

SSTTDC Advisory Board Minutes
November 5, 2008 @ 7:00pm
Conference Room, Corporation Office

Members Present: Joseph Shea, Chairman (Abington)
Robert Long (Rockland)
Laurie Delano (Weymouth)
Sue Abbott (Weymouth)
Stan Littlefield (OCPC)
Kevin White (Governor appointed, S. S. Chamber)
Eugene Blanchard (Governor appointed, R. E. Development)
Bruce Hughes (alternate OCPC)

Members Absent: William Koplovsky (Hingham)
Martin Pillsbury (MAPC)

Also Present: Eric J. Kfoury, on behalf of SSTTDC
Patricia Petrillo, Controller
John Ward, Director
James W. Lavin, Director
Joseph Connolly, Director
Bill Ryan, LNR

Mr. Shea, Chairman, called the meeting to order at 7:00pm and introduced the newest Advisory Board member representing Weymouth, Sue Abbott.

Executive Director's Update

Mr. Kfoury informed Board members that Gerard Eramo was recently appointed to the Board of Directors representing Rockland, and introduced Joseph Connolly, the new Director representing Weymouth.

Board members received updates: on the search for a Chief Executive Officer formerly referred to as the Executive Director, the Budget process, Tax Plan, Enabling Legislation, Land Transfer, Bonding, Water/Wastewater, East/West Parkway, Rte 18 Improvements, Permitting, the Development project, MASS DOR's review of the Corporation's Tax Plan and that it was the Corporation's intent to received a certified tax rate in time to issue initial tax bills for Feb. 2009.

The Advisory Board was informed that the MOBD grant was cut and FY09 budget reductions occurred.

FY08 Audited Financial Statement

Mrs. Petrillo reviewed the Corporation's financial statements, transmittal letter and budget summaries, and stated FY08 free cash was \$1.4M and that there were no audit adjustments.

Financials

Mrs. Petrillo noted the FY09 Budget was adopted in June 08 without a free cash carry over due to the anticipated MOBD cut. Mr. Kfoury noted that some items budgeted in June would not now occur in this fiscal year due to the economic climate. A revision to the FY09 Budget was currently underway. Discussion ensued on legal costs associated with closing the EDC transaction and bond financing; on consultants under contract for government relation services, on operational expenses and anticipated shortfall payments as per the DDA.

Advisory Board members requested a 5-year plan of sources and uses on the major components of the SouthField project. Mr. Kfoury noted that the Corporation's Budget was just operational, not developmental. After further discussion Board members requested a copy of an SSTDC consultant's, Jeff Donohoe Associates, financial projections and absorption schedules, prepared for Bond Financing, and also inquired if Mr. Donohoe could make a presentation at their next meeting.

Tax Plan

Mr. Kfoury noted the Corporation was collaborating with MASS DOR to get a tax rate that allows excess revenue payments to the three towns, as obligated in the Enabling Legislation. Advisory Board members agreed the Corporation needed to update the Towns on revenue expectations.

LNR payments to Host Communities

Mr. Ryan noted that LNR did not restrict the Towns' use of payments, made to the Host Communities as part of the 2006 land transfer, to any specific earmark.

Transfer NAS property

Board members were informed of the numerous documents necessary to complete the land transfer from Navy to SSTDC to LNR, including Navy Purchase and Sales Agreement, LNR Pass-Through Agreement, DEP/EPA documents on remediation, and agreements with the firms conducting the cleanup. The Corporation also needed to find bond financing to help pay for the land transfer. It was noted that a big part of the purchase price (\$43M) was the agreed-to-estimated cost to complete the remedial program (\$33M). Funding needed to be locked in place at the time of closing to assure that timely cleanup occurred in concert with development.

Bonding

Mr. Kfoury reviewed the special assessment bonding process for approximately \$40M, based on a 2-1 Value to Loan with contributing revenue sources of up to 25% ad valorem taxes, and water and sewer user fees. Bank of America Securities had been advising the Corporation on market conditions since the end of summer. The Corporation's public financing would help to close with the Navy and move the project into the next phase of infrastructure work. The Corporation was also looking at other financing alternatives including federal stimulus funds.

MUNIS

Mrs. Petrillo updated Board members on the MUNIS system, noting that all FY08 activity was entered, balanced, and ready to close out and submit to DOR. The MUNIS system was set up under the guidance of the Town of Weymouth Financial Division and mirrored Weymouth's Chart of Accounts and Budget Structure.

Water/Wastewater

The Corporation continues to look at engineering alternatives for the Wastewater Reclamation Facility to bring the cost down. The construction of a slurry wall, scheduled in the fall, was postponed to allow more time to find a fund source to award the contract.

E/W Parkway

An RFP (in draft form) was provided to the three design/build team bidders. A series of technical questions and responses occurred. The Parkway Selection Committee will conduct a technical review of the proposals when submitted. The price bids would be opened after the technical evaluation was completed.

Mr. Kfoury indicated construction is expected to begin in summer, that the Traffic Management Plan was in place, and noted negotiations on the MBTA land swap were near agreement.

Permitting

Mr. Kfoury stated the Corporation received the wetland permits necessary for full development and that a licensed inspector was on site at all times during the removal of portions of the runways. Board members were informed that no contaminants were found and that negotiations continued with Natural Heritage on the Conservation Management Permit.

Mr. Ryan indicated the LNR Property Corp. determined that the Boston market was one of the four healthiest markets in the country. There were short term issues to be resolved but, overall, supply and demand constraints on the South Shore remained good. The LNR team believed the long term master plan was still fundamentally sound, no need to redo. Mr. Ryan also noted that LNR was working on an MOA with a movie studio and would announce the deal when fully executed.

Minutes

VOTED: Motion of Kevin White, seconded by Eugene Blanchard to accept the minutes of June 11, 2008.

Unanimous vote

Enabling Legislation

Board members discussed the 2008 Enabling Legislation requiring the Advisory Board to annually elect a chairperson, vice chairperson and secretary from among its members. The Chairman stepped down to make a nomination for vice chairman.

VOTED: Motion of Joseph Shea, seconded by Kevin White to elect Eugene Blanchard as Vice Chairman 7-0-1 Mr. Blanchard abstained

VOTED: Motion Eugene Blanchard, second by Laurie Delano to elect Joseph Shea as Chairman Unanimous vote

VOTED: Motion of Laurie Delano, seconded by Kevin White to elect Bruce Hughes as Secretary Unanimous vote

Board of Directors Compensation

Mr. Shea disclosed a conflict of interest and abstained from the discussion. Mr. Kfoury noted the 2008 amendments in the Enabling Legislation included a clause about equitable and fair compensation for the Board of Directors with the final decision to be made by the SSTDC Advisory Board.

The State Legislators considered a reasonable compensation for the Directors at 80% of the total combined average of the annual salaries of the Weymouth Town Councilors, in recognition of their extensive duties governing and managing the project. Various duties currently being performed by the Board include: acting as Selectmen, Assessors, Planning, Zoning and Health Boards, and Water, Sewer and Building Departments; reviewing: budgets, revenue projections, taxation plans, bonding data, agreements, contracts, environmental issues, peer reviews, and legal recommendations; and meeting: with Navy, Town Officials, Federal and State Legislative delegations, state agencies and the master developer.

The Advisory Board acknowledged the extensive amount of time the Directors spent on due diligence in order to effectively manage the development project.

Discussion ensued on salary adjustments in the budget, determining if the Directors would qualify for health and pension benefits, the need to keep competent people on the Board of Directors for the life of the Corporation, an annual compensation of \$5,000 excluding all benefits, and reevaluating the

compensation every year.

A consensus of Advisory Board members agreed that \$6,250 was appropriate compensation based on the Directors' increasing responsibilities.

VOTED: Motion of Laurie Delano, seconded by Sue Abbott, to approve annual compensation to the members of the Board of Directors of the Corporation in the amount of \$6,250, excluding pension and health benefits; and to reevaluate the compensation on an annual basis
7-0-1 vote Mr. Shea abstained

Mr. Shea returned to the meeting. The Board considered another meeting on April 8, 2009.

Board members requested a tour of Phase 1A Development area and the Welcome Center. Mr. Ryan offered a Base tour for all Advisory Board members on Saturday, Nov. 15th @ 10am.

VOTED: Motion of Eugene Blanchard, seconded by Laurie Delano, to adjourn the meeting
Unanimous vote

The meeting ended 9:15pm

Mary Cordeiro, Recording Secretary

Joseph Shea, Chairman

Make coffee for next meeting.

Draft By-Law revision, send to E. Blanchard

JDA to next meeting?