

Southfield Redevelopment Authority

The Southfield Redevelopment Authority (“SRA”) presents its Annual Report for the Fiscal Year 2015. Complete copies of the SRA’s Audited Financial Statements will be available upon completion of the Fiscal Year 2015 financial audit.

On August 20, 2014, the Governor signed into law legislation to promote the sustainable economic development of the former South Weymouth Naval Air Station for the benefit of the Towns of Abington, Rockland, and Weymouth, the NAS South Weymouth Region and the Commonwealth (Chapter 291 of the Acts of 2014, the “Act”). Among other things, the Act reconstituted the South Shore Tri-Town Development Corporation as the Southfield Redevelopment Authority.

In Fiscal Year 2015, the SRA was a quasi-municipal entity required to provide municipal services including: public safety, public infrastructure maintenance, storm drain management, education, health, planning, zoning, water, sewer, and general administrative services. With the passing of the legislation the Chief Executive Officer, Chief Financial Officer, Accountant, and Water/Sewer Superintendent departed.

The Act mandated that the SRA complete the following tasks to comply with the newly enacted legislation:

- Tax Plan - The Tax Plan was submitted by the SRA Board of Directors (“Board”) on October 14, 2014 and subsequently approved by Massachusetts Department of Revenue and Executive Office of Administration and Finance (“Administration and Finance”), all in satisfaction of Section 19(f) of the Act.
- Bond Indenture Certificate of Trustee – A certificate stating that no amendment to the Trust Indenture is necessary in order to permit the New Collection Method described in the Act was delivered to Administration and Finance on October 14, 2014 in satisfaction of Section 15(a) and 19(e) of the Act.
- Redevelopment Plan – The Plan was adopted by the Board on November 14, 2014 and subsequently approved by Administration and Finance and the Executive Office of Housing and Economic Development (“HED”) in satisfaction of Section 34(b) of the Act.
- Second Amendment to the Amended and Restated Memorandum of Agreement on Financing for the Parkway – A Second Amendment deferring the aggregate Deficiency Payments for fiscal years 2013 through 2018 until June 30, 2020 was entered into by and between the SRA, Administration and Finance and Massachusetts Department of

Transportation (“MassDOT”) as of December 30, 2014 in satisfaction of Section 34(b) of the Act.

- Parkway Phase Two Financing Agreement – An Agreement whereby the Commonwealth agrees to finance, design and construct an extension from the Delahunt Parkway to Trotter Road, and further states that the Commonwealth may agree to finance, design and construct the remaining segments of Phase 2 of the Parkway subject to the Commonwealth’s capital plan and statutory debt limit was entered into by and between the SRA, MassDOT and HED as of December 30, 2014 in satisfaction of Section 34(c) of the Act.
- Amended Zoning By-Laws and Regulations – All amendments were adopted by the Board on December 15, 2014 in satisfaction of Section 14(d) of the Act.
- Amended DDA - The Board took all action to update and execute the DDA as of December 18, 2014 in satisfaction of Section 15 of the Act.

In addition, in March 2015 the Office of Economic Adjustment of the United States Department of Defense formally recognized the SRA as the Local Redevelopment Authority (LRA) for the purpose of implementing the redevelopment plan for the former NAS South Weymouth and assuming said responsibility from the South Shore Tri-Town Development Corporation.

As such, the SRA timely satisfied all of its obligations under the Act and all of the Act’s provisions are in full force and effect.

Project Overview

As of June 30, 2015, land transfers from the Navy (Economic Development Conveyance or “EDC”) and National Park Service (Public Benefit Conveyance or “PBC”) to the SRA had occurred as shown in the table below.

Transfer Date	EDC Property	PBC Property
May 2003	324 acres	225 acres
December 2011	558 acres	123 acres*
September 2013	26 acres	7 acres*
Remaining	97 acres	25 acres
Totals	1005 acres	380 acres

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

Development Status

- Proposed residential units to be constructed - 2,855 units.

- Proposed commercial space to be constructed - 900,000 square feet minimum
- Residential units with all required permits - 629
- Residential units completed - 413
- Commercial space with all required permits - 55,342 square feet
- Commercial space built to shell - 15,342 square feet
- Additional Residential units approved through Site Plan - 200

Transportation and other Improvements

- The SRA continued to maintain the Bill Delahunt (East/West) Parkway. The initial phases of this project are complete – connecting Shea Memorial Drive to Weymouth Street/Rockland.
- The Trotter Road Multimodal Access Improvements Project was completed.
- The Route 18 Widening and Reconstruction project (intersection improvements phase) reached completion in 2009. The second phase of the 4.1 mile project will include all remaining work and is currently projected to go out to bid in the fall of 2016.
- \$175,000 was appropriated and a contract was awarded for construction of the TACAN Outfall Drainage Improvements project. Construction projected to commence in FY16.
- The SRA approved the transfer of existing public ways on December 29, 2014 in satisfaction of Section 19(c) of the Act.

Master Developer Activity

- Pulte Homes of New England, LLC purchased 19.3 acres from LNR South Shore, LLC on January 14, 2015 for development of 200 residential condominium units referenced as Transit Village.
- The Board approved on May 11, 2015 the transfer of the Master Developer - LNR South Shore, LLC, owned by Starwood CPG Operations, LLC to LStar Southfield, LLC, a subsidiary of LStar Management, LLC.
- A Second Amended and Restated Disposition and Development Agreement was entered into by and between the SRA and LStar Southfield, LLC, on May 13, 2015.
- As of June 30, 2015 the sale of approximately 14 acres to Pulte Homes of New England, LLC for development of 54 residential units referenced as Winterwoods-1 was not yet recorded.

Transit Village - Pulte Homes of New England, LLC

- Development Plan approved for 200 residential condominium units by Special Permit Granting Authority - December 22, 2014
- Variances granted by Variance Granting Authority - December 22, 2014

- Approval Not Required (ANR) subdivision plan endorsed by Applicable Subdivision Board – December 22, 2014
- Abbreviated Notice of Resource Area Delineation (ANRAD) approved by Conservation Commission - December 22, 2104
- Request for Determination of Applicability (RDA) approved by Conservation Commission - March 9, 2015
- Site Plan approved by Permit Granting Authority - April 13, 2015
- Notice of Intent (NOI) approved by Conservation Commission – April 13, 2015

Winterwoods – Pulte Homes of New England, LLC

- Abbreviated Notice of Resource Area Delineation (ANRAD) approved by Conservation Commission - December 22, 2014
- Development Plan approved for 108 residential units by Special Permit Granting Authority - April 27, 2015
- Variances granted by Variance Granting Authority - April 27, 2015
- Approval Not Required (ANR) subdivision plan (Winterwoods-1) endorsed by Applicable Subdivision Board - June 22, 2015

Dorset Park – Northland Residential

- Phase 1A Development Plan revision approved for 26 residential units by Special Permit Granting Authority – May 26, 2015
- Variances granted by Variance Granting Authority - May 26, 2015
- Phase1A Subdivision Plan revision approved by Applicable Subdivision Board - June 22, 2015

Fairing Way – William B. Rice Eventide

- Site work has commenced for the construction of the 216 (age 55+) Senior Housing residential units and 46 bed long term care facility.

Financial

Revenues and Expenses

The Fiscal Year 2015 General Fund operating budget was approved at \$3,668,859.84. Expenditures totaled approximately \$3.3 million. Debt service represented 29% of the expenses, while 22% was paid for municipal services including education, police and fire. Legal costs were approximately 12% and personnel 11%.

FY15 Revenue sources totaled \$3,912,797. Tax revenue characterized 64% of this total, while

entitlement fees were 11%. The Infrastructure Bond special assessment also represented 11% of the revenue.

Property Values

Real Estate property values within SouthField are submitted annually to Massachusetts Department of Revenue for certification in accord with Chapter 59 of the General Laws. Once certified, the Board of Assessors is able to determine the tax rate. The FY15 Board of Assessors included Dennis Robson (Rockland), Pam Pantermoller (Weymouth), and Jack Pistorino (Abington). With completion of the Cottages at HollyBrook and Parkview Place, as well as partial construction of Southfield Commons on the Green, residential values increased approximately 43% in FY15.

	FY09	FY10	FY11	FY12	FY13	FY14	F15
VALUATION by property class							
Residential	\$ 12,642,800	\$ 12,642,800	\$ 13,131,835	\$ 20,330,300	\$ 47,720,900	\$ 64,167,400	\$ 91,868,600
Open Space	\$ 1,809,800	\$ 1,809,800	\$ 1,809,800	\$ 500,800	\$ 2,542,500	\$ 2,542,500	\$ 6,070,500
Commercial	\$ 35,106,400	\$ 35,106,400	\$ 35,938,865	\$ 35,467,300	\$ 60,268,800	\$ 57,923,700	\$ 60,718,700
Personal Property	\$ 19,000	\$ 19,000	\$ 19,000	\$ 53,000	\$ 3,363	\$ 1,776,905	\$ 1,975,853

Tax Rate

Tax rates are set for SouthField in a manner consistent with all other cities and towns within the Commonwealth of Massachusetts. Tax rates are approved by the Massachusetts Department of Revenue based upon all revenues including tax 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. The historic tax rates for SouthField are listed below:

	FY09	FY10	FY11	FY12	FY13	FY14	FY15
TAX RATES As approved by the Massachusetts Department of Revenue							
Residential	\$ 20.06	\$ 11.78	\$ 11.90	\$ 12.89	\$ 13.26	\$ 13.47	\$ 11.39
Open Space	\$ 20.06	\$ 11.78	\$ 11.90	\$ 12.89	\$ 13.26	\$ 13.47	\$ 22.12
Commercial	\$ 20.06	\$ 17.47	\$ 17.70	\$ 23.89	\$ 26.35	\$ 30.73	\$ 22.12

By way of comparison, the FY2015 tax rates for SouthField communities were: Abington - \$17.00 (Residential and Commercial rate); Rockland - \$19.03 (Residential and Commercial rate); Weymouth - \$12.90 (Residential Rate) \$22.24 (Commercial Rate)

Abatements

The SRA began the year with \$400,528 in the Overlay for Abatement accounts. An Appellate Tax Board (“ATB”) claim previously filed by William B. Rice Eventide Homes, Inc. was settled out of court in the amount of \$30,000. All other outstanding ATB cases were withdrawn by the applicants eliminating any liability of the SRA. The Board of Assessors voted the release of the Overlay accounts to surplus on May 26, 2015. The year ended with no outstanding abatements or appellate tax cases and no amounts in Overlay.

Outstanding Receivables

There were minimal outstanding General Fund receivables in the amount of \$5,631.24. This number represented outstanding Real Estate and Personal Property Tax as of June 30th.

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 SouthField 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. This is the first such bond authorized in the Commonwealth. In FY15, the SRA was required to pledge \$522,625 from dedicated tax revenue toward the debt obligations. The Special Assessment incurred to unimproved land owners as of January 1, 2014 was \$450,000. Together these two amounts totaled the FY15 bond payments due of \$972,625.

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. The Parkway Financing Agreement requires annually the generation of sufficient New State Revenues from SouthField as compared to the Parkway debt service. If a shortfall exists between the Commonwealth’s annual debt payment and the calculation for New State Revenues, the SRA is required to make payment of the difference. The Annual Obligation for the Commonwealth is approximately \$1.9 million. During FY15 payments were released from the SRA for prior year deficiencies: \$290,092.50 for the balance of the FY11 deficiency, and \$232,970 for the FY12 deficiency. As previously discussed, the FY13 deficiency of \$1,375,128 was deferred until June 30, 2020 per the newly executed amendment to the Parkway Financing Agreement. The amendment defers aggregate deficiency obligations from FY13 through FY18 until June 30, 2020 and amortizes the amount 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 those amounts certified in prior years.

	FY09	FY10	FY11	FY12	FY13	FY14
General Fund	\$ -	\$ 380,135	\$ 1,010,951	\$ 1,654,836	\$ 494,786	\$ 1,039,658

As of the time of this writing, the FY2015 free cash has not been certified.

During Fiscal Year 2015 \$80,000 from free cash was authorized for legal services and \$175,000 for the TACAN outfall project. An additional \$235,000 from free cash was pledged toward the Fiscal Year 2016 budget.

Stabilization Account

A Stabilization Account was created in accord with Chapter 40, Section 5B of the General Laws. The Stabilization Account is held in a separate fund. \$322,999.46 was authorized to meet the operational expenses for the first quarter of FY15.

<u>Stabilization Account</u>	<u>FY2010</u>	<u>FY2011</u>	<u>FY2012</u>	<u>FY2013</u>	<u>FY2014</u>	<u>FY2015</u>
Balance forward	\$ -	\$ 77,842	\$ 78,206	\$ 550,810	\$ 790,029	\$ 324,154
Transfers In	\$ 177,842		\$ 472,000	\$ 486,313		
Transfers Out	\$ (100,000)			\$ (251,165)	\$ (469,618)	\$ (322,999)
Interest Income		\$ 364	\$ 604	\$ 4,072	\$ 3,742	\$ 516
EOY Balance	\$ 77,842.00	\$ 78,206	\$ 550,810	\$ 790,029	\$ 324,154	\$ 1,671

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 the liability as of June 30, 2014 was \$288,727. A separate stabilization fund was established for the specific purpose of holding such funds. As of June 30, 2015 this fund had a balance of \$292,842.

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. As of December 31, 2014, the retirement board issued an annual statement. 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.

Enterprise Funds

The SRA provides its customers with water supply and sewer disposal 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. Revenues collected are dedicated solely to offset operating expenditures. Any excess balance at year end remains with the enterprise fund.

The FY2015 Water/Sewer Enterprise Fund budget was \$537,250. Expenditures were \$313,952.74 with water supply and sewer discharge costs making up 97%. Carry forward encumbrances were in the amount of \$34,666.08 and consisted of June Water/Sewer charges.

FY15 Water/Sewer Enterprise Fund revenue totaled \$658,002.70. Prior year outstanding receivables collected of \$126,000 were included in this total. The rate structure is two tiered with a user cost of \$15.75 per 100 cubic feet for usage of less than 900 cubic feet per month. For usage of greater than 900 cubic feet per month the user cost is \$23.75 per 100 cubic feet. At the end of the fiscal year \$5,427.07 remained outstanding in receivables.

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	2009	2010	2011	2012	2013	2014
Sewer Enterprise	\$ -	\$ -	\$ 178,631.00	\$ 6,422.00		
Water Enterprise	\$ -	\$ -	\$ 4,649.00	\$ 8,011.00		
Water/Sewer Enterprise	\$ -	\$ -			\$ 126,843.00	\$ 220,386.00

As of the time of this writing, the FY2015 retained earnings have not been certified.

No expenditures from Water/Sewer Retained Earnings were authorized during FY15.

Cash Management

Quarterly billing of real estate and personal property taxes, as well as monthly billing of water and sewer allowed the SRA to operate on its cash flow throughout FY15. 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 FY15 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 continued to meet throughout Fiscal Year 2015. Current members include Carol Karlberg – Chairman (Weymouth), Bruce Hughes – Vice Chairman (Old Colony Planning Council), Eric Hart – Secretary (Rockland), Joe Shea (Abington), William Koplovsky

(Hingham), Martin Pillsbury (Metropolitan Area Planning Council), Jesse McSweeney (Rockland) and Eric Miller (Weymouth). Thanks to Gene Blanchard, Lawrence Field, Joseph Gambon, and Lori Hindle for also serving the SRA during FY15. At this time the Advisory Board has three vacancies, all gubernatorial appointees. The Advisory Board met 6 times during FY15 for a total of 11 hours.

Board of Directors

The Board’s first meeting occurred on September 22, 2014 with Walter H. Flynn Jr. elected Chairman, William H. Minahan, Jr. elected Vice Chairman, and Chris Aiello elected Clerk. The Board reorganized on May 11, 2015 and William H. Minahan, Jr. was elected Chairman, Patricia O’Leary was elected Vice Chairman, and Chris Aiello remained Clerk. The SRA Board met 24 times in FY15 for a total of 40 hours. Directors with their terms are listed below:

Board of Directors:	Term Expires
William H. Minahan, Jr. (Rockland) - Chairman	2019
Patricia M. O’Leary (Weymouth) - Vice Chairman	2017
Chris Aiello (Abington) - Clerk	2019
Ralph Rivkind, Esq. (So. Shore Chamber)	2017
Kelli O’Brien-McKinnon (Rockland)	2017
Walter H. Flynn, Jr. (Weymouth)	2019
Lyndsey Kruzer, Esq. (Southfield Resident)	2017
Robert L. Rizzi (Labor Council)	2017
John C. Brewer (Southfield Resident)	2017