



# Project Forefront

## Town of Andover Select Board Meeting

**Al Vaz**, Senior Vice President, Asset Management & Real Estate Operations, Flagship Pioneering

**Palani Palaniappan**, Chief Technology Officer, Pioneering Medicines, Flagship Pioneering

**27 MARCH 2023**

# Flagship Pioneering at a Glance

Flagship Pioneering conceives, creates, resources, and develops first-in-category bioplatfrom companies to transform human health and sustainability.

- **100+** companies founded, the majority headquartered in Massachusetts and **30** that have gone public
- **Over 8,000 employees** across the Flagship ecosystem
- **60+ clinical programs** underway by Flagship ecosystem companies and **130+ preclinical and discovery programs**
- **3.1M+ sq. ft. space** across the Flagship ecosystem

# Flagship uniquely integrates three usually separate domains

## We are **scientists**

**60+**

On-going clinical trials

**800+**

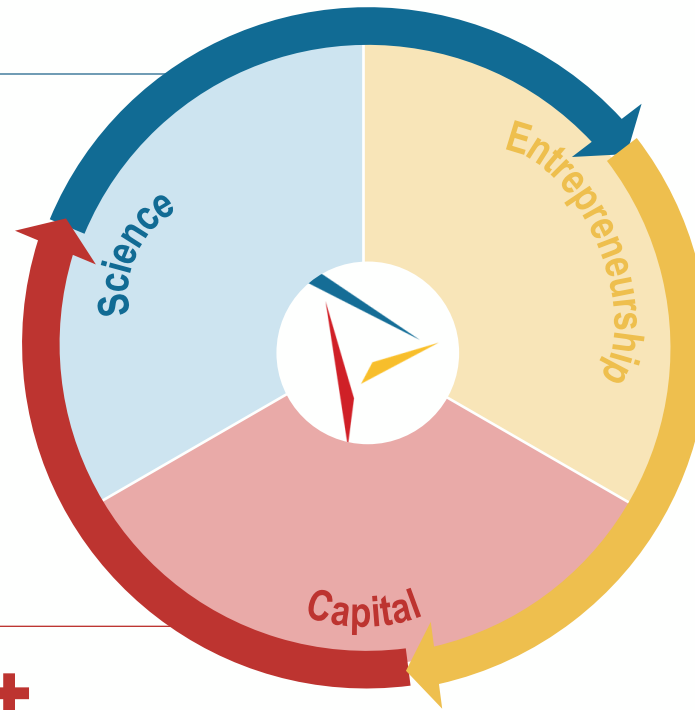
Issued patents

**130+**

Pre-clinical programs

**120+**

On-going field trials



## We are **entrepreneurs**

**5+**

New companies each year

**100+**

Companies Founded

**25**

IPOs since 2013

**30**

Companies with Flagship Partner as CEO currently

## We are **investors**

**\$6.7B**

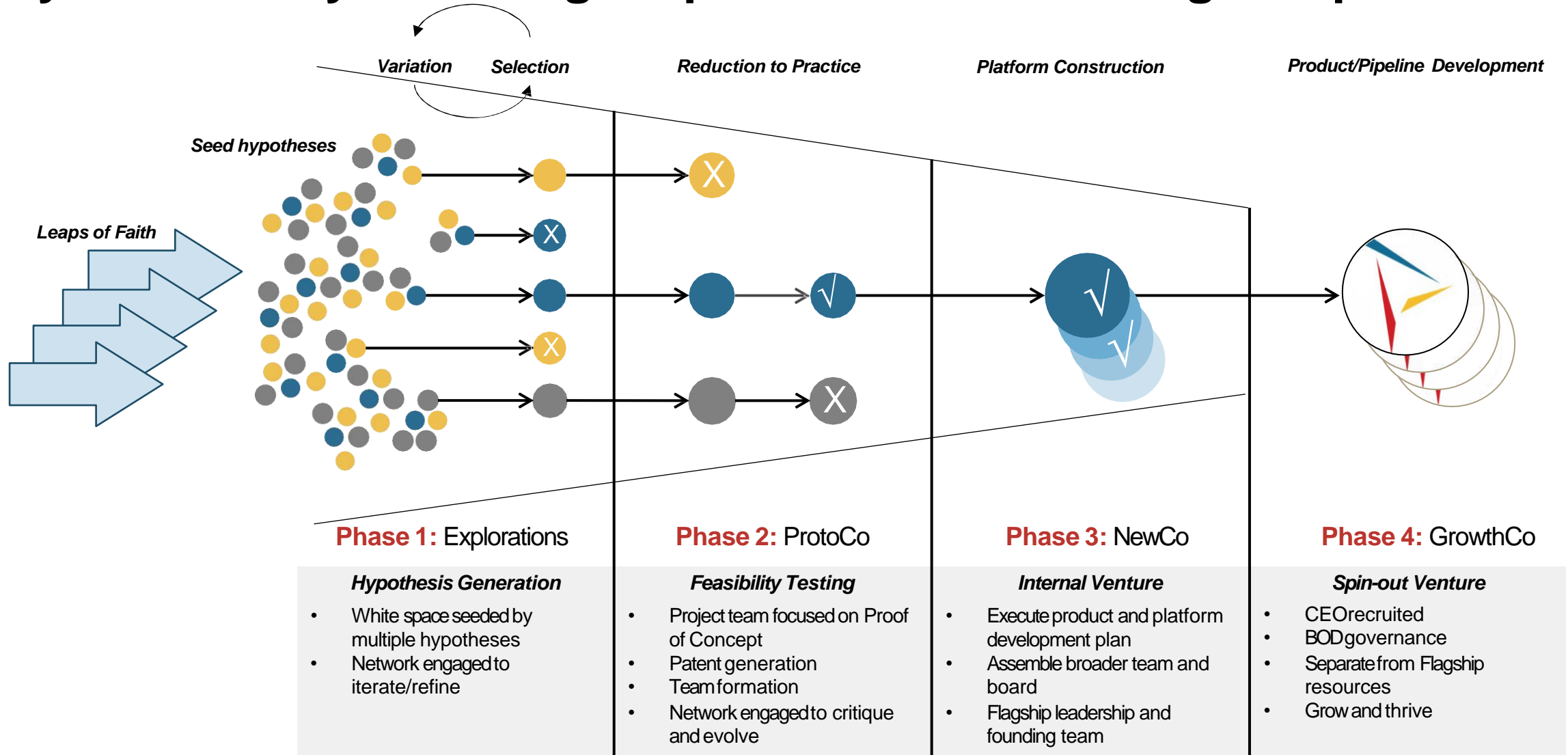
committed capital

**\$90B+**

Value created across our Companies

# Our process for pioneering: Emergent Discovery

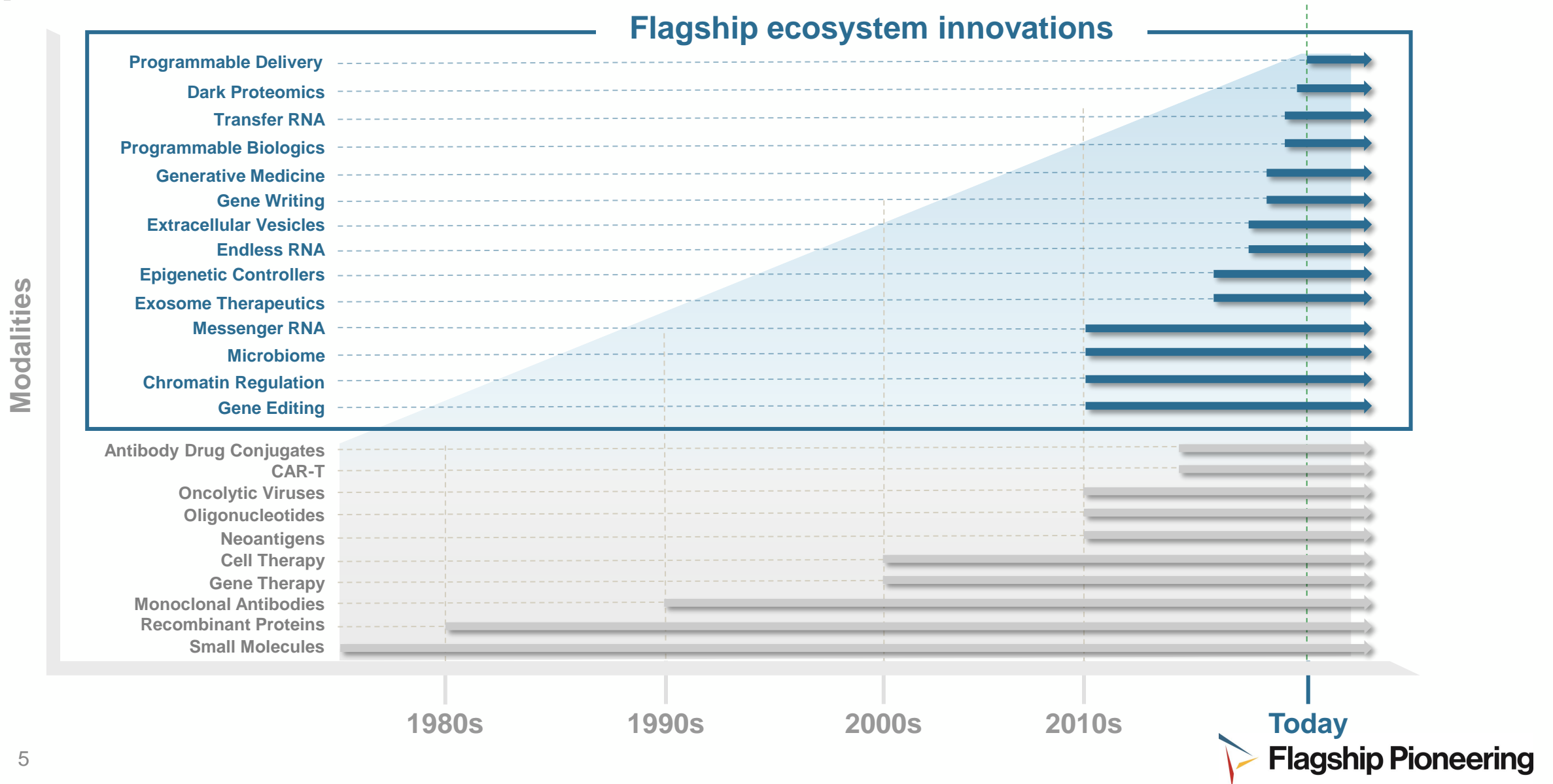
## Systematically inventing bioplatforms and creating companies



**What if? ...**

**It turns out...**

# Flagship Pioneering is leading in the age of new modalities and platforms



# Flagship has built the most diverse portfolio of bioplatfrom companies

## Nucleic acid therapeutics



## Delivery systems



## Cell Therapies



## Microbiome



# Flagship Pioneering

## Generate: Biomedicines



## Machine Learning



## Diagnostics



## Big Biology



# Our goal is to bring together advanced, hard-to-master capabilities to drastically accelerate the build of genetic medicines companies

## State-of-the-art nucleic acid production

Plasmid DNA, modified oligos, mRNA, etc.

## Non-viral delivery platforms

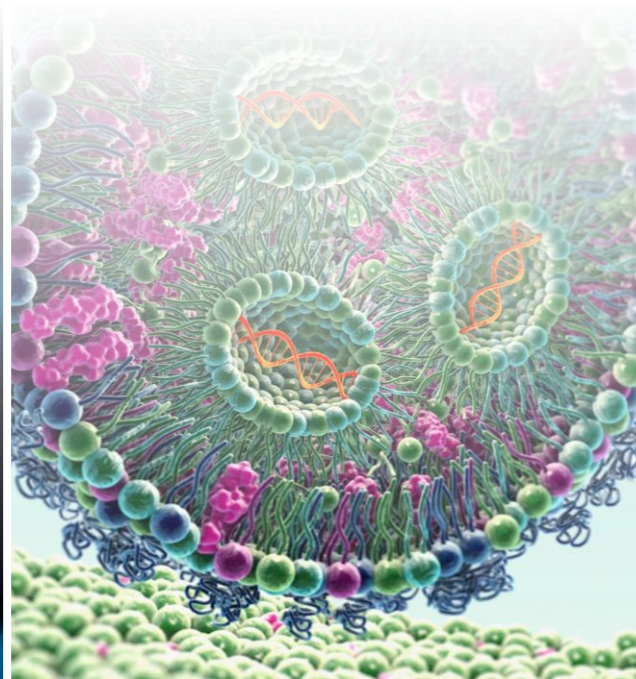
Lipid nanoparticles, conjugates, etc.

## GMP scale manufacturing

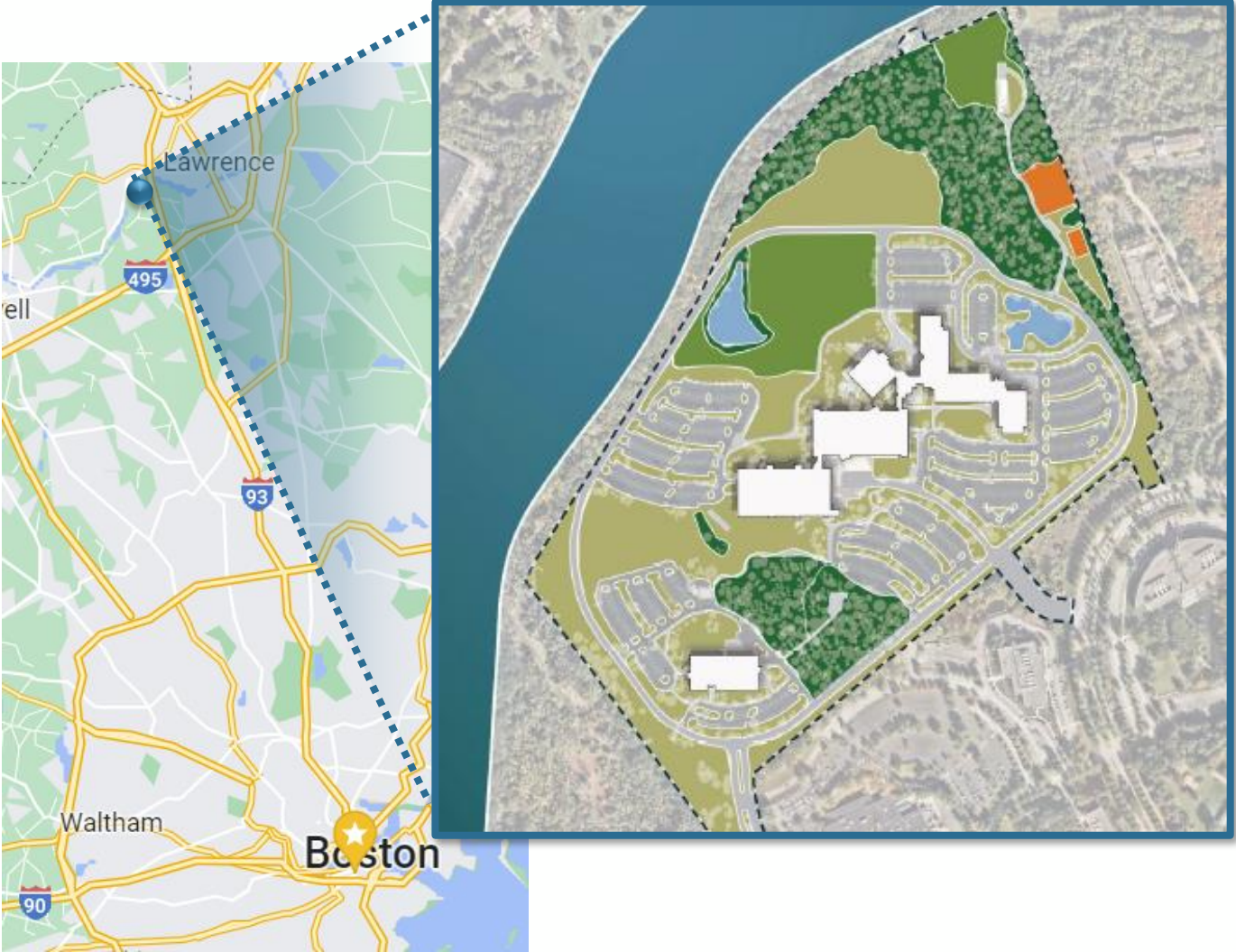
Production, purification, quality release, etc.

## World-class artificial intelligence

Generative ML, robotics, autonomous science, etc.



# We envision a world-class innovation manufacturing hub for novel genetic medicine modalities



Flagship’s Grand Central for innovating on tech dev and manufacturing



One-of-a-kind scope for a sustainable advanced therapeutics CMC ecosystem



Win-win for Flagship companies, strategic partners and most importantly patients



Perfect opportunity to create a private-public partnership in MA



# Project Forefront contains 5 key components that create a virtuous self-sustaining ecosystem

## 1 Tech ops labs / sandbox

Pioneers new tech processes and accelerates start-up companies' platform and early product development

## 2 Flagship companies, non-Flagship companies, and government agencies

Access manufacturing with substantially lower upfront investment and flexibility to expand over time

## 3 Shared essential services

Cost and operationally efficient centralized services, e.g., fill finish, QC, warehousing

## 4 Partner services

Raw materials; and specialty services for critical biotechnology manufacturing

## 5 On-site workforce training

Create partnership with local educational institutions to build and operate training facility for advanced CMC and biomanufacturing skills

# 3000 MINUTEMAN CAMPUS

## Masterplan

### AREA

BUILDINGS	EXISTING RSF	FINAL RSF
Building 1 + 1A	86,000	203,800
Building 2	164,100	180,500
Building 3	171,200	201,500
Building 4	256,700	263,600
Building 5	N/A	165,000
Building 6	N/A	165,000
<b>TOTAL</b>	<b>711,900</b>	<b>1,196,767</b>

### OTHER BUILDINGS

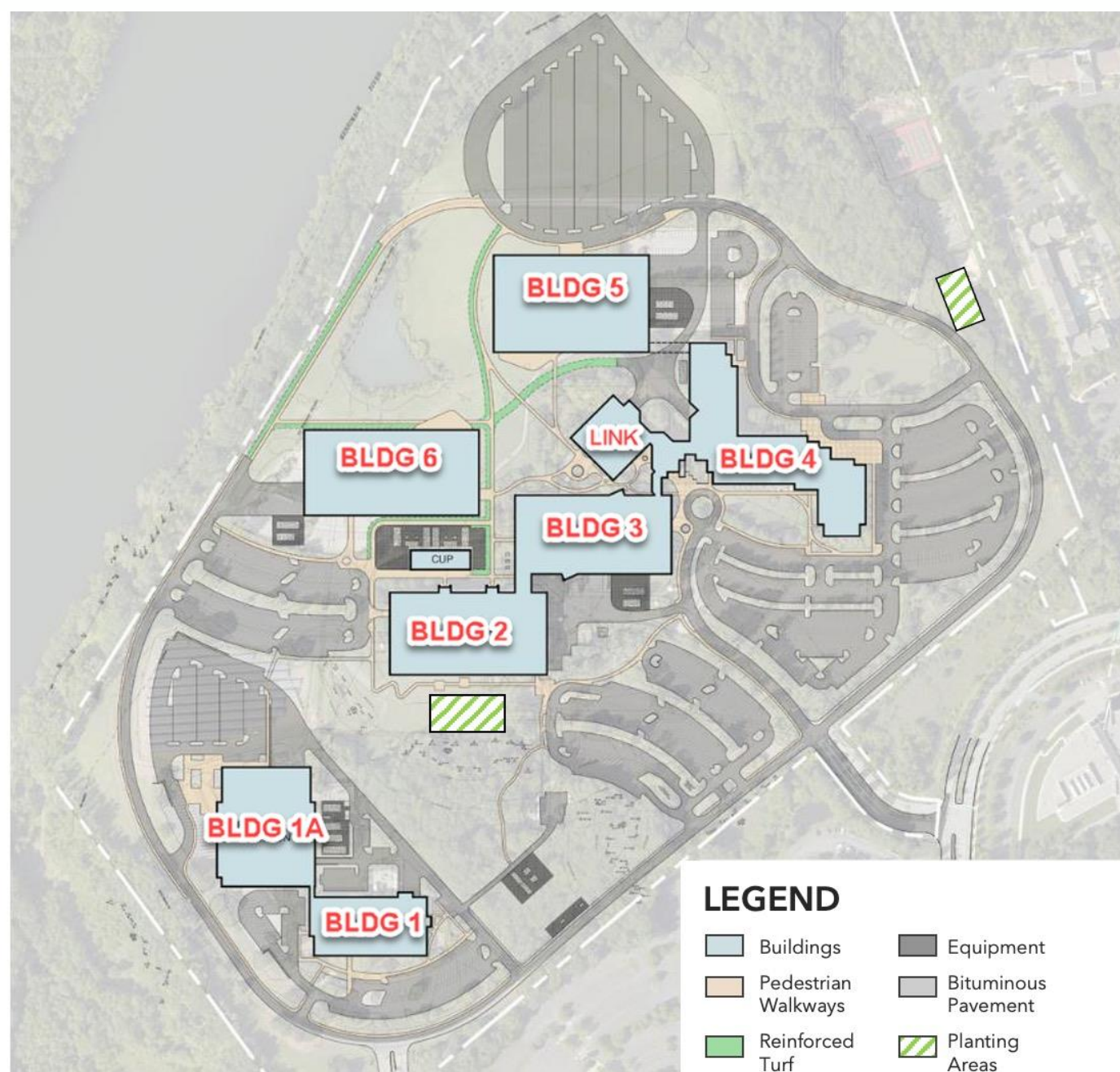
Amenity (Link)	48,200	33,900
<b>TOTAL</b>	<b>760,100</b>	<b>1,245,454</b>

### PARKING

Total Surface Parking Spaces 2,700 (2.4 spaces per 1000)

### SITE

Total Area 120 Acres





# Flagship Pioneering

# Tax Increment Financing Agreement

## *Flagship Pioneering – Project Forefront*

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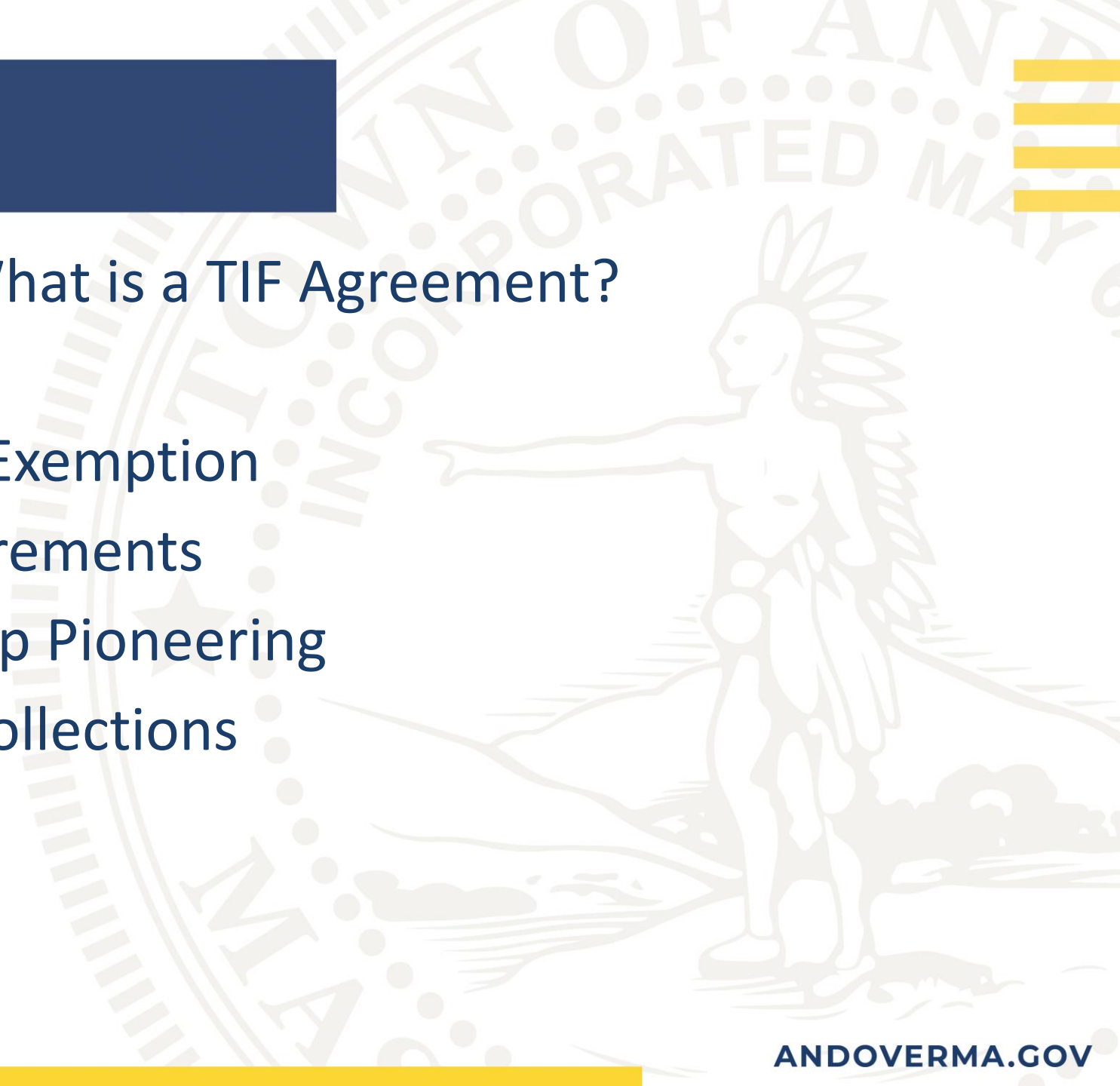
March 27, 2023

ANDOVERMA.GOV

# Agenda



- Tax Increment Financing – What is a TIF Agreement?
- Town Objectives
- Proposed Investment & Tax Exemption
- Benchmarking & Key Measurements
- Proposed Terms with Flagship Pioneering
- Estimated Revenues & Tax Collections
- Total Town Benefit



# 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.**

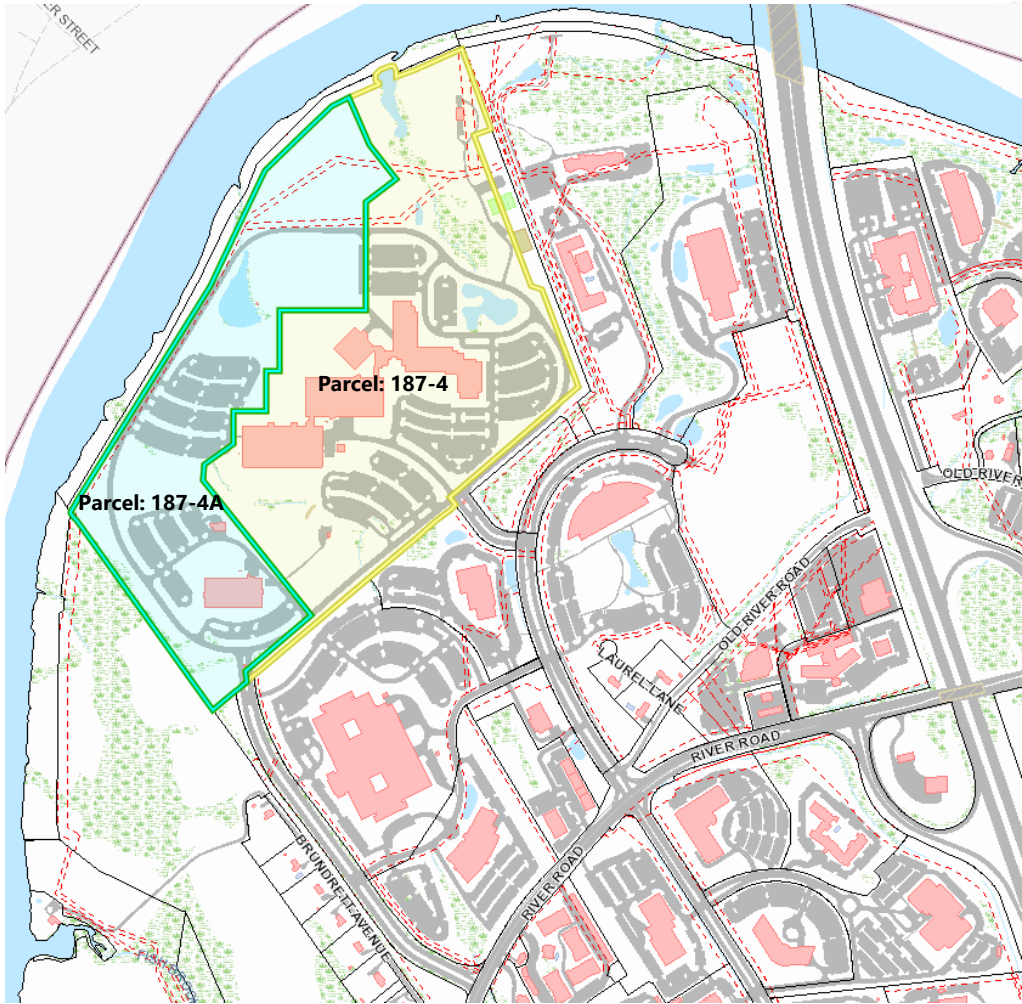
TIFs are authorized by M.G.L. Chapter 40, Section 59 and its implementing regulations 760 CMR 22.01. Under this legislation, landowners may be granted property tax exemptions of **up to 100% of the tax increment**. A municipality may enter into a TIF Agreement with a landowner for a **maximum term of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

# Town Objectives



- Incentivize investment in vacant properties
- Support long term growth of commercial tax base
- Generate immediate revenues
- Leverage opportunities for private investment in public infrastructure
- Promote job growth
- Establish safeguards
- Identify opportunities for local and regional economic benefits

# 3000 Minuteman Drive – Former Philips Site



# Benchmarking & Key Measurement

- **New Investment:** The total investment of the proposed project. This total results in an **incremental assessed value**. The TIF Award/Benefit may only apply to the incremental assessed value.
- **TIF Award as % of Investment:** The total of exempt taxes as a percentage of the total project investment. This is a measurement used to compare value of TIF agreements.
- **TIF Award/ Company Benefit:** The total of all taxes exempted during the term of the TIF agreement.
- **Company Benefit as % of Town Benefit:** The value of the TIF award/company benefit as a percentage of the total Town Benefit (base + incremental value), excluding personal property taxes, during the term of the agreement.
- **Net-New Jobs:** The total amount of new jobs created as a result of the project.
  - Incentive value per net new job = TIF Award/Net-new jobs

# New Investment

- New Investment:** The total investment of the proposed project. This total results in an **incremental assessed value**. The TIF Award/Benefit may only apply to the incremental assessed value.

Comparable Andover TIF Agreements	Schneider Electric	Pfizer	Vicor	Flagship Pioneering
New Investment	\$20,000,000	\$200,000,000	\$33,500,000	\$325,000,000

External Comparable TIF Agreements	Amazon (N. Andover)	Siemens Healthcare (Walpole)	Liberty Mutual (Boston)	Flagship Pioneering
New Investment	\$400,000,000	\$300,000,000	\$353,482,000	\$325,000,000

# TIF Award as % of New Investment

- TIF Award as % of Investment:** The total of exempt taxes as a percentage of the total project investment. This is a measurement used to compare value of TIF agreements.

Comparable Andover TIF Agreements	Schneider Electric	Pfizer	Vicor	Flagship Pioneering
New Investment	\$20,000,000	\$200,000,000	\$33,500,000	\$325,000,000
TIF Award	\$1,200,000	\$2,905,682	\$1,610,961	\$20,082,243
<b>TIF Award as % of Investment</b>	<b>6%</b>	<b>1%</b>	<b>5%</b>	<b>6%</b>

External Comparable TIF Agreements	Amazon (N. Andover)	Siemens Healthcare (Walpole)	Liberty Mutual (Boston)	Flagship Pioneering
New Investment	\$400,000,000	\$300,000,000	\$353,482,000	\$325,000,000
TIF Award	\$27,300,197	\$18,334,757	\$23,883,927	\$20,082,243
<b>TIF Award as % of Investment</b>	<b>7%</b>	<b>6%</b>	<b>7%</b>	<b>6%</b>

# TIF Award as % of New Investment

- Company Benefit as % of Town Benefit:** The value of the TIF award/company benefit as a percentage of the total Town Benefit (base + incremental value), excluding personal property taxes

Comparable Andover TIF Agreements	Schneider Electric	Pfizer	Vicor	Flagship Pioneering
New Investment	\$20,000,000	\$200,000,000	\$33,500,000	\$325,000,000
TIF Award	\$1,200,000	\$2,905,682	\$1,610,961	\$20,082,243
TIF Award as % of Investment	6%	1%	5%	6%
<b>Term of Agreement (in years)</b>	<b>5</b>	<b>5</b>	<b>6</b>	<b>20</b>
<b>Company Benefit as % of Town Benefit - During Term</b>	<b>600%</b>	<b>614%</b>	<b>500%</b>	<b>36%</b>
<b>Company Benefit as % of Town Benefit - 20 Year</b>	<b>19%</b>	<b>27%</b>	<b>12%</b>	<b>36%</b>

External Comparable TIF Agreements	Amazon (N. Andover)	Siemens Healthcare (Walpole)	Liberty Mutual (Boston)	Flagship Pioneering
New Investment	\$400,000,000	\$300,000,000	\$353,482,000	\$325,000,000
TIF Award	\$27,300,197	\$18,334,757	\$23,883,927	\$20,082,243
TIF Award as % of Investment	7%	6%	7%	6%
<b>Term of Agreement (in years)</b>	<b>10</b>	<b>20</b>	<b>20</b>	<b>20</b>
<b>Company Benefit as % of Town Benefit - During Term</b>	<b>148%</b>	<b>50%</b>	<b>47%</b>	<b>36%</b>
<b>Company Benefit as % of Town Benefit - 20 Year</b>	<b>43%</b>	<b>50%</b>	<b>47%</b>	<b>36%</b>

# Net New Jobs

- **Net-New Jobs:** The total amount of new jobs created as a result of the project.
  - Incentive value per net new job = TIF Award/Net-new jobs

Comparable Andover TIF Agreements	Schneider Electric	Pfizer	Vicor	Flagship Pioneering
Net New Jobs	75	75	40	600
Incentive Value per Net New Job	\$16,000	\$38,742	\$40,274	\$33,470

External Comparable TIF Agreements	Amazon (N. Andover)	Siemens Healthcare (Walpole)	Liberty Mutual (Boston)	Flagship Pioneering
Net New Jobs	1,500	400	600	600
Incentive Value per Net New Job	\$18,200	\$45,837	\$39,807	\$33,470

# TIF Benchmarking

	Andover TIF Agreements				Comparable Large Investment Projects Statewide		
	Schneider Electric (Andover)	Pfizer (Andover)	Vicor (Andover)	Proposed Project	Amazon (N. Andover)	Siemens Healthcare (Walpole)	Liberty Mutual Insurance (Boston)
New Investment	\$20,000,000	\$200,000,000	\$33,500,000	<b>\$325,000,000</b>	\$400,000,000	\$300,000,000	\$353,482,000
TIF Award	\$1,200,000	\$2,905,682	\$1,610,961	<b>\$20,082,243</b>	\$27,300,197	\$18,334,757	\$23,883,927
TIF Award % of Investment	6%	1%	5%	<b>6%</b>	7%	6%	7%
Incentive Term (in years)	5	5	6	<b>20</b>	10	20	20
Company Benefit as % of Town Benefit - <b>20 Year</b>	19%	27%	12%	<b>36%</b>	43%	50%	47%
Company Benefit as % of Town Benefit - <b>During Term</b>	600%	614%	500%	<b>36%</b>	148%	50%	47%
Net-New Jobs	75	75	40	<b>600</b>	1,500	400	600
Incentive Value per Net-New Job	\$16,000	\$38,742	\$40,274	<b>\$33,470</b>	\$18,200	\$45,837	\$39,807

Other Large Investment Projects			
	Pioneer Valley Energy Center (Westfield)	UGPG RE Sutton LLC (Sutton)	ModernaTX (Norwood)
<b>New Investment</b>	\$426,000,000	\$475,000,000	\$400,000,000
<b>TIF Award</b>	\$141,880,335	\$38,973,658	\$9,164,656
<b>TIF Award as % of Investment</b>	33.31%	8.20%	2.29%
<b>Incentive Term (in years)</b>	15	15	10
<b>New-New Jobs</b>	16	0	300
<b>Incentive Value per Net-New Job</b>	\$8,867,520.94		\$30,548.85

# TIF Agreement Proposed Terms



- 20 Year Agreement – Terms begin in 2025
  - 100% of taxes paid during construction period (2023 and 2024)
- Estimated investment: **\$325M** (over 10 years)
- Estimated incremental value: **\$42,198,364** (average over 10 years)
- Incremental property tax relief: **70% annually** (Years 1-20)
- TIF Award capped at **\$20,082,243**
  - Agreement terminates when cap is reached

# TIF Agreement Proposed Terms



- Building Fees are 100% collected (Estimated **\$4M**)
- Provisions of agreement do not apply to personal property
  - 100% of personal property taxes will be paid on at least \$78M in personal property investment over a 10-year period.
    - 10 Year Estimated Collections: **\$8.6M**
    - 20 Year Estimated Collections: **\$13.6M**

# TIF Agreement Proposed Terms



- 600 net new jobs over 10 years
  - Average annual wages equal to at least \$100,000/year
- Prorated clawback provisions on benefits realized if at least 75% of net new job commitments are not achieved over 10-year period.
- Town has right to decertify the project and revoke the agreement if Flagship does not meet 75% of project commitments ( jobs, real and/or personal property)
- Waive rights to file with Appellate Tax Board

## Other Considerations – Project Mitigation



- Conditions of the Planning's Board Special Permit will require the following investment by the applicant:
  - **\$900,000** to be used for the necessary upgrades/replacement to the 8" cast iron water main(s) that serve the area.
  - **\$700,000** to be used for the necessary upgrades/replacement to a water pump at the Water Treatment Plant.
  - Should water consumption exceed 396,000 gallons per day, the application shall be responsible for mitigating all impacts.
  - Applicant will pay the costs to line +/- 1400' of existing 18' sewer line. Actual cost to be determined.
  - Inflow & Infiltration Mitigation Fee of **\$2,000,000** (less cost of lining the sewer line as listed above)

# Investment Schedule

**Project Forefront** could include up to 7 Flagship Companies and is expected to take place over a 10-year period. Collectively, annual new job creation and capital investment could be equal to the following:

## Andover Job Creation & Base Wages

	2023*	2024*	2025	2026	2027	2028	2029	2030	2031	2032	Total
Net-New Jobs	15	40	95	90	60	60	60	60	60	60	<b>600</b>
Base Wages <sup>1</sup>	\$100,000	\$103,000	\$106,000	\$109,000	\$112,000	\$115,000	\$119,000	\$122,000	\$126,000	\$130,000	<b>\$114,200</b> <i>(average)</i>

\* Net-new jobs created in 2023 and 2024 may be temporarily located in Andover and/or non-Andover locations during the construction period but will ultimately be located at their permanent and respective Andover sites in 2025.

1. Assumes base wages will grow by 3% year-over-year.

## Andover Square Footage Occupancy & Capital Investment

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Total
Square Footage Occupancy	-	-	180,645	200,000	200,000	228,571	285,714	342,857	371,429	400,000	<b>400,000</b>
Real Property Investment <sup>2</sup> (in millions)	\$18.5M	\$116.8M	\$71.8M	\$12.9M	\$29.7M	\$10.7M	\$21.4M	\$21.4M	\$10.7M	\$10.7M	<b>\$325.0M</b>
Personal Property Investment <sup>3</sup> (in millions)	-	-	\$36.0M	\$3.5M	-	\$5.5M	\$11.0M	\$11.0M	\$5.5M	\$5.5M	<b>\$78.0M</b>

2. Real property estimates include anticipated design, construction, and engineering costs.

3. Personal property investment estimates assume \$200/square foot and include furniture, fixtures, and equipment.

# Projected Tax Collections



FY	Estimated Taxes on Base Value	Incremental Assessed Value	Estimated New Incremental Property Tax	% Exempt	Exempted Annual RE Property Taxes	Incremental Tax Collections	Estimated Total Tax Collections Base + New
2025	\$2,097,541	\$31,092,040	\$869,599	70%	\$608,720	\$260,880	\$2,358,421
2026	\$2,122,292	\$33,034,458	\$934,828	70%	\$654,380	\$280,449	\$2,402,741
2027	\$2,147,335	\$37,500,000	\$1,073,719	70%	\$751,603	\$322,116	\$2,469,451
2028	\$2,172,674	\$39,107,143	\$1,132,948	70%	\$793,064	\$339,885	\$2,512,558
2029	\$2,198,311	\$42,321,429	\$1,240,535	70%	\$868,375	\$372,161	\$2,570,472
2030	\$2,224,251	\$45,535,714	\$1,350,503	70%	\$945,352	\$405,151	\$2,629,402
2031	\$2,250,497	\$47,142,857	\$1,414,666	70%	\$990,266	\$424,400	\$2,674,897
2032	\$2,277,053	\$48,750,000	\$1,480,156	70%	\$1,036,109	\$444,047	\$2,721,100
2033	\$2,303,922	\$48,750,000	\$1,497,621	70%	\$1,048,335	\$449,286	\$2,753,209
2034	\$2,331,109	\$48,750,000	\$1,515,293	70%	\$1,060,705	\$454,588	\$2,785,697
2035	\$2,358,616	\$48,750,000	\$1,533,174	70%	\$1,073,222	\$459,952	\$2,818,568
2036	\$2,386,448	\$48,750,000	\$1,551,265	70%	\$1,085,886	\$465,380	\$2,851,827
2037	\$2,414,608	\$48,750,000	\$1,569,570	70%	\$1,098,699	\$470,871	\$2,885,479
2038	\$2,443,100	\$48,750,000	\$1,588,091	70%	\$1,111,664	\$476,427	\$2,919,527
2039	\$2,471,929	\$48,750,000	\$1,606,831	70%	\$1,124,781	\$482,049	\$2,953,978
2040	\$2,501,097	\$48,750,000	\$1,625,791	70%	\$1,138,054	\$487,737	\$2,988,835
2041	\$2,530,610	\$48,750,000	\$1,644,976	70%	\$1,151,483	\$493,493	\$3,024,103
2042	\$2,560,471	\$48,750,000	\$1,664,386	70%	\$1,165,070	\$499,316	\$3,059,787
2043	\$2,590,685	\$48,750,000	\$1,684,026	70%	\$1,178,818	\$505,208	\$3,095,893
2044	\$2,621,255	\$48,750,000	\$1,703,898	70%	\$1,192,728	\$511,169	\$3,132,424
<b>TOTALS</b>	<b>\$47,003,805</b>		<b>\$28,681,879</b>		<b>\$20,082,243</b>	<b>\$8,604,564</b>	<b>\$55,608,368</b>

TIF Award/\$ Exempt RE Taxes

Incremental Tax Collections

Total Tax Collections (Base + New)

- Revenue collections from incremental value begin in Year 1 of agreement

# Total Town Benefit



TOTAL TOWN BENEFIT	
Base Tax Collections	\$55,608,368
Incremental Tax Collections	\$8,604,564
Personal Property Tax Collections	\$13,600,000
Permitting Fees	\$4,000,000
Mitigation	\$3,600,000
<b>TOTAL TOWN BENEFIT</b>	<b>\$85,412,932</b>
<b>TOWN BENEFIT AS % OF TIF AWARD</b>	<b>425.32%</b>

INCREMENTAL TOWN BENEFIT	
Incremental Tax Collections	\$8,604,564
Personal Property Tax Collections	\$13,600,000
Permitting Fees	\$4,000,000
Mitigation	\$3,600,000
<b>TOTAL INCREMENTAL TOWN BENEFIT</b>	<b>\$29,804,564</b>
<b>TOWN BENEFIT AS % OF TIF AWARD</b>	<b>148.41%</b>

- **The Town benefit, overall and incrementally, may increase based on the actual investment and the corresponding term of the TIF Agreement**

