

# Lotus

September 8, 1992

The Honorable Kenneth E. Reeves  
Mayor of Cambridge  
Cambridge City Hall  
795 Massachusetts Avenue  
Cambridge, MA 02139

City Manager Robert W. Healy  
Cambridge City Hall  
795 Massachusetts Avenue  
Cambridge, MA 02139

Dear Mayor Reeves and Mr. Healy:

Over the last ten months, Lotus has been engaged in a process of evaluating its real estate options. In that process, Lotus has considered several sites in Cambridge, as well as an option to expand our new facility in North Reading. As previously stated, our goal has been remain in the City of Cambridge if our requirements can be met without a significant premium over alternative locations. As we narrowed our focus, the City Council under the leadership of Mayor Reeves, and the city administration, under City Manager Robert Healy's support, have been extremely helpful and proactive in working with us to construct Cambridge alternatives which are competitive with our suburban option. This effort was further supported by the Cambridge Redevelopment Authority, the Commonwealth of Massachusetts through the Governor's office, and the Executive Office of Communities and Development, along with the local public utility, Commonwealth Energy.

Cambridge is where Lotus began and has been located for the past decade. It is a city that continues to foster creativity and represents an environment in which a company like Lotus can grow and expand.

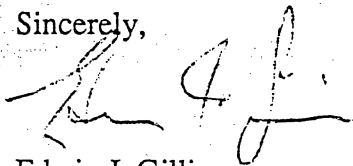
While a definitive decision will require several more months, I am pleased to say that we appear to be in the final stages with two alternatives which involve a long-term commitment to the City of Cambridge.

Lotus

The Honorable Kenneth E. Reeves  
City Manager Robert W. Healy  
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Many thanks to you and all sectors of the city and state for the goodwill extended to Lotus and for your efforts on our behalf. We look forward to a long lasting relationship with the City of Cambridge.

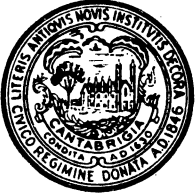
Sincerely,



Edwin J. Gillis  
Senior Vice President, CFO  
Finance and Administration

cc: Cambridge City Council  
Cambridge Planning Board  
James R. Maloney, City Treasurer  
Michael P. Rosenberg, Assistant City Manager  
Don Driscoll, Assistant City Solicitor  
Steve Tocco, Secretary, Office of Economic Affairs  
David Rodriguez-Pizone, Assistant Secretary, Community & Development  
Joseph Tulumieri, Executive Director, Cambridge Redevelopment Authority  
James C. Hawkins, President, Chamber of Commerce

ejg/sms



CITY OF CAMBRIDGE  
CAMBRIDGE, MASSACHUSETTS 02139

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EXECUTIVE DEPARTMENT  
ROBERT W. HEALY  
City Manager

RICHARD C. ROSSI  
Deputy City Manager

September 14, 1992

To The Honorable, The City Council:

As you know, the City has been working with the Lotus Development Corporation since last October in an effort to ensure that Lotus would remain as a major employer and taxpayer in the City. Initially, as Lotus evaluated its options, it appeared likely that the firm would move its research and development component to a suburban site in North Reading where the firm had already relocated its manufacturing operations.

While there were several economic factors involved in the Lotus decision making process, the two major issues were rental costs and property taxes. From the start the City made it clear to Lotus that it was legally impossible to grant tax breaks on any existing property. The only tax concessions that could be made available to Lotus would be on newly constructed buildings through a process known as a 121A designation.

After an analysis of the laws governing 121A Agreements, Lotus approached the City to see if we would entertain a 121A application for a site in the Kendall Square Urban Renewal Area and the City replied in the affirmative. That application review process began this summer with the involvement of both the City Council and the Planning Board.

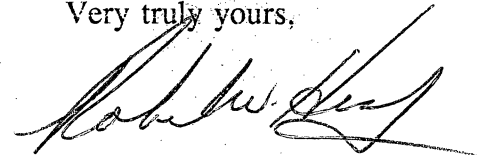
After continued discussions with Lotus during the month of August, it now appears possible that Lotus will remain in the City at its present location. This scenario is made possible by current economic conditions and ongoing Lotus discussions with its current landlord, and it does not involve a 121A designation.

While tax relief would have been appropriate and would have resulted in significant public benefit were it the only means of retaining Lotus in Cambridge, circumstances have changed. Lotus is now considering between two sites in Cambridge and is not currently considering moving its operations out of the City. Under the circumstances, I could not recommend to the City Council that the application for a 121A Agreement should be granted. If Lotus can be retained as a major employer and taxpayer in the City without tax relief, then there is not sufficient public benefit to the City that would warrant approval of a 121A Agreement.

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Accordingly, I am today informing the Planning Board that it should not proceed further to act on the Application for a Chapter 121A approval. I am also recommending that all zoning and urban renewal plan changes accompanying the 121A Application be tabled as well. I am very pleased that Lotus is planning to remain in Cambridge and am pleased that the City's efforts working with Lotus have encouraged Lotus to remain in the City.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Robert W. Healy".

Robert W. Healy  
City Manager

RWH/mev

AGENDA ITEM #20

0-31

Communication from Robert W. Healy, City  
Manager, relative to the pending 121A  
Application.

*Placed on file*

In City Council,

September 14, 1992