

Board of Assessors Meeting
Board of Directors Meeting
PUBLIC HEARING
April 27, 2009 @ 6:30pm
Conference Room, Corporation Office

Directors Present: James W. Lavin, Chairman
John Ward
Gerard Eramo
Jeffrey Wall

Directors Absent: Joseph Connolly

Also Present: Kevin R. Donovan, Chief Executive Officer
Patricia Petrillo, Controller
Mayor Kay & James A. Wilson, Chief Financial Officer, Town of Weymouth
Eric Kfoury, Greg D'Agostino, P. J. O'Sullivan and Jim Judge, SSTTDC Consultants
Ed Hershfield, Robin Daniels and Paul Boudreau, LNR Team

Board of Assessors

The Chairman called the Board of Assessors meeting to order at 6:35pm and publicly thanked Mayor Kay for her support by making Weymouth's CFO available to assist the CEO in a fiscal review and recommendation on the Corporation's financial condition.

Mr. Judge was in attendance to review the preliminary values established on 37 parcels of taxable land and buildings – total \$48,850,500, estimated local tax levy of \$825,000, and a FY09 single tax rate of \$16.89, or split tax rate consisting of residential \$10.17 and commercial \$17.56.

Mr. Wilson noted the split rate figures were within cents of Weymouth's rates.

Mr. Joseph Shea, Abington resident, stated Abington had a single tax rate of \$12.39, and that he thought it was important the SouthField project pursued as much commercial and industrial growth as possible, to build up jobs and hold down impact of residential development on the Host Communities.

Mr. Donovan noted that the Dept. of Revenue (DOR) had some outstanding issues with the values. He suggested the Board of Assessors vote to accept the preliminary values and recommend them to the full Board of Directors, and for the Board of Directors to convene the Use Classification Hearing with the intent of continuing the hearing to a date certain when the actual valuation figures were approved by DOR.

VOTED: Motion of John Ward, seconded by Jeffrey Wall, to adjourn the Board of Assessors Meeting Unanimous 4-0 vote

The Assessors meeting ended 6:47pm

Board of Directors

The Board of Directors opened the Public Hearing on the Classification of property for tax purposes at 6:48pm. Mr. Donovan read the legal notice, published on Thursday, April 16, 2009 in the Ledger:

PUBLIC HEARING -USE CLASSIFICATION OF PROPERTY FOR TAX PURPOSES

Pursuant to the provisions of MGL Chapter 40, Section 56, the Board of Directors of the South Shore Tri-Town

Development Corporation will hold its annual public hearing on the classification of property for tax purposes. The Corporation shall first determine the percentages of the local tax levy to be borne by each class of real property and personal property for fiscal year 2009.

During the hearing, the Assessors shall provide all information relevant to making such determination and the fiscal effect of the available alternatives.

Based on information provided, the Board of Directors shall adopt a residential factor to be used by the Board of Assessors to determine the percentages of the Fiscal Year 2009 local tax levy to be borne by each class of real and personal property.

Said hearing will be held on Monday, April 27, 2009 at 6:30p.m.at the Corporation Office, 223 Shea Memorial Drive, South Weymouth, Massachusetts.

Kevin R. Donovan, Chief Executive Officer

VOTED: Motion of Jeffrey Wall, seconded by Gerard Eramo to continue the Public Hearing to Monday, May 11, 2009 @ 7:00pm

Unanimous 4-0 vote

The Public Hearing was continued at 6:50pm.

Minutes

VOTED: Motion of John Ward, seconded by Gerard Eramo, to approve the open session minutes of the Board of Directors meeting held April 13, 2009

Unanimous 4-0 vote

Chief Executive Officer's Update

Mr. Donovan noted that Mr. Corcoran would provide a Parkway status report to the Board on May 11th and that he would attend a meeting with the Secretary of Economic Development on May 1st.

Mr. Wilson attended the meeting to review his evaluation of the Corporation's financial outlook and path forward with a three-year financial layout including: FY08 Balance Sheet, FY09 revenue through 2/28/09, Supplemental FY09 General Fund Appropriation and FY10 General Fund. He also discussed SSTTDC's tax plan, establishing Sewer & Water Enterprise Funds, Town of Weymouth water and sewer agreements and water capacity, assessed/taxable land values, Jeff Donohoe Associates fiscal evaluation of development of FOST 1 & 2 parcels, bonding matters and other suggested considerations of Mr. Wilson for alternative financing.

Mr. Wilson noted that the Corporation's finances were accounted for in a Quick Books accrual system and had since been converted to a MUNIS cash basis system as required by DOR and Capital Bond Markets. The Corporation now had two different accounting standards, year-end GASB report (accrual basis), and DOR recap sheet (cash basis).

Discussion ensued on DOR's concerns with the Corporation's economic sustainability and viability to pay debt service for bonding up to \$53M. Funds were received two months after FY08 closed in the amount of \$365,000 and discussions continued with DOR to apply the funds to the FY08 deficit (\$395,000), leaving a balance of \$30,000 to be raised and appropriated in FY09. Mr. Wilson noted that an additional \$182,500 was collected in the past few weeks.

The Board reviewed a supplemental FY09 budget that showed property tax receipts of \$825,000. The Corporation was in the process of establishing values and use classifications, submitting a recap sheet to the DOR for tax rate approval, sending a single tax bill to the landowner, and collecting the receipt from LNR before the end of June 09.

Mr. Donovan discussed the need for the Board to adopt legislation for Enterprise Funds to permit water and sewer rates as separate entities for purposes of the Recap Sheet, and to create in the MUNIS system FY09 Sewer and Water Budgets in addition to the General Fund Budget. He recommended adoption of the Enterprise Funds, and noted over time another Enterprise fund would be needed for utilities.

VOTED: Motion of John Ward, seconded by Jeffrey Wall, to accept the provisions of MGL c44 s53F ½ for the establishment of a Sewer Enterprise Fund commencing on July 1, 2008

Unanimous 4-0 vote

VOTED: Motion of John Ward, seconded by Jeffrey Wall, to raise and appropriate the sum of \$60,000 from the Sewer Enterprise Fund receipts, and appropriate for the expenses during fiscal year 2009 for the Sewer Enterprise Fund

Unanimous vote

VOTED: Motion of John Ward, seconded by Gerard Eramo, to accept the provisions of MGL c44 s53F ½ for the establishment of a Water Enterprise Fund commencing on July 1, 2008

Unanimous vote

VOTED: Motion of Gerard Eramo, seconded by Jeffrey Wall, to raise and appropriate the sum of \$40,000 from the Water Enterprise Fund receipts and appropriate for the expenses during fiscal year 2009 for the Water Enterprise Fund

Unanimous vote

Mr. Wilson indicated the land values were averaged over Weymouth's residential and commercial values (as of Jan. 08) ranging from \$152,000 to \$175,000 per acre, and the proposed levy limit was \$825,000. The Directors agreed that values may go down next year. The importance of taxes being paid in a timely manner, a key factor in determining economic viability, was duly noted.

Mr. Wilson stated the FY10 budget looked at a reduced tax base and presumed no other revenues. Further discussion was needed with DOR on the projected revenue stream for FY10 and the ability to collect them. DOR indicated a willingness to allow the Corporation a grace period to receive taxes due.

Jeffrey Donohoe Associates provided a comparison of Mr. Wilson's revenue estimates by analyzing the same data via a different model that resulted in similar estimates. Mr. Donohoe's model would also be utilized by both DOR and Bond Counsel.

DOR voiced concern about LNR's ability to perform. Standard & Poor (S&P) recently placed LNR Property Corp on a CreditWatch. Mr. Wilson stated the credit rating (B+) was a snapshot in time based upon an analyst's projection, and suggested the Board perform due diligence and take from LNR their view of the rating and the material aspects of S&P's rationale with which they disagree.

Bonding, in accord with the Mass General Laws prescribed formula, revealed a cap of \$2.5M yielding a debt service of \$225,000 over 20 yrs. at a 4% interest rate. Mr. Wilson's suggested options to increase debt service obligations included growing the tax base, seeking federal credit enhancements and/or private investors for limited purposes until the tax base expanded. SSTTDC's bond advisor would provide the Board with more information.

Mr. Wilson stated SSTITDC needed to show a cash flow, credit rating and bonding capacity; and offered other thoughts to explore on alternative financing including a cemetery, securing a partner for LNR, and/or adding an element of gaming on the Base.

The Board thanked Mr. Wilson for his time and detailed analysis. Mr. Wilson thanked Mrs. Petrillo and Mr. Bois for their efforts converting the Corporation over to the MUNIS system.

Discussion ensued on the FY09 Supplemental Budget, Administration Expenses. Mrs. Petrillo noted the Budget was first adopted in May 08 with 6 months of consultant work budgeted. The Supplemental Budget included three key consultants and bond counsel to the end of the year.

Mr. Hershfield, LNR Legal Counsel, stated for the record, that LNR's silence during Mr. Wilson's presentation was not to be construed as agreement. The Supplemental Budget being predicated on funds from LNR was not agreeable. He cautioned the Board that there were contractual obligations in the DDA that overshadowed the alternatives considered this evening.

VOTED: Motion of John Ward, seconded by Jeffrey Wall for discussion purposes, to raise and appropriate the sum of \$2,555,265 an increase of \$506,275 from the Annual Appropriation of \$2,048,990 voted by the Board of Directors to provide for the maintenance and operation of SSTITDC activities for the fiscal year 2009 by re-appropriating from the various departmental category line items in the manner shown in the expenditure section of the attached Exhibit B.

The source of funding for said expenditures is as outlined in the Revenue section of Exhibit A Furthermore, that the Board of Directors shall raise and appropriate the sum of \$30,796 from available FY09 revenues for the purpose of funding the FY08 deficit.

Further discussion ensued on the Supplemental Budget being the main component required by DOR to set the tax rate

Unanimous 4-0 vote

Public Comment

Mr. Hershfield requested a copy of Mr. Wilson's financial analysis.

Mr. Shea, Abington, indicated LNR should provide feedback to the concerned public on the serious issues raised in negative editorials in the newspapers related to the SouthField project. LNR needs to speak to the Towns and to the Legislators who are trying to get assistance from State and Congress to support the viability of the project. Mr. Donovan noted he would address the public perception issue with Mr. Chase at their next meeting.

Mr. Wilson indicated his comments to look at other avenues of finance were meant to work within the existing framework of the DDA.

Mayor Kay stated, in the whole scheme of things, the Town of Weymouth was actively pulling together to help make the project successful because it was an important future revenue stream to Weymouth.

Mr. Simpson, Rockland Selectman, stated the Town of Rockland was preparing to vote on an article to seek state and federal funding to support transportation and infrastructure improvements between Union St. and the commercial and residential redevelopment at the former Naval Air Station and that it was important to Rockland's future that the project moved forward.

VOTED: Motion of John Ward, seconded by Jeffrey Wall, to enter into Executive Session for the purpose of discussion of Land Transfer, Development Negotiations and Financial Strategies, to reconvene after Executive Session to adjourn

Ward, aye, Wall, aye, Eramo, aye and Lavin, aye

Open Session ended at 8:12pm

Executive Session ended at 8:40pm

VOTED: Motion of Jeffrey Wall, seconded by John Ward to adjourn the meeting

Unanimous Vote

The meeting ended at 8:40pm

Mary Cordeiro, Recording Secretary

James W. Lavin, Chairman