

# The Boston Globe

## Fidelity move pays big dividend in Texas

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WESTLAKE, Texas - Longhorn cattle graze on the sun-scorched hills that roll through this wealthy enclave near Dallas. People love the Rangers, Cowboys, and chicken-fried steak. They're also very fond of a financial services firm from Boston.

A decade after locating a major regional facility here, Fidelity Investments has become the largest employer - and a major civic force - in this North Texas town. Fidelity gives hundreds of thousands of dollars to charity, and its more than 3,000 employees help fuel the region's economy.

"We are thrilled to have them," said Mayor Laura Wheat. "It's just a huge feather in our cap."

Westlake is one of several communities around the country where Fidelity has brought hundreds of jobs each in recent years. Other examples: Covington, Ky., Albuquerque, N.M., and the Raleigh-Durham area of North Carolina.

The expansion has come even as the company slashed employment by nearly half in its home state. Over the past five years, Fidelity's Massachusetts employment has shrunk to 8,000 today from about 13,000.

Fidelity's workforce outside of Massachusetts increased slightly overall, and dramatically in some locations during the same period.

Employment at Fidelity's Raleigh-Durham complex, for instance, has more than doubled to 2,200 from 1,000 since 2006.

In Albuquerque, Fidelity opened a new operations center three years ago, where it now has 375 workers.

In Westlake, Fidelity has added more than 500 jobs since 2005 and has promised to add more than 600 more over the next three years. Fidelity declined to give a formal tour of the facility, and several employees at the site would not comment because they were not authorized to speak with the news media.

While out-of-state expansion and local cutbacks have provoked outrage from some Massachusetts politicians, Westlake businesses and government officials could not be happier. And it is not just because of the jobs.

Fidelity, for instance, has become one of the biggest supporters of the town's only public school, a charter school called Westlake Academy. The company helps support the school's operating expenses through its employee gift-matching program and pitched in \$250,000 to help build an arts and sciences building - one of the largest donations to the \$4.9 million project.

Before the stone-and-stucco building opened in 2009, Westlake students had to trek to a nearby community college to conduct science experiments. Now the students have their own labs and studio space for art projects. In one classroom, shelves were filled with rows of ceramic cups crafted by students.

“Fidelity stepped forward,” said Shelly Myers, executive director of the school’s foundation. “They gave generously.”

Fidelity says it is committed to keeping its headquarters and thousands of workers in Boston, where it was founded by Edward C. Johnson II, the current chief executive’s father, in 1946.

But the firm has moved much of its operations to other states over the years to, it says, tap a broader pool of potential employees, meet demands from customers across multiple time zones, and reduce operating costs.

In most cases, the company has negotiated multimillion-dollar incentive packages with other states and cities to help reduce costs.

“By expanding geographically, we are better able to keep our businesses healthy and viable,” said Fidelity spokesman Vincent Loporchio.

Fidelity first expanded into Westlake a decade ago with a gleaming new 600,000-square-foot building made of native stone and glass and shaded by oak trees. A dramatic three-story window in the atrium overlooks a pond. Two of the roads surrounding the building are named Bull Way and Bear Way, a nod to the stock market, where Fidelity makes its money.

In 2007, the company agreed to construct a second building and add hundreds of jobs in Westlake as part of an \$8.5 million incentive deal with the state. That stone-and-stucco building opened in 2009, and Fidelity began moving workers into the structure last year, local officials said.

The company receives an additional agricultural tax break because longhorn cattle graze on land it has not developed.

As in Massachusetts, some in Texas questioned the tax breaks and whether the company has lived up to its commitments.

Under the original incentive agreement, Fidelity pledged to add 1,500 jobs. But after the stock market crashed in 2008, the company renegotiated so it would need to add only 850 jobs, repaying \$4 million of the \$8.5 million in incentives.

“If you’re going to have these kinds of deals, it seems like all parties have to abide by them,” said Andrew Wheat, the research director for Texans for Public Justice, a nonprofit group in Austin.

“Governments have no business subsidizing extremely profitable corporations.”

But town and business officials said Fidelity’s move to Westlake has been a boon to this community of 1,000 residents, who include Texas Rangers outfielder Josh Hamilton and media personality Glenn Beck.

For example, Fidelity employees visiting Westlake help pack the 294-room Marriott Solana hotel, which recently sold out for four straight weeks.

“They definitely create demand for the hotel,” said hotel general manager John Klukan, sitting in the hotel’s airy lounge. Business, he said, “would be a lot softer without them.”

Fidelity is also one of the biggest customers of La Scala, an Italian restaurant and New York-style pizzeria. When ice coated the roads last winter, restaurant manager Gino Perolli said, Fidelity employees ordered 200 pizzas - so many that the pizzeria ran out of dough.

“We deliver there all the time,” Perolli said. “We delivered 40 pizzas to them just today for lunch. And this was a slow day.”

Businesses in surrounding towns have benefited from Fidelity’s expansion, as well. In Grapevine, less than 10 miles from Westlake, Classic Chevrolet sells several vehicles a month to Fidelity workers, it said.

Fidelity employees represent a tiny piece of the market for nearly 5,000 cars and trucks sold each year, but their business is big enough to notice, said sales manager Hank Gaylor.

“We like the Fidelity effect,” he said. “I think they are one of the reasons we are successful.”

Westlake town leaders said they suspect tax breaks were just one of many reasons Fidelity moved to their town.

Others are the lack of a state income tax and mild winters.

“They knew it was a good location,” said Wheat, the mayor. “We just have a general economic climate that is conducive to business.”

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