

Board of Directors Meeting
June 30, 2014 @ 10:00am
SSTTDC Town Hall Conference Room

Directors Present: Joseph Connolly, Chairman
John Ward, Vice Chairman
Chris Aiello, Clerk
Jeffrey Wall
Gerard Eramo

Also Present: Kevin R. Donovan, Chief Executive Officer
James A. Wilson, Chief Financial Officer
Jim Young, Project Manager

The Chairman called the meeting to order at 10:00am.

Financials:

The Chief Financial Officer noted there were requirements from the Department of Revenue (DOR) that needed to be accomplished by June 30th, and he recommended six (6) financial measures for the Board's consideration. The language inside the \$30M Parkway Agreement between the Commonwealth, SSTTDC and LNR included an assessment methodology (\$6.50 per \$1,000 value on all commercial property) by which the parkway was built in exchange for the creation of construction jobs that generated new state revenue. With annual debt service at \$1.6M, the CFO reported \$300K in new state revenue generated from construction in FY2013; DOR determined a deficiency assessment of \$1.4M was due in FY2014. SSTTDC was required by DOR Director Perry to raise and appropriate the sum of \$1.4M in order to obtain a certified FY14 tax rate. A notice was mailed to LNR on Nov. 20, 2013 for their contribution of \$375,686.35 towards the Parkway deficiency. To date, that amount had not been paid. Under Section 9 of the First Amendment to the Amended and Restated MOA the Corporation agreed to 'diligently exercise all rights to collect such Deficiency Assessments without limitation, by the foreclosure of liens on the subject Assessable Commercial Property'.

Board Measure 14-016:

The Board's approval of this measure would permit liens to be placed on all LNR assessable commercial property should the \$375K remain unpaid at the close of business on June 30th. Mr. Wall was informed that the lien would attach to the property; if the legislation changed then the Town of Weymouth would be obligated to follow through until the lien was paid. The CFO noted that the motion itself would fail if payment was made by July 2nd, and that, to date, there had been no communication from LNR/Starwood on this matter.

VOTED: Motion of John Ward, seconded by Chris Aiello, that the Board of Directors adopts the provisions of MA General Laws Chapter 40 section 58 for the purpose of applying its provision to those property owners who fail to make payment of municipal charges for a Deficiency Assessment on Assessable Commercial Property under the FIRST AMENDMENT TO THE AMENDED AND RESTATED MEMORANDUM OF AGREEMENT by and among South Shore Tri-Town Development Corporation, the Commonwealth of MA and LNR South Shore, LLC. That, in accord with General Law Chapter 40

Section 58, the South Shore Tri-Town Development Corporation hereby authorizes the SSTTDC staff to place a lien on all property owned by LNR South Shore, LLC that is assessable (see attachment) under the FIRST AMENDMENT TO THE AMENDED AND RESTATED MEMORANDUM OF AGREEMENT as of July 2, 2014 as a direct result of its failure to pay invoice 20140101 in the amount of \$375,686.35. LNR South Shore LLC is the sole owner of said Assessable Commercial Property. Furthermore, that as of July 1, 2014, this unpaid invoice is subject to the imposition of a 12% per annum charge as per measure 13-008. Finally, if Starwood does not pay their \$375,686.25 Parkway Assessment by the end of business today, Starwood will be terminated as development partner of the SSTTDC.

Some Board members voiced major concerns on the final sentence of Mr. Ward's motion. After some debate Mr. Ward amended his motion by striking the last sentence.

VOTED: Motion of John Ward, seconded by Chris Aiello, that the Board of Directors adopts the provisions of MA General Laws Chapter 40 section 58 for the purpose of applying its provision to those property owners who fail to make payment of municipal charges for a Deficiency Assessment on Assessable Commercial Property under the FIRST AMENDMENT TO AMENDED AND RESTATED MEMORANDUM OF AGREEMENT by and among South Shore Tri-Town Development Corporation, the Commonwealth of MA and LNR South Shore, LLC. That, in accord with General Law Chapter 40 Section 58, the South Shore Tri-Town Development Corporation hereby authorizes the SSTTDC staff to place a lien on all property owned by LNR South Shore, LLC that is assessable (see attachment) under the FIRST AMENDMENT TO THE AMENDED AND RESTATED MEMORANDUM OF AGREEMENT as of July 2, 2014 as a direct result of its failure to pay invoice 20140101 in the amount of \$375,686.35. LNR South Shore LLC is the sole owner of said Assessable Commercial Property. Furthermore, that as of July 1, 2014, this unpaid invoice is subject to the imposition of a 12% per annum charge as per measure 13-008.

Unanimous 5-0 vote

Board Measure 14-016A:

Mr. Ward then stated that Starwood stopped development on this project over a year ago and abandoned all responsibilities as the Master Developer Partner (MDP). LNR/Starwood then took actions to disrupt the cash flow to SSTTDC, promote political interference at state and local level, and engage in activities to eliminate the Reuse Plan and change the Enabling Legislation. They have attempted a hostile takeover of the project, and had Starwood's agent for LNR negotiate an agreement that eliminated union labor which was promised by LNR.

Mr. Wall stated he was not in favor of terminating LNR as MDP.

The Chairman agreed with Mr. Ward that it had not been a good partnership this past year. Starwood put the residents in the middle, and had not paid their bills to SSTTDC or to Mayor Kay. Things were not going well and it was time to look for another development partner.

VOTED: Motion by John Ward, seconded by Chris Aiello, that if LNR/Starwood does not pay their \$375,686.35 Parkway Assessment by the end of business today, Starwood will be terminated as development partner of the SSTTDC

4-1 vote Wall opposed

Board Measure 14-017:

The CFO noted that LNR's total unpaid municipal charges to SSTTDC were \$508,642.49 (\$375K General Fund payment/ \$133K Water/Sewer Enterprise Fund payment). The Board was informed that if these

amounts remained unpaid there would be deficits of \$290K in the General Fund and \$74K in the water/sewer Enterprise Fund. Director Perry was very clear that the Board must raise and appropriate funds during FY15 to cover each deficit, and file suit on all liens in accord with the MOA.

Mr. Wilson noted he reviewed cash and potential revenue deficits on a daily basis, and indicated he could not consider the FY15 budget process until the deficiencies were paid.

Mr. Wall was informed that residents were not part of the measure to permit foreclosure proceedings, just LNR South Shore, LLC specifically for the \$375K payment.

Mr. Eramo was informed that once the lien goes in effect, SSTTDC would be entitled to the interest charged, and when tax title goes on SSTTDC would be eligible to recover all associated legal costs.

VOTED: Motion of Gerard Eramo, seconded by John Ward, that the Board of Directors authorizes the SSTTDC to engage legal counsel to foreclose on any liens for unpaid municipal charges including but not limited to real estate and personal property taxes, water and sewer charges, and any outstanding municipal charges as of July 1, 2014, this includes remedies afforded to SSTTDC under the provisions of General Laws chapter 60 section 35 and Section 6 of the so called Enabling Act that established the South Shore Tri-Town Development Corporation
Unanimous vote

Mr. Wall was informed that the leak detection survey on the former NAVY water distribution system was still pending, when it arrived it would be provided to LNR/Starwood. The Board was informed that Building 103 located on Shea Memorial Drive flooded again due to leaks that had not been addressed by LNR/Starwood; and was updated on the efforts of Bay Cove Human Services to repair a water leak in their building located on Redfield Road.

Board Measure 14-018:

The CFO stated he was required to notify ANF if LNR failed to pay. He recommended the Board request that the Commonwealth deduct the deficiency assessment from LNR's Letter of Credit held by the State and reduce SSTTDC's liability by the same amount.

VOTED: Motion of Chris Aiello, seconded by Gerard Eramo, that the Board of Directors directs staff to notify the Commonwealth of MA, Secretary of Administration and Finance of LNR's failure to pay its FY2013 Deficiency Assessment under the provisions of the FIRST AMENDMENT TO THE AMENDED AND RESTATED MEMORANDUM OF AGREEMENT, and request that the Commonwealth deduct LNR's deficiency assessment from the Letter or Credit being held by the Commonwealth of MA for the Parkway Project
Unanimous vote

Board Measure 14-019:

The Board was informed that DOR and ANF wanted notifications of Board actions on the deficiency matter. Mr. Wall voiced frustration that DOR and ANF placed the Board at a disadvantage with regards to the deficiency payment and the FY15 budget/tax rate; but would not make a formal statement on the proposed legislative changes that could negatively affect the Parkway Agreement.

Mr. Ward reminded the Board that SSTTDC was in this situation because LNR/Starwood stopped development on this project.

VOTED: Motion of Gerard Eramo, seconded by Chris Aiello, that the Board of Directors directs staff to notify the Commonwealth of MA, Secretary of Administration and Finance and the Massachusetts Department of Revenue, Director of Local Accounts of its actions regarding LNR's failure to pay its

FY2013 Deficiency Assessment under the provisions of the FIRST AMENDMENT TO THE AMENDED AND RESTATED MEMORANDUM OF AGREEMENT

Unanimous vote

Board Measure 14-020:

The CFO noted his concerns with unemployment compensation requirements, and recommended the Board create an account to pay personnel costs for the seven (7) full time employees, should all existing positions be eliminated by legislative changes. These expenditures would be beyond the normal operating costs of SSTTDC. If staff was not affected, the funds would be available for re-appropriation. Concerns were discussed that relying on available cash to pay unemployment could artificially inflate the FY2015 tax rate; that creating the account would substantially reduce the financial burden associated with unemployment and would help get the Corporation through this critical fiscal year (2015). The Chairman was informed that the measure was intended to protect the Corporation from future liabilities.

Mr. Wall was informed if the Corporation was no longer in existence, that the liability would follow the revenue source, to the Towns.

VOTED: Motion of Jeff Wall, seconded by John Ward, that the South Shore Tri-Town Development Corporation hereby authorizes the Chief Financial Officer to create an account in Fund 0002 that will pay for existing personnel costs (pay out of sick leave buy back, vacation time, unemployment and any other personnel costs) incurred by the corporation as a result of the enactment of legislation adversely affecting the employees of the South Shore Tri-Town Development Corporation employed as of June 30, 2014. The new account in fund 0002 shall be in the amount of \$210,880.12. To meet this appropriation, the following line items shall close and be re-appropriated to that account: 02122606, 02133035, 02155001, 02175718, 02320705, 02410001, 02410003, 02410041, 02410662, 02410680 in the amount of \$210,880.12.

Unanimous vote

Board Measure 14-021:

The CFO updated the Board on the contractual arrangement and formula, to be utilized each year, for reimbursing the Town of Weymouth for education services provided to students residing in SouthField. The Board was informed that FY14 reimbursement was just over \$250K and would be paid upon execution of the Agreement. Mayor Kay was in attendance at the meeting, and noted that the reimbursement formula was a lengthy process, and that the MA Dept. of Education agreed to it.

VOTED: Motion of Gerard Eramo, seconded by John Ward, that the Board of Directors endorses the terms and conditions of an Agreement between the SSTTDC and the Town of Weymouth to pay for FY2014 charges for education services provided by the Town of Weymouth

Unanimous vote

The CFO updated the Board on the current status of those rate payers who have failed to pay some or all of their bills. Outstanding water charges total \$148K of which \$132K is owed by LNR. The Board was informed that a 'lien" would be placed on their property; if not paid the Corporation would be able to take the property as part of a tax title proceeding as per MGL Chapter 40 Section 42A through 42I inclusive and Chapter 83 sections 16A through 16F inclusive.

The Chairman asked the CEO to respond to a document he received before the meeting from Mr. LeMott, SouthField resident.

Minutes

VOTED: Motion of Chris Aiello, seconded by Gerard Eramo, to approve the minutes of the Board of Directors meeting held on June 11, 2014

Unanimous vote

VOTED: Motion of John Ward, seconded by Chris Aiello, to adjourn the meeting

Unanimous vote

The meeting ended 9:50am

Mary Cordeiro, Recording Secretary

Joseph Connolly, Chairman of the Board