

Advisory Board to Southfield Redevelopment Authority
September 3, 2014 @ 6:30pm
223 Shea Memorial Drive, Conference Room

Members Present: Joseph Shea, Abington, Chairman
Eric Miller, Weymouth
Carol Karlberg, Weymouth
Bruce Hughes, OCPC
Martin Pillsbury, MAPC
Eric Hart, Rockland
Eugene Blanchard, Gov. Appointee

Members unable to attend: William Koplovsky, Hingham
Joseph Gambon, Rockland

The Chairman called the meeting to order and introduced Gerard D. Perry, Director of Accounts, Dept. of Revenue, Division of Local Services. Mr. Perry stated his department was committed to make sure this new government body remained functional during the transition period, and acknowledged there were several issues that needed to be addressed very quickly.

Mr. Perry stated that DOR worked closely with the staff and prior administration, and successfully set tax rates for the last 5 years with balanced budgets, no deficits and positive free cash. Mr. Perry stated the audit report by Powers and Sullivan, CPA firm that conducted SSTDC annual and transitional audits, found nothing that was trouble in any capacity.

Budget

Due to uncertain legislative activity and uncertain appropriations at the beginning of the fiscal year, DOR recommended a three month interim budget. The incoming Board of Directors had an urgent need to approve a budget to prevent a government shutdown on October 1, 2014. Mr. Perry noted that Legislation (Section 31) required approvals from the Executives of the three host communities and the Advisory Board; quick interaction was needed to pass the budget. He recommended an additional \$1.7M appropriation to carry the operation to the end of the fiscal year, and noted that the Board could modify the budget in any manner appropriate right up until the tax rate was set. Mr. Perry was very clear that if a budget was not passed on or before September 30th the Board had no legal authority to move forward.

Tax Rate

Mr. Perry stated the purpose of setting a tax rate was to make sure there was a balanced budget. The Recap Sheet determined any financial problems in a community, and lending institutions relied upon this reporting mechanism. The first two quarter tax bills were predicated on the prior year's tax rate; the third and fourth bills cannot be sent out until DOR approved tax rates. Delays can complicate cash flow potentially causing huge financial implications in municipalities.

Tax Plan

Mr. Perry noted he was personally involved in the preparation of the prior tax plan, noting it was a complicated document that took 12 months to hammer out. He indicated his office was prepared to assist the incoming Board with technical advice to prepare a new tax plan.

The approved tax plan must be submitted to the Secretary of Administration and Finance and the Commissioner of Revenue by Oct. 15th. Mr. Perry stated it would be extremely difficult to meet the October 15th deadline given all the collaboration required. Even with the template the plan will not be finalized in 3 weeks; DOR cannot set the tax rate until a consummated tax plan is in place. The tax bills for FY15 will be handled in the same manner as the prior 5 years because the legislation didn't pass until August 20th. Preliminary tax bills were already sent out and first quarter payments already received. The FY16 taxes will go to the 3 host communities.

Deficiency Payment

Legislation (Section 34B) required the Board to negotiate with the Secretary of Administration and Finance (AnF) on the parkway deficiency payment. Mr. Perry stated it was important in setting a tax rate to look at all incurred liabilities and to make sure the government body raised necessary funds from tax payers to handle incurred liabilities. Deferring payment did not absolve the government body of the liability; funds must be raised and appropriated as long as the liability exists.

Mr. Perry strongly suggested that the incoming Board immediately connect with Sec. Scott Jordan, AnF, to begin preliminary discussions on how to handle deficiency payments (deferred waiver or absolution liability waiver), in order to set tax rate and get the third and fourth quarter tax bills out.

Free Cash

Mr. Perry noted that certified free cash could lawfully be appropriated as available revenue to balance budgets. SSTDC used free cash to balance books for the last 4-5 years, a normal occurrence. He stated it was important that the incoming Board of Directors get involved with staff on the balance sheet, and submit to DOR for free cash certification in order to set a tax rate. Mr. Perry repeated his commitment to work with the staff and incoming Directors to get it done and keep the finances where they belong for the authority.

Q & A

Incoming Board of Directors

Mr. Brewer, Southfield resident, inquired on the ramifications if the Oct. 15th deadline was not met. Mr. Perry stated he was not aware of penalties, and suggested that Mr. Brewer ask the framer of the legislation. Mr. Brewer was informed that the Memorandum of Agreement with AnF must be resolved, and the tax plan with DOR must be prepared at the same time, in order to set a tax rate by Dec. 30th.

Lyndsey Kruzer, Southfield resident, inquired about budget changes and consequences. Mr. Perry stated the Board could make changes any time up to setting the tax rate, once set, the budget would be frozen. The Board needed to act before Sept. 30th and he recommended the additional \$1.7M

appropriation to be adopted now and after that take the time to delve into the budget and modify as appropriate.

Pat O'Leary, Weymouth, asked for examples of government bodies with tax rate districts and was informed that Southfield was unique and the only closest model was Ft. Devens, but their issues were quite different.

Town Officials

Mayor Kay, Weymouth, voiced concern that the reserve fund was too low. Mr. Perry stated it was a starting point to keep the authority operating. The Mayor asked that back up receipts and expenditures be available to the Board. Mr. Perry indicated the Board should work with the Treasurer/Collector on the supporting documentation. Mayor Kay stated that she was not looking to pay for services without the tax revenue; that the Authority would collect the taxes in FY15 and should continue to pay for municipal services.

Ed Kimball, Rockland Board of Selectmen, asked how to handle snow removal deficit next fiscal year within the communities, and was informed that it would not be a liability to the towns. It would be dealt with in the Southfield tax rate next fiscal year and on the Southfield balance sheet, and that the tax rate for each community in fiscal year 2016 will include Southfield value and growth, plus an added Southfield rate.

Bill McKinney, Weymouth CFO, inquired about water/sewer budget and was informed that rates and other issues needed to be discussed, but the enterprise fund would be similar to the one ending on Sept. 30th. The budget included all water expenditures except for the purchase of water.

Jane Hackett, Weymouth Town Council, was informed that the Southfield residents would be subject to Weymouth override votes and CPA tax going forward from FY16.

Advisory Board

Bruce Hughes, OCPC, inquired if the deadlines were doable and what were penalties. Mr. Perry indicated the deadlines were probably not doable other than the tax rate deadline and that he did not know what the penalties were on the Oct. 15th deadline, there were none from DOR.

Eric Hart, Rockland, inquired if the full Rockland Board of Selectmen had to approve the budget and was informed that the "Executive" of each town needed to approve

Joe Shea, Abington, inquired if Southfield tax rate needed to be set to allow the communities to set their tax rates and was informed that it was not; the towns were independent and separate from Southfield. Mr. Shea stated it was important that the new Board understood that Abington budgets and financial matters were approved through a town meeting process, and that the Southfield Authority would have to provide supporting documentation on everything, not just revenues and receipts. Mr. Shea was informed that legal counsel would have to find resolution if one town declined to approve the Southfield tax rate.

Mr. Perry noted that the Southfield budget approval process involved the Board, Communities and the Advisory Board; the tax plan approval process involved the Board, the Communities and DOR; and the Memorandum of Agreement involved the Board and AnF. The Southfield tax rate was not subject to proposition 2 ½, and was not subject to community levy limits. After the tax rate was set, the Budget would allow line item transfers and reserve fund transfers within the budget, a standard fiduciary practice.

Mr. Perry also stated that deficiency payments to AnF (prior to new legislation) were encumbered and would be part of negotiations, that deficiency payments would have to come out of the operating budget for that year, and that it was very important that the Board contact the Secretary of AnF to begin the negotiation process. He departed the meeting at 7:45pm

Introductions were made all around between the Advisory Board and the incoming Board of Directors in attendance.

Reorganization

Mr. Shea nominated Eugene Blanchard to be Chairman. Mr. Blanchard declined
Mr. Miller nominated Carol Karlberg and she indicated a willingness to serve.

**VOTED: Motion of Eric Miller, seconded by Joseph Shea, to elect Carol Karlberg as Chairman
Unanimous vote**

Mr. Shea nominated Eugene Blanchard to be Vice Chairman. Mr. Blanchard declined
Mr. Shea nominated Bruce Hughes to be Vice Chairman and he indicated a willingness to serve.

**VOTED: Motion of Joseph Shea, seconded by Martin Pillsbury, to elect Bruce Hughes as vice Chairman
Unanimous vote**

Mr. Blanchard stated he was appointed by Governor Cellucci to the SSTTDC Advisory Board in 1999; now it was time to select someone else more closely involved in the development project. He stated he was not a fan of the new legislation and voiced doubt about the continuing authority of the Advisory Board under the new legislation. The way it was adopted was part of his reason to resign.

**VOTED: Motion of Bruce Hughes, seconded by Carol Karlberg to send a letter to Gene Blanchard
thanking him for his years of service
Unanimous vote**

Minutes

**VOTED: Motion of Eric Miller, seconded by Carol Karlberg, to approve the minutes of the Advisory
Board meeting dated August 6, 2014**

4-0-3 Hart, Pillsbury and Hughes abstained

Public Comment

Dominic Galluzzo, Weymouth, voiced concern on the reduced levels of Weymouth's water supply and the impact on Whitman's Pond and the herring run.

Mayor Kay stated the water supply was closely monitored and that water was not being drawn from Whitman's Pond, it was being drawn from wells.

Tricia Pries, Weymouth, voiced concern on the difference between safe yield and allowable yield, and on repercussions on the town if the tax rate deadline was not met. Mr. Shea stated it was his understanding that there would be no impact on the towns in FY15. It would be the authority's responsibility.

Anne Hilbert, Weymouth, was informed by the Mayor that no water ban was in effect at this time.

The Board discussed a joint meeting with the new Board of Directors on Sept. 29th for joint approval on the Budget.

VOTED: Motion of Joseph Shea, seconded by Eugene Blanchard, to adjourn the meeting

Unanimous vote

The meeting ended 8:30pm

Mary Cordeiro, Recording Secretary

Joseph Shea, Chairman

Documents reviewed at the meeting
Director Perry recommended FY15 Budget
prior minutes