

L.L.Bean

Corporate Master Plan Tax Increment Financing

January 7, 2020

Introduction

L.L.Bean, Inc.'s corporate headquarters is nearly 50 years old and was designed and built during a different era originally as a warehouse and factory, where things like collaborative space, natural light, and the technological needs of a global enterprise were far less emphasized. And simply by virtue of its age, many of its major systems are reaching end of life and require significant upgrades.

Looking to the future and considering the needed upgrades, we developed a strategy for our campus and debated the following:

1. Do we want to remain in Freeport, where our roots are, where we've enjoyed an incredible partnership with the community?
2. If so, how best can we meet our corporate office space needs?

Goals and Details

Goals:

1. Repurpose existing space and consolidate headquarters under one roof bringing more employees together in Freeport
2. Update building to ensure critical maintenance and systems needs are met while also providing a design refresh to help attract and retain top talent
3. Bring the L.L.Bean mission and brand to life while also honoring our heritage, including our commitment to Freeport

Details:

- 400,000 square feet of renovated office space
- The renovated space will accommodate our current corporate workforce, with space for potential future growth
- Construction is planned for 3 Phases starting in August 2019 with a projected completion date in the fall of 2024
- The estimated cost of the project is \$110 million, of which \$80 million is construction related

Community Benefits

1. L.L.Bean remains in Freeport and continues to contribute 10%, or \$2.8M, of the property tax revenue to the Town
2. 900-Seat Conference & Events Center: This new amenity would be made available to the community for events
3. Stormwater Treatment Improvements: L.L.Bean will voluntarily make sizable investments in our stormwater treatment systems to help move the Town closer to its goal of having Concord Gully Brook's status as an urban impaired stream reversed
4. Expanded Trail Systems: L.L.Bean would partner with the Freeport Conservation Trust to create a multi-use trail stretching from Pine Street to West Street and advocating to create or connect trails from Pine Street to the Casco Bay Y
5. New Little League Diamond: L.L.Bean is committed to financing the construction of a replacement field for the one that was necessarily removed from our property

Proposed TIF

- We are seeking Tax Increment Financing (TIF) to help underwrite the Community Benefits
- The TIF would enable the Town and L.L.Bean to share in the increase in tax revenues from this project
- Proposal: 30-year TIF for real property capped at \$10m payment to L.L.Bean

30-year cash flows	Town	L.L.Bean	Total
Tax on Original Assessed Value	\$14.6m	n/a	\$14.6m
Increase in tax revenues from project (TIF)	\$10.4m	\$10.0m	\$20.4m
Total	\$25.0m	\$10.0m	\$35.0m