

## Southfield Redevelopment Authority

The Southfield Redevelopment Authority (“SRA”) hereby presents its Annual Report for Fiscal Year 2016. Upon completion of the FY2016 financial audit, the SRA Financial Statements will be available for review on the SRA website: [www.southfieldra.com](http://www.southfieldra.com).

### Project Overview

As of June 30, 2016, land transfers from the Navy (Economic Development Conveyance or “EDC”) and National Park Service (Public Benefit Conveyance or “PBC”) to the SRA occurred as shown in the table below.

<b>Transfer Date</b>	<b>EDC Property</b>	<b>PBC Property</b>
May 2003	324 acres	225 acres
December 2011	558 acres	123 acres*
September 2013	26 acres	7 acres*
August 2015	7 acres	-
Remaining	90 acres	25 acres
Totals	1005 acres	380 acres

\* Property assigned to National Park Service, transfer to SRA pending.

### Development Status

- All Three Host Communities voted favorably on major zoning revisions to support LStar’s Master Plan goal of 3,855 residential units and up to 6 million square feet of commercial development.
- Residential units completed to date: 413
- Additional residential units approved through Site Plan: 815
- Commercial space built to shell to date: 15,342 square feet
- Additional commercial space approved through Site Plan: 54,000 square feet

### HORIZONTAL PROJECTS

#### East-West Parkway Extension Project

SRA entered into an Agreement whereby the Commonwealth agreed to grant approximately \$6.7M to the SRA for the construction of the East West Parkway (EWP) Extension Project. The Board entered into an Agreement with LStar Southfield LLC (LStar), to shift all project risk and management duties to the master developer, LStar.

- The Notice of Intent was approved with conditions by the Conservation Commission on January 11, 2016
- The Navy’s conditional approval for an alterations request under the LIFOC was accepted by the Board of Directors on January 11, 2016

- The Approval Not Required (ANR) subdivision plan for the EWP Extension parcels was endorsed by the Applicable Subdivision Board on February 1, 2016
- The Land transfer from LStar to SRA of 6 parcels within the Right of Way of the EWP Extension Project was completed on February 1, 2016
- The EWP Extension Agreement with MassDOT was executed by the Board on April 11, 2016
- The Board approved the form of an EWP Extension Project Management Agreement with LStar Southfield LLC & a Construction Contract with LM Heavy Civil Construction LLC on June 27, 2016

#### Other Improvements

- SRA's TACAN Outfall Drainage Ditch Improvements Project was completed by SumCo Eco Contracting
- The Definitive Subdivision Plan for LStar's Market Street Project was approved with conditions by the Applicable Subdivision Board on June 27, 2016
- The Notice of Intent for LStar's Market Street Project was approved with conditions by the Conservation Commission on June 27, 2016

#### VERTICAL PROJECTS

##### John M. Corcoran & Co, LLC – Town Center Apartments

- Approval Not Required (ANR) subdivision plan was endorsed by the Applicable Subdivision Board on April 11, 2016
- The Development Plan was approved by the Special Permit Granting Authority on April 25, 2016
- Site Plan Application for 265 apartments and 14,000 square feet of ground floor commercial space was approved with conditions by the Permit Granting Authority on April 25, 2016
- A Certificate of Performance on Parcel 58-597-15 to allow the sale of land for the Town Center Apartments was approved by the Applicable Subdivision Board on April 25, 2016
- A Quitclaim Deed for Parkway Parcels 3-1-T and 4-2-T, to be conveyed from SRA back to LStar and transferred from LStar to John M. Corcoran & Co for the Town Center Apartments, was executed by the Board of Directors on June 27, 2016

##### Pulte Homes of New England, LLC - Woodstone Crossing

- As of June 30, 2016 the first of the four condominium buildings (50 units each) was near completion

##### Pulte Homes of New England, LLC - Brookfield Village

- Two Notice of Intents, for Infrastructure and for Residential Development, were approved with conditions by the Conservation Commission on July 13, 2015
- The Definitive Subdivision Plan was approved by the Permit Granting Authority on July 27, 2015

- Site Plan Application for 81 Single Family homes and 27 Townhomes was approved with conditions by the Permit Granting Authority on July 27, 2015
- The Approval Not Required (ANR) subdivision plan was endorsed by the Applicable Subdivision Board on July 27, 2015
- Variance requests were approved by the Variance Granting Authority on August 10, 2015
- Closing Documents were executed by the Board of Directors on June 27, 2016
- As of June 30, 2016 foundations and framing of several single family homes had begun

#### Northland Residential – Dorset Park

- Closing Documents for the Dorset Park Project were executed by the Board of Directors on July 13, 2015
- Site Plan Application for 26 Single Family homes was approved with conditions by the Zoning Enforcement Officer on July 14, 2015
- As of June 30, 2016 six single family homes were under construction

#### William B. Rice Eventide – Fairing Way

- As of June 30, 2016 the exterior and interior building elements of Phase 1 of the Senior Housing project were near completion

#### Financial - Revenues and Expenses

The Fiscal Year 2016 General Fund operating budget was approved at \$2,075,815. Expenditures totaled approximately \$2,040,282 million, of which debt service comprised 50%. FY16 Revenue sources totaled \$1,502,898. Fund Balance reserves were utilized for the shortfall between Revenues and Expenses.

#### Southfield District Tax Rate

Tax rates are approved by the Massachusetts Department of Revenue based upon all revenue receivables. The tax recapitulation (RECAP) requires reporting of all anticipated income and all authorized expenditures for a given year. This calculation yields a tax rate.

- FY16 Southfield Certified Values - \$152,177,280
- A single tax rate of \$0.54 for the District was approved raising \$82,175 in district tax.
- The District Tax was billed in the last two quarters of FY16 through inclusion within the Host Communities tax bills.
- During FY16 Southfield property owners received for the first time Real Estate tax bills from the Host Communities with the addition of the District Tax.

#### Outstanding Receivables

There were minimal outstanding General Fund receivables in the amount of \$7,976.85 as of June 30<sup>th</sup>.

Infrastructure Bond

The 2010A Infrastructure Development Revenue Bonds (“Bonds”) in the amount of \$12.55 million were issued on August 9, 2010. The Bonds are secured by Assessments and Pledged Revenues levied on each Parcel of Assessed Property. The Assessments have been imposed upon the real property within the boundaries of the SouthField project, and are limited to those properties transferred under FOST 1 and 2 (June 2006 conveyance to LNR South Shore, LLC). Assessments are equal to the interest and principal on the Bonds and estimated administrative expenses related to the Bonds. The Assessment Roll is updated each Tax Year. In FY16, the SRA and Host Communities were required to pledge \$589,370.42 from dedicated Real Estate tax revenue toward the annual debt obligation. The Special Assessment incurred to unimproved land owners as of January 1, 2016 was \$432,142. Together these two amounts totaled the FY16 bond payments due of \$1,021,512.42.

Parkway Bond

Utilizing funds from the Commonwealth of Massachusetts, construction of the East-West Parkway (“Parkway”) began in 2010. With the initial construction phases of the Parkway completed, the roadway opened in August of 2013. An Amendment to the Parkway Financing Agreement deferred the annual financial obligation to June 30, 2020 with the aggregate deficiency obligations from FY13 through FY18 to be amortized over the existing Parkway debt service in annual pro rata amounts. All Parkway deficiencies are certified by the Massachusetts Department of Revenue.

Free Cash

The undesignated fund balance in the general fund at the end of each fiscal year is submitted to the Massachusetts Department of Revenue for certification of Free Cash. The chart below indicates amounts certified in prior years.

<b>FREE CASH</b>	<b>FY11</b>	<b>FY12</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>
General Fund	\$ 1,010,951	\$ 1,654,836	\$ 494,786	\$ 1,039,658	\$ 2,931,696

As of the time of this writing, the FY2016 free cash has not been certified.

\$209,000 from free cash was authorized during Fiscal Year 2016: \$98,000 was authorized to supplement the general fund Legal budget; \$111,000 was authorized for the TACAN Outfall Drainage project.

Enterprise Funds

The SRA provides water supply and sewer disposal to customers within the district of Southfield. This is done so as a consecutive water system and through contractual agreement with the Town of Weymouth. The SRA previously adopted Chapter 44, Section 53F ½ of the General Laws for water and sewer activities to create the Enterprise Fund. Revenues collected are dedicated solely to offset operating expenditures. Any excess balance at year end remains with the fund.

The FY2016 Water/Sewer Enterprise Fund Revenue was \$613,388 of which \$64,371 was collected in sewer connection fees contractually due to the Town of Weymouth. FY16 Expenses were \$542,070 of which \$521,113 was expended for water supply and sewer discharge. The FY16 rate structure was two tiered with a user fee of \$15.75 per 100 cubic feet for usage less than 900 cubic feet per month and \$23.75 for usage greater than 900 cubic feet per month.

The Water/Wastewater Agreement between the Town of Weymouth and the SRA was due to expire on June 30, 2016 and was extended on June 27, 2016, open ended, until a final solution for a permanent water supply was identified to complete the Union Point project.

Retained Earnings

The undesignated fund balance in the enterprise fund at the end of each fiscal year is submitted to the Massachusetts Department of Revenue for certification of Retained Earnings. The chart below indicates those amounts certified in prior years. Retained Earnings were not utilized during Fiscal Year 2016.

<b>Retained Earnings</b>	<b>FY11</b>	<b>FY12</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>
Enterprise Fund	183,280	14,433	126,843	220,386	529,780

As of the time of this writing, the FY2016 retained earnings have not been certified.

Other Post Employment Benefits (“OPEB”)

GASB Statement 45 requires state and local governments to begin reporting OPEB costs and obligations. This statement requires that the annual cost and liability associated with OPEB be computed and gradually accounted for within the governmental entity’s books and records. With the SRA having fewer than 100 participants covered under the plan it is eligible for an alternative measurement method of reporting. The report includes the calculation for the Actuarial Accrued Liability (“AAL”) which is defined as the total projected liability for OPEB covered under the plan. The AAL calculation uses the data on active employees, employees who are eligible for retiree healthcare, current retirees and beneficiaries. Utilizing this approved methodology and an independent firm to perform the calculations, it was previously determined that potential liability was \$288,727. A separate stabilization fund was established for the specific purpose of holding such funds. As of June 30, 2016 this fund had a balance of \$295,054.

Retirement Board

The SRA is a member of the Plymouth County Retirement Association (“PCRA”). The PCRA is comprised of a five-member Board of Directors with the fiduciary responsibility for the fund assets. The plan assets of the retirement board had a market value of \$834.5 million. The PCRA estimated that as of January 1, 2015 it had an unfunded actuarial accrued liability of \$590.5 million. The fund is accounted for on a calendar-year basis.

Cash Management

Investment options are limited and governed by the General Laws. Cash was invested primarily in money market accounts. All SRA financial institutions have been rated by Veribanc as “green with three stars”. These ratings are reviewed on a semi-annually basis.

Risk Management

The SRA insurance coverage under FY16 policies included: general liability, property, automobile, directors and officer’s coverage, worker’s compensation, and an additional umbrella liability policy.

Advisory Board

The SRA Advisory Board met to review the SRA General Fund and Enterprise Fund Budgets, and then met jointly with the Board of Directors. All Advisory Board recommendations were incorporated into SRA Budgets.

Advisory Board members serve at the pleasure:

- Weymouth: Carol Karlberg - Chairman
- Eric Miller
- Rockland: Eric Hart - Secretary
- Jesse McSweeney
- Abington: Joseph Shea
- Hingham: William Koplovsky
- Old Colony Planning Council:
- Bruce Hughes - Vice Chairman
- Metropolitan Area Planning Council:
- Martin Pillsbury
- Gubernatorial Appointments:
- Lawrence Leahy Skilled in Real Estate Development
- Benjamin Stone Administration & Finance
- (vacant seat) Housing and Economic Development

*Chapter 291 of the Acts of 2014 Section 11 (d)*

*The purposes of the advisory board shall be as follows: (i) to review the annual report of the authority and to prepare comments thereon for the benefit of the authority, the governor and the towns and to make such examinations of the reports on the authority’s records and affairs as the advisory board deems appropriate; (ii) to hold regular meetings twice annually with the board of directors of the authority and, at the discretion of the advisory board and with the concurrence of the board of directors of the authority, special meetings with the board of directors of the authority as it deems necessary and appropriate on matters relating to the authority, and to hold meetings at other times as the advisory board may determine; (iii) to make recommendations to the authority on any budget; (iv) to make recommendations to the governor, the general court and the towns*

regarding the authority, its programs, and the project; and (v) to determine, from time to time compensation for the directors pursuant to section 9.

Board of Directors

The Board of Directors experienced some turnover this year; in March Walter Flynn (Weymouth) and John Brewer (Southfield Resident) resigned from the Board. In April Chris Primiano was appointed to replace Mr. Flynn; in June Steve LeMott was appointed to replace Mr. Brewer.

In May the Board reorganized. William Minahan remained Chairman, Lyndsey Kruzer was elected Vice Chairman, and Patricia O’Leary was elected Clerk. In June William Minahan (Rockland) and Ralph Rivkind (S. S. Chamber of Commerce) resigned from the Board. These two director positions remained vacant through the end of the fiscal year.

Ms. Kruzer became the acting Chair, and in the absence of a Vice Chairman, the Directors voted to authorize the Clerk, Ms. O’Leary, to fill the acting role.

The Board met 24 times during FY16 for a total of 41 hours, and adopted the use of remote participation for all SRA public meetings per 940 CMR 29.10(8).

*Chapter 291 of the Acts of 2014 Section 9(b):*

*One Town appointee from each town shall be initially appointed to a five (5) year term and all other members shall be appointed to an initial term of three (3) years. All members shall thereafter serve terms of 3 years apiece.*

<u>SRA Board of Directors as of June 30, 2016</u>	<u>Term Expiration</u>
Rockland:	
Kelli O’Brien-McKinnon	2017
(vacant)	2019
Weymouth:	
Chris Primiano	2019
Patricia M. O’Leary	2017
Abington:	
Chris Aiello	2019
Southfield Residents:	
Lyndsey Kruzer, Esq.	2017
Steve LeMott	2017
Labor Council:	
Robert L. Rizzi	2017
South Shore Chamber of Commerce:	
(vacant)	2017