobs. Mr. DiStefano ask Mr. Robert to briefly talk about the investment they are going to make, what he plans to do with the building and now it was going to look. Mr. Roberts replied they need a deep clean and completely revamp the building. They are investing in a ton of tooling and custom tooling, and a lot of off the shelf manufacturing equipment. They are going to be using that freezer over time to build out their capacity. They also want to improve the corporate office space as well to make it their headquarters trying to give it a nice modern look. There's some investments they want to make on their employees behalf, and they know there is area potentially for a roof deck there. We think that would be a great idea. Of course, investments into the building increase the value of the building. A startup that's going to lose a lot more money than make money over the next few years any TIF support is going to be appreciated when they make the investment into the building and the investment into Gloucester. Council Cox inquired when they plan on opening. Mr. Roberts replied that they need to start the work up there sooner than later. They would box off part of the building for their existing production line as they build out the rest of the building and do it in stages. They would be open up there as quickly as they can get up there and clean the building. Councilor Pett commented that Cometeer will be a phenomenal addition not only to Blackburn Industrial Park, but to the workforce and the tax base here in Gloucester. Councilor Cox said they are in receipt of a letter from Carl Gustin in support of this. He is writing it on behalf of himself and not on any committee that he sits on. Even though she believe that gives him a leverage of what needs to be done and how it needs to be done. They appreciate his letter of support and that will be filed with the clerk's office. Councilor Cox asked Mr. Roberts when they start opening up and start hiring, did he see that within the next six months? She know it's hard to gauge everything right now because of the instability of everything. Mr. Roberts replied that they hired recruiter, and they plan to hire quickly as they can.

COMMITTEE RECOMMENDATION: On a motion by Councilor Cox, seconded by Councilor Memhard, the Budget & Finance Committee voted by ROLL CALL 3 in favor, 0 opposed, to recommend that the City Council approve a Tax Increment Financing exemption between the City of Gloucester and Cometeer, Inc., in accordance with the Massachusetts Economic Development Incentive Program (EDIP) and Chapters 23A, 40 and 59 of the Massachusetts General Laws to be located at 21 Great Republic Drive, for a term of seven (7) years ending in Fiscal Year 2028.

COMMITTEE RECOMMENDATION: On a motion by Councilor Cox, seconded by Councilor Memhard, the Budget & Finance Committee voted by ROLL CALL 3 in favor, 0 opposed, to recommend that the City Council approve the following:

- 1) Adopt the Tax Increment Financing (TIF) Agreement between the City of Gloucester and Cometeer, Inc., for property located at 21 Great Republic Drive;**
- 2) Approve the project application and find that it meets the requirements of MGL c. 23A, §3F in that it provides a reasonable opportunity to create jobs within the City of Gloucester as indicated in the TIF Agreement; and,**
- 3) Authorize the Mayor to execute the TIF Agreement and submit the TIF Agreement and the Certified Project Application and all other necessary documents to the Economic Assistance Coordinating Council of the Commonwealth of Massachusetts (EACC), and take any other actions as necessary and appropriate to implement the provisions of those documents.**

This matter will be advertised for public hearing.

2. Memorandum from CFO re: acceptance of a \$1,000 donation to the Fire Department from Michael and Renee Minogue Family Foundation

Chief Eric Smith said that this is their first donation from the Minogue Family Foundation. He requested the acceptance of this donation to the special training account that was set up many years ago. On an inquiry by Council Cox, Chief Smith explained what training he will be doing.

COMMITTEE RECOMMENDATION: On motion by Councilor Cox, seconded by Councilor Memhard, the Budget & Finance Committee voted by ROLL CALL 3 in favor, 0 opposed, to recommend that the City Council accept under MGL c. 44, §53A, a cash donation in the amount of \$1,000 from the Minogue Family Foundation to be used to benefit the on-going efforts of the Fire Department.

3. Memo from City Auditor regarding accounts having expenditures which exceed their authorization & Auditor's Report and other related business

Mr. Costa reviewed his report with the Committee.

A motion was made, seconded and voted by ROLL CALL to adjourn at 6:06p .m.

Respectfully submitted,

Joanne M. Senos
City Clerk