



January 31, 2014

The Honorable Weymouth Town Council
The Town of Weymouth
75 Middle Street
Weymouth, MA 02189

Dear Honorable Members of the Weymouth Town Council,

During the Weymouth Town Council meeting on January 27, 2014, Council President O'Connor requested a written response to the sixty-two (62) questions posed by Councilor DiFazio dated January 20, 2014. We are providing this letter and attached responses as our response to that request.

We are concerned that the phrasing and context of some of the questions do not address the basic problems that our solutions based draft legislation correct. The failures of South Shore Tri-Town Development Corporation (SSTTDC) extend beyond the three basic infrastructure requirements that we have discussed in detail; water capacity, wastewater capacity and parkway. SSTTDC has failed to provide the basic requirements of governance which is to provide basic municipal services and fiduciary responsibility for the tax revenues paid its citizens. SSTTDC operates at an annual budget deficit of \$2.5 million dollars. The SSTTDC budget for FY '14 shows that the budget deficit is not caused by the cost of services, in fact SSTTDC spends only 50% of the tax revenue on services. The budget deficit is caused by excessive overhead in the form of salaries, pension obligations and consultants. As evidenced by the chart below which references the SSTTDC FY '14 budget, SSTTDC spends more on the offices of the CEO, CFO and pensions than combined cost of services for Fire, Police and DPW.

Police	\$290,000
Fire	\$290,000
Public Works	\$227,000
Total	\$807,000

Chief Executive Office	\$475,000
Office of the CFO	\$398,000
Pensions	\$205,000
Total	\$1,078,000

The FY '14 budget shows that SSTTDC will have insufficient funds for their obligations in FY '15. In the imminent future, SSTTDC will be bankrupt. We are concerned that once SSTTDC becomes insolvent the ability to successfully achieve the vision of SouthField is fatally compromised.

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When SSTTDC becomes insolvent, we cannot predict what the potential financial consequences will be for the three towns or how many years it may require to establish a new economic development agency and find a new private developer. We can describe the missed opportunity for the Town of Weymouth. We do not believe that the local control, financial benefit, recreational amenities, Host Community Payments, tax revenue and vision of SouthField that we are proposing today will survive in their entirety with the next agency and developer. As we have stated in public meetings, we will answer as many questions as the Mayor and Council have regarding our proposed solutions but we are mindful that the legislative calendar is growing short and soon we will have missed the opportunity to save this project, to save SSTTDC from bankruptcy and to achieve the full potential of SouthField.

We wish to express our gratitude to you for the time and good faith efforts that you have devoted to consideration of our proposed solutions. The fundamental vision of the master planned community known as SouthField is maintained and made feasible by the solutions we are discussing, as opposed to merely being a vision that exists today on paper with no feasibility of being built. The draft legislation specifically does not change major elements of SouthField:

- a. There is *no change* to the residential maximum of 2,855 housing units;
- b. There is *no change* to the maximum build out of 2,000,000 square feet of commercial space;
- c. There is *no change* to the existing Zoning. The zoning bylaws adopted by the communities in 2005 are in no way affected by this proposal;
- d. The proposal *does not change* plans for a downtown, mixed use village center, the transit orientation or smart growth objective of the current SouthField vision.
- e. All permitting requirements—including all on and off site improvements—are in *no way affected* by these recommendations.
- f. All remaining Host Community Payments will be honored.

We look forward to meeting with you again to continue to discuss solutions that will achieve the vision of SouthField and provide benefits to the Towns of Weymouth, Rockland and Abington.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Matthew Barry', with a long horizontal line extending to the right.

Matthew Barry
Vice President

REQUEST FOR COMMENTS OR RESPONSES FROM STARWOOD

Dated: January 20, 2014

Prepared by Kenneth DiFazio (District 3 Councilor)

Responses by Starwood CPG Operations, LLC (“Starwood”)

1. Instead of the sweeping legislative changes in your proposal, please comment and provide answers to the alternative of making only the **four changes** listed below:

a) The three towns have been disappointed with SSTTDC’s definition of “excess revenue” and how it will be defined in the future and the towns have been disappointed with the fact that a water and sewer problem still exists for the project. Couldn’t the current legislation be modified to provide a more delineable definition of “excess revenue” therefore affording the towns more protection to its future income from the project? This would alleviate the towns from accepting responsibility for providing services as your current proposal suggests.

b) Within your proposal you have committed to finding, building and financing a permanent water source and wastewater facility, make this the second change in the proposed legislation.

c) Alter the phasing of commercial/residential phasing language to assist in proving for more residential build-out up front and commercial later as your current proposal suggests.

d) Lastly, within your proposal you have indicated that the state or federal authorities would take on the responsibility of financing the completion of the parkway. Why can’t we shift funding obligation for completion of the parkway and restructuring existing parkway debt and remove the deficiency claw back provision to the commonwealth without requiring the towns to take on the responsibility of providing all services? Keep this change as the fourth modification.

Response: This suggestion misses the mark because the problems associated with the current governance structure are just as significant as the problems cited above. Land that is shovel ready remains vacant because of SSTTDC’s inability to assure the future provision of municipal services at market rates, or tax rates that will be attractive to residential and commercial developers. The recent decision by SSTTDC to adopt a month-to-month municipal budget process will only aggravate this situation. SSTTDC’s current operational management, its inability to assure municipal services at market rates, its lack of transparency and accountability, and expenditure of resources on a large and unnecessary administrative superstructure constitutes a significant barrier to economic investment. According to a letter to the Council dated January 17, 2014, William B. Rice Eventide Home/Rogerson Communities (“Rogerson”), the developer of Fairing Way, an independent senior community, stated that it is not willing to break ground because of concerns relative to the failings of the public side of the SouthField private/public partnership. According to Rogerson “it is our opinion that the project cannot meaningfully progress, and indeed is in jeopardy, without solutions for which the public partner in this public/private partnership is responsible.”

In addition, the current requirement that all three towns must accept zoning changes (regardless of which town the land is located in that is the subject of the proposed change) also results in an atmosphere not conducive to development or investment by any private developer. While this major problem is not cited in the question, a repair is included in Starwood's proposal.

The SouthField project only works economically if it is a "public-private" partnership. It simply is not feasible for the private investor to carry all of the costs associated with this project. The master developer is currently negative \$119 million. Starwood has offered to assume an obligation that was supposed to be funded with public funds (*i.e.*, the cost of the water and wastewater solution) **only** if the investment of those additional funds makes economic sense. The proposal does not work from an economic basis if only certain pieces are adopted. The adoption of the entire proposal is necessary for the project to move forward. Starwood has added language to the draft legislation to the effect that, if one or more of the elements of the reform package that are to be completed after the legislation is signed into law (e.g., the Parkway financing elements) is not successfully implemented, none of the changes included in the legislation will be effective.

2. Within your initial presentation to Weymouth Town Council on 10/08/13 Starwood stated that Southfield was not viable because residents and businesses are required to pay taxes without representation. Doesn't SSTTDC provide representation? Doesn't District 6 Town Councilor provide representation for Weymouth residents within Southfield?

Response: SouthField landowners, homeowners, and businesses all pay taxes to SSTTDC. At the same time, however, they have absolutely no say or vote with respect to who gets appointed to the SSTTDC Board, or who gets hired as its staff, nor do they have any ability to influence the decisions made by that Board or staff. This scheme is classic "taxation without representation." And while District 6 does indeed include SouthField, the District 6 Councilor has no say or vote with respect to who is appointed to the Tri-Town Board or who is hired as staff, and no ability to impact decisions made by that Board or staff. There is no analog to such a "government" anywhere else in the Commonwealth.

3. Within your initial presentation to Weymouth Town Council on 10/08/13 Starwood stated that "uncertainty for provision of services made the current project not viable." Could you provide an example of previous documented problems regarding the services provided at Southfield? Do you have any documents which would indicate that there is no confidence that SSTTDC cannot adequately contract for services?

Response: Starwood has had many potential commercial developers cite to the uncertainty of this arrangement as one of their reasons for not selecting SouthField. Not only is there no certainty from year to year as to what municipalit(ies) will be providing services, there is no way for the taxpayer to budget for what these costs will be from year to year. This "pay for each call" arrangement has also proven to be a problem for our residents and commercial operators (which is then circulated by word of mouth, chilling future residential sales and leasing). They have reported to us that they are concerned about calling for police or fire protection because they know that it will carry a specific charge which may result in an increase in their tax bill.

According to a letter dated December 12, 2013 to the Weymouth Town Council from the SouthField Neighborhood Association:

“Southfield residents are treated differently than residents of any other town. We are clearly not residents of Abington or Rockland. And in Weymouth, we are not fully incorporated into the community. This lack of clarity has left us ostracized as we go out in the community. We have been in heated discussions with other residents who think we don’t pay our fair share for the services we receive. Because we pay every time the police or fire department come onto Southfield, there can be hesitation before seeking out emergency assistance. This is an untenable situation that needs to end.”

Moreover, the services also cost too much—and are out of market—because of the “middleman”. Weymouth provides water, wastewater and building permit inspection services at SouthField. SSTTDC marks up the cost.

	SSTTDC	Weymouth
Water & Wastewater Rate (per 100 cf)	\$21.34 (for first 900 cf) \$29.87 (thereafter)	\$11.38 (first 900 cf) \$19.34 (thereafter)
Building Permit Fees (per \$1000 value)	\$20	Residential: \$10 Commercial: \$15

4. Is it true that LNR has not participated in selling any property since January 1, 2013? Is it true that the last plan submitted by the developer to the SSTTDC was on 1/28/13 for the Corcoran building project IV for 72 units? And is this plan currently in the hands of the builder and is it 40% complete?

Response: It is not true that Starwood’s last sale was in January 2013. Starwood closed land sales on 2/19/13, 6/27/13, 8/28/13, 10/8/13 and 11/20/13 equaling 99 residential units. The plan that is referenced in the question appears to be the permit applications submitted to SSTTDC with respect to Corcoran’s Phase II project (72 multi-family rental units) which is currently under construction. No additional development permits have been submitted since that time, because there are no developers under contract to purchase land. We cannot force builders to purchase land at SouthField.

There are approximately 366 lots remaining to be sold in Phase I. Starwood has been actively marketing these lots for the past 24 months. One of the current builders indicated that while it would like to purchase some of these lots, they are unable to secure financing to do so because of the “uncertain future” of the project. The uncertainty of the project’s direction and uncompetitive fee structure of SSTTDC has resulted in many builders selecting sites outside of SouthField to invest.

5. In your 10/08/13 presentation you have mentioned: “Joint Town Control on all major decisions as a source of the problems with SSTTDC.” Provide a list of actual events which are the basis for this complaint.

Response: If Starwood is to invest millions of dollars in building demolition, peat removal, roadway, utility and water and wastewater construction, host community payments, payments to the Navy and overhead, then it needs to be assured there is an atmosphere conducive to vertical development and investment. The current structure, as it relates to zoning, does not provide such an atmosphere. Rather, the cost, time and risk associated with seeking zoning changes under the current scheme are major deterrents to development. It is only natural for a planned community such as SouthField to require various changes through-out the course of its life. Specifically, the requirement to gain approval from all three towns for “major” decisions invites each town to weigh in for issues that may or may not affect all towns equally. The proposed legislation streamlines the process by only requiring approval for major decisions from the town where the affected property is located. Without a streamlined process to effectuate those changes, Starwood cannot commit to additional capital investment in SouthField.

6. Provide an opinion as to why you believe the water and wastewater projects are not designed, built and un-financeable at this time?

Response: We do not know why SSTTDC has failed to fulfill its obligations under both the DDA (Articles 7.1 and 7.2) and the EDC Application it submitted to the Navy (that formed the basis for the Navy’s \$25 million valuation of the property), to provide, manage, design, permit, and construct the Water Supply System and Wastewater Management System. What we do know is that SSTTDC continues to budget \$0 for these efforts, and at recent meetings, its Board members have stated that they are unable to fulfill these obligations. The water and wastewater should already be permitted and in construction in order to meet the timetable for Phase II development, which is what the DDA obligates SSTTDC to do.

According to a press release issued by the Office of the State Auditor reporting on the findings of an Official Audit of SSTTDC issued on May 13, 2013:

“Essential to project completion are a cross-community roadway and water and sewage systems. Total infrastructure costs are projected at \$220 million. According to the audit, \$62 million of financing has been secured but Tri-Town’s management and Board of Directors have not developed formal financial plans to raise the additional \$158 million needed to complete these infrastructure elements, despite the passage of 8 years since the approval of the project’s master plan. Without comprehensive plans to finance and construct the project’s necessary infrastructure, the report says Tri-Town is jeopardizing its ability to achieve its primary mission of developing the base on schedule and to fulfill current obligations to the developer and current residents.”

7. You have stated that there exists unachievable/unrealistic expectations for the timing, type and amount of affordable housing, commercial development, and recreational facilities as a problem with the current plan. Couldn’t you request an amendment of the re-use plan of the phasing schedule to resolve this problem?

Response: Yes, Starwood could have sought an amendment of the Reuse Plan to change these

requirements. However, as we have stated previously, the relief being sought with respect to governance, zoning changes and the Parkway, which are all equally important, can only be achieved through legislation, which is why Starwood has proposed the revisions to the SSTTDC enabling legislation.

8. You have stated that there exists unworkable/unrealistic arrangements for sharing of tax revenues derived from Southfield. Please provide actual past examples of this.

Response: We believe the arrangement for Excess Tax Revenue is unrealistic because the current formula for distribution is based on the respective geographical area within SouthField (46% Weymouth; 42% Rockland; and 12% Abington). However, the reality is that approximately 85% of developable property and over 90% of projected assessed value, at full build out, will be in Weymouth. Tax revenue should be linked to services and the Weymouth component of SouthField will generate the most revenue and require the greatest amount of services. We believe any tax sharing plan should include a fair alignment of revenues and expenses. To date, SSTTDC has not returned a single dollar of Excess Revenue to the three towns and it is unlikely it will ever do so.

9. Besides the price, what problems does SSTTDC currently have with providing current services to Southfield?

Response: See Response to Question #3 above.

10. Provide past actual examples of “structures and rules that create misalignment between the objectives of the three towns, SSTTDC and the Developer”.

Response: One such example of the misalignment is the Excess Revenue point. As stated above, SSTTDC has never distributed Excess Revenue and without further significant development will never do so. This, along with its failure on sewer and water, are emblematic of an organization that does not care about whether the project proceeds or progresses towards full build-out and whose sole concern is its own existence (salaries and pensions). This is misaligned with the towns’ objectives. Starwood’s proposal incentivizes all stakeholders to pursue further development. The current scheme allows SSTTDC’s interests to trump the interests of the Towns.

In FY ’14 the SSTTDC CEO and CFO expenses will exceed those for police, fire and public works. The Executive expenses are over 27% of the SSTTDC recurring revenue budget. This is an unsustainable model and one that is not aligned with the best interests of the host communities, the commonwealth, or the residents and businesses of SouthField:

Police	\$290,000
Fire	\$290,000
Public Works	\$227,000
Total	\$807,000

Chief Executive Office	\$475,000
Office of the CFO	\$398,000
Pensions	\$205,000
Total	\$1,078,000

11. Delineate as accurately as possible Starwood's complete work to date on providing and financing a permanent water source and permanent wastewater treatment facility. Provide the total financial expenditure to date on this issue and the basis of the expected cost to complete your proposed plan. Provide any agreements you currently have with DEP or state government regarding your resolution of the ongoing problem. The proposed legislation states that the newly constituted SSTTDC is to collect fees on behalf of Starwood/Master developer. Please provide the proposed financing mechanism and the proposed source and use of funds to pay for the financing mechanism.

Response: Currently, SSTTDC is responsible to provide, manage, design, permit, and construct the Water Supply System and Wastewater Management System. Once the Enabling Act is revised, this responsibility will shift to the master developer. Starwood has already incurred tens of thousands of dollars investigating options and has engaged VHB to assist with that effort (which is far more than SSTTDC has spent). Cost estimates have been prepared and Starwood will further pursue these potential solutions once provided the authority to do so. The Developer will take on full responsibility for providing the many millions of dollars it will take to fund this work. Starwood may finance all or part of those costs at some future date, using water and sewer connection fees and rates to pay the debt service, with the developer providing 100% assurances to any funding mechanism.

12. If the future cost to design and build the water and wastewater projects is completed by the master developer at a cost less than you currently propose the cost will be, will the developer be willing to reimburse the Town of Weymouth the monies not spent by the Developer.

Response: Starwood has offered to take over SSTTDC's responsibility to finance and construct the water and wastewater solution for SouthField. Starwood will also be taking 100% of the risks associated with this investment. These risks include cost overruns, schedule delays (which could impact the ability to sell land and commence vertical development), and other factors which could have a negative economic impact on the project. There will be no request made upon Weymouth to share in these risks, and therefore it is not appropriate to share any potential savings as suggested.

13. How much further along would you consider yourselves in obtaining water and sewer resolutions than where SSTTDC is already to date? And state why.

Response: We know that SSTTDC has included \$0 in its FY '14 budget for this effort. We also know that SSTTDC board members have stated publicly that SSTTDC cannot satisfy this obligation, even though SSTTDC committed to doing so in both the DDA and its EDC Application to Navy. So, given that SSTTDC has not, and says it cannot, satisfy this responsibility, without which no development beyond Phase I can occur, Starwood believes that it is significantly further along in the process since Starwood can and will accept the financial responsibility for providing these public infrastructure elements provided that the project's economics make sense. The concern is SSTTDC will not secure financing thereby causing the project to grind to a halt with no water, sewer and an incomplete Parkway.

This subject was discussed in the report prepared by the Office of the State Auditor issued May 13, 2013 as follows:

“Under the terms of the DDA, SSTTDC is responsible for the completion of the East-West Parkway, an essential component to the development of the Base, as well as the development of water and sewage systems and project infrastructure. The total cost of these projects has been estimated at approximately \$220 million of which \$62 million of financing has been secured. Nevertheless, our audit found that SSTTDC’s management and Board of Directors had not received a commitment or developed a financial plan to raise the additional \$158 million required to complete these three critical projects (see Appendix VIII).”

14. In your development of the proposed legislation, what person or entity recommended the necessity of a Southfield resident on the Board of the Directors of SSTTDC?

Response: It is Starwood’s position that one or more SouthField residents are entitled to a seat on the Board. Under our proposal, SSTTDC’s mission would be issuing and enforcing permits for commercial and residential construction (including the design guidelines). We believe the SouthField residents and businesses have a clear stake in this mission. Additionally, according to the Office of the State Auditor:

“A project of this scope requires direction, oversight, and guidance from individuals with expertise in development, public planning, and finance. I do not believe the Tri-Town board currently provides that leadership” said Auditor Bump. “Too much is on the line for this project to go south. Through a legislative change the state can bring in the experience needed to complete this important regional economic development project successfully and expeditiously.”

15. Your proposed legislation in sect. 34 states that you propose that the state of Mass. pay for debt service for existing parkway (2.9 mil per year for 26 years) pay for the next parkway phase and pay for the east side parkway improvements. You have further represented that if this doesn’t occur then there is no alternative plan and no project. Let’s get this part of your change approved by the state first before saddling the towns with services. Please explain how you have unilaterally obtained or seek to obtain state or federal funding for all remaining aspects of the Parkway? If you have somehow obtained this affirmation already wouldn’t that solve one of the project’s largest detriments to commercial development?

Response: Starwood’s proposal is not requesting the state “pay for” the debt service. Rather, once the legislative reform is enacted, the net new taxes generated by development will cover the existing debt service. Rather, Starwood’s proposal is requesting that the claw back provision be eliminated. Starwood’s proposal also includes a commitment by the state to fund the balance of the Parkway project. It is paramount for the host communities to work closely with the developer to effectuate these changes. We do not believe it makes sense to move this one issue forward first for three reasons. First, as explained in response to prior questions, the project only makes economic sense if the entire proposal is adopted, not pieces of it. Second, the proposed legislation must be acted on in this legislative session. The project cannot endure, from an

economic standpoint, another year with no meaningful progress. Finally, it is not realistic to expect the state will restructure the clawback or invest in Phase II of the Parkway if the project is not viable and unable to proceed because of governance issues, lack of water and wastewater, or unrealistic market expectations. We refer you to correspondence of December 19, 2013 from House Majority Leader Ronald Mariano in describing the Commonwealth's posture relative to further SouthField investment: "While the state has made these investments out of limited resources, Tri-Town has devoted a significant portion of its resources to executive overhead costs which have not produced results or solutions for the fundamental hurdles at hand. In the absence of restructuring to a more efficient and reliable system of doing business, it will be a difficult case to make for additional state investment going forward." All solutions must occur in the same package or none of them will work. Weymouth is at no risk because of the language Starwood added to the draft legislation stating that if the Parkway financing elements are not successfully implemented, none of the changes included in the legislation will be effective.

16. Your elimination of a clear and concise delineation and timing of the development of the recreation fields within the re-use plan is problematic. In the alternative you have represented that you will develop recreational facilities that respond to actual community needs. Haven't we already agreed what is needed and why do the host communities need you to decide?

Response: See revised legislation.

17. The proposed legislation eliminates the responsibility of the developer to provide amenities agreed to by LNR South Shore, LLC and all three towns prior to the passage of the developer's re-use plan. These required amenities were to include : 1 large multi-sport field house, a hockey rink, soccer fields, 4 baseball/ softball diamonds, 13 courts and one tot lot in one phase and further, 35 acres of public parks and fields including 2 parkland fields, 16 courts, 3 tot lot playgrounds, 1 softball all field to be used for adult corporate leagues and an outdoor winter park for outdoor winter skating and cross country skiing as well as an 18 hole golf course. Substituted in the new legislature is language that gives the developer discretion on what, where and when to build any amenities they choose, with no requirements to provide any. The legislation further dictates that the developer will require reasonably negotiated (paid) contracts for towns to use any facility they may construct. One of the biggest selling points for community acceptance for the Reuse Plan was the inclusion of the specified recreational facilities and fields to be built prior to the completion of the Phase 1 development. Under the current legislation the developer is required to make available these facilities and fields and courts to the general public of the host communities for their use. Does your proposed legislation remove the requirement of the developer to adhere to any of these agreements? Is it true that if you were not to develop the above amenities it would make available dozens of acres available for sale to other developers and significantly increase your profit?

Response: The proposed legislation has been revised in response to concerns expressed by the host communities about the language in the 11/7/13 draft. Section 14(b)(4) now obligates Starwood to provide active and passive recreational facilities of the type identified in the Reuse Plan. Further, this section states that the agreements with the towns regarding the use of these facilities must be "commercially reasonable".

18. It appears that your proposal would not require you to provide a siting for a new public school or Community Center, so would the land previously designated for the sitings be available to Starwood to sell at 1 million per acre?

Response: The proposed legislation states that the DDA is to be revised to reflect only those changes addressed in the proposed legislation. See Section 15. Section 5.5 of the DDA, which states that Starwood is to convey land containing approximately 5 acres to SSTTDC for purposes of SSTTDC's construction of a school, is not changed by the proposed legislation. Because the proposed legislation, if adopted, would abolish the Reuse Plan, the requirement to provide a "site for Civic/Community Facility" would no longer exist.

19. With elimination of the Master Plan, would the DDA, section 8.2 requiring LNR to convey to SSTTDC 2 acres of land for use by the corporation as a public works facility still be in place?

Response: There is no such requirement in Section 8.2 of the DDA.

20. Would the obligation to the Homeless Assistance Act concerning the; 1) the Road to Responsibility program, 2) Bay Cove Human Services and 3) Quincy Community Action Program remain in place under the new legislation?

Response: Yes. The proposed legislation states that the DDA is to be revised to reflect only those changes addressed in the proposed legislation. See Section 15. Section 4.4 of the DDA, which addressed the obligations described in this question, is not changed by the proposed legislation.

21. Would it be a fair statement that the elimination of any pre-approved reuse plan and master plan creates a far more flexible path forward to design and construction to the developer's liking while eliminating 1) the requirements of constructing recreational activities and 2) the 2 million sq. ft. of commercial space that the towns insisted upon in the current re-use and master plan?

Response: It is fair to say that Starwood's proposal provides an environment more conducive to development and private investment, which should be a common goal. It is not fair to say that Starwood's proposal eliminates the requirement to construct recreational amenities (it does not). Also, the current Reuse Plan does not require the construction of 2 million square feet of commercial space—it *allows for* a maximum of 2 million square feet. The maximum is unchanged by Starwood's proposal.

With respect to the minimum commercial development required, the Reuse Plan states that residential development cannot proceed beyond 1,000 units without 300,000 square feet of commercial having been built. The Reuse Plan goes on to state that residential development cannot proceed beyond 2,000 units without 600,000 square feet of commercial being built. So, while the minimum commercial in the Reuse Plan is stated as "900,000", the plan actually only guarantees 600,000 square feet. All 2,855 residential units can be constructed with only 600,000 square feet of commercial having been built. In actuality, the current commercial minimum

guarantee is zero because SSTTDC has failed to provide water, wastewater or Phase II Parkway.

By comparison, Starwood is guaranteeing the construction of 900,000 square feet of commercial and is backing that promise by allocating at-risk capital for water and wastewater capacity dedicated exclusively to the Dedicated Commercial Zone.

22. Does the elimination of the Master Plan result in the elimination of the Wellness Center and Sports and Recreation Complex with its indoor ice rink and 300 space surface parking? If no, indicate where in the proposed legislation it continues to mandate that the master developer will provide an indoor pool, winter park, boys and girls scouting camp and an array of outdoor parks.

Response: See Section 14(b)(4) of the proposed legislation and the response to Question #17 above.

23. Within your proposal you indicate that SSTTDC will fund its operation and expenses through the assessment of entitlement fees and a small defined property tax levy in excess of the town rate. What are the amounts for the first five years? Isn't this a cost to Southfield residents similar to what you are complaining of now that they are charged too much by SSTTDC? How is that you see this dual tax rate work and what role does each town play in setting and collecting of those taxes?

Response: The term "Tri-Town rate" is defined in the proposed legislation as the rate levied within SouthField "at only that level necessary to fund the operations of the corporation" as determined by the board. As SSTTDC's duties and operations are significantly narrowed by the proposed legislation, we believe the budget for SSTTDC for the next five years will be modest. There remains over \$3 million in entitlement fees to be paid to SSTTDC, and SSTTDC's permit application fees are billed at a rate equal to SSTTDC's cost to process that application. Therefore, even if a tax needs to be levied, the impact to the SouthField residents should be small.

It is important to note that ever since SSSTTDC became a taxing authority, its residential rate has been higher than Weymouth's rate and, with the exception of 2010 and 2011, its commercial rate has also been higher than Weymouth's rate:

Tax Year	Weymouth Residential Rate	SSTTDC Residential Rate
2010	\$11.09	\$11.78
2011	\$11.69	\$11.90
2012	\$12.14	\$12.89
2013	\$12.93	\$13.26
2014	\$13.30	\$13.47

Weymouth Commercial Rate	SSTTDC Commercial Rate
\$18.38	\$17.47
\$19.41	\$17.70
\$20.13	\$23.89
\$21.14	\$26.35
\$21.70	\$30.73

In addition, based upon SSTTDC's 12/10 presentation, it is likely SSTTDC's residential rates are going to continue to climb more quickly than Weymouth's rate in the future, as SSTTDC's

financial projections showed large deficits (because of its unnecessary administrative structure and Parkway clawback) if SSTTDC were required to live within the means of the Weymouth rate. Therefore, under the Starwood proposal, SouthField residents are likely to receive a tax bill equal to or less than what they are currently receiving under the current scheme.

24. What is the justification for reducing affordable workforce requirements by 50% from 20% to 10%?

Response: The 20% requirement is not market. The standard requirement is 10%. This out-of-market requirement is hurting land sales and is therefore a barrier to further investment in land development by Starwood.

25. Your proposal requests the commercial/residential phasing be changed to allow timeframes for a commercial build out and completing water and sewer installation all to be determined by the market rather than arbitrary deadlines. Couldn't SSTTDC do the same and request this change without requiring the towns to take on providing services?

Response: No. The changes with respect to the commercial/residential phasing under the current enabling act require approval by all three towns.

26. Within your October 8, 2013 presentation to this Town Council you have stated that the developer will irrevocably commit allocation of water and wastewater capacity (which you will finance) and not use that capacity to serve non-commercial development elsewhere. If you simply made this change to the existing legislation wouldn't this drive commercial development as you state on page 23 of your presentation.

Response: See response to Question #1 above.

Page 23 of the October 8, 2013 presentation addresses a solution for the funding for water and wastewater design, permitting and construction as part of a comprehensive proposal. Simply making this one change will not result in commercial development. The Parkway clawback provision, funding for Phase II Parkway, and a market-rate tax rate are all issues that must be resolved before commercial development can occur.

27. Within your October 8, 2013 presentation to this Town Council you have stated that the tax burden on vacant commercial land and your cost to provide water will be at risk and this will drive build out of commercial property when the market conditions dictate. What if there remains no commercial development at that time, won't there be intense pressure to develop more residential units? (page of 14 of your handout)

Response: We disagree with the premise of the question. First, the legislation caps residential development at 2,855 units. Second, Starwood, as an experienced and successful commercial developer, believes that with the Parkway completed and amenities constructed there will be a market for commercial development. Moreover, the recovery by Starwood of its investment in water and wastewater infrastructure will be achieved when all land is developed, including the Dedicated Commercial Zone.

28. You have stated that the new zoning provision would not permit zoning amendments to be enacted without prior notice to all towns with the opportunity to comment. The “opportunity to comment” doesn’t provide any protection to any of the three towns does it? (page 16)

Response: Starwood’s proposal asks for a normal and customary zoning revision process in that the Town where the land resides makes the final decision regarding zoning in that Town. The other two Towns will be provided with notice of any requested changes and will have the opportunity at public meetings to voice concerns and discuss potential impacts to their Town.

29. Why have you placed “cost of permitting and inspections” upon the towns? Why not leave the cost with Southfield and charge the residents? (page 18)

Response: As the towns charge for these inspections and permits, this component of the Starwood proposal is favorable to the towns. The builders (construction-related permits) and residents (non-construction-related permits) will be paying these fees.

30. Why not permit Weymouth to receive real estate tax revenue from FOST 1 and 2? (page 26)

Response: Under Starwood’s proposal, Weymouth will receive the real estate tax revenue from FOST 1 and 2.

31. You state that Southfield’s chances for further development will improve when residents are relieved of special negotiated service fees. Please provide examples of buyers who have not purchased to date for this reason.

Response: Starwood refers you to the many negative newspaper articles on the topic of the extremely high water/wastewater costs that have run over the last few years and the recent Eventide/Rogerson correspondence that you have received. Please feel free to contact any other vertical builders at SouthField with respect to the difficulty they have had selling homes due to this issue.

	SSTDC	Weymouth
Water & Wastewater Rate (per 100 cf)	\$21.34 (for first 900 cf) \$29.87 (thereafter)	\$11.38 (first 900 cf) \$19.34 (thereafter)
Building Permit Fees (per \$1000 value)	\$20	Residential: \$10 Commercial: \$15

It is important to remember that the current absorption for for-sale housing has been at a pace of approximately 33 per year. At that pace, the project will not be complete for another 52 years (1727 additional for sale units/33 per year). Everyone’s goal should be to create an atmosphere conducive to development so that the project can be completed in a reasonable timeframe.

32. Who will be responsible for maintenance of water and wastewater disposal plant? And

who would own it? What are the project “operation and maintenance” costs for such a plant and would pay for it?

Response: Starwood will own the plant and be responsible for its operation and maintenance. At some future date, Starwood may convey the plant and associated responsibilities for operation and maintenance to a sewer district. Operation and maintenance costs are variable and are based on flow. Starwood’s consultant estimates that the annual operating costs are \$50,000/100,000 gpd. The customers of the utility pay the operating costs.

33. Does your proposed legislation to not construct a golf course alleviate you from both the cost of approx. 3 mil and the penalty of 1 mil under the current plan?

Response: This question misstates the applicable provisions of the DDA. Starwood’s obligation to make the \$3 million payment to SSTTDC would only be triggered if (a) Starwood chose not to construct the golf course, and (b) SSTTDC did construct an 18-hole golf course, which is highly unlikely. In addition, the \$1 million is not a penalty. Rather, Starwood’s obligation to make the \$1 million payment is triggered if (a) Starwood chose not to construct the golf course and (b) the land was to remain as open space. In that case, SSTTDC would be obligated to use the \$1 million “for the creation and/or maintenance of the Golf Course Property as open space.” The cost to tear up the runways and install utilities to that site alone exceeds \$4 million.

34. The draft response to your initial proposed legislation by the CEO of SSTTDC indicated that for the last 11 months LNR has had all required permits to construct 371 more housing units but has failed to put a shovel in the ground on a new unit in 2013. Why is it necessary to expedite this legislation when you are not even building what is already permitted? And haven’t you recently placed SSTTDC on notice of an additional 108 more residential units?

Response: SSTTDC has not issued permits authorizing the construction of the balance of the Phase I residential units. Moreover, as we explained previously, Starwood does not build homes. Starwood sells land to builders. To sell land you need a buyer. The residential builder market has determined that it is unlikely that the full vision of SouthField will occur and therefore we have not found a willing Buyer for our land. We have continued our efforts to sell land and are currently working with a potential builder for the 108 lots referenced in your question, but no deal has been agreed upon. Starwood expended in excess of \$500,000 in 2012 and 2013 marketing costs.

35. The SSTTDC CEO indicates that your proposal would do the following: Would allow unlimited changes to the current reuse plan at the developer’s desire with the only approval would be for zoning compliance and then only if the revision is considered major. Is this an accurate representation?

Response: That is not an accurate representation. Major zoning changes are defined in the proposed legislation as any change to the Table of Permitted Uses and any change to the zoning map (with two limited exceptions concerning Phase II Parkway and the Natural Heritage permit). Major zoning changes require the approval of the town in which the land is located. All other changes are defined as minor zoning changes and the approval authority remains with SSTTDC.

36. Your proposal is to establish LNR South Shore LLC and its successors as an equal authority with the host communities and SSTTDC, thereby replacing SSTTDC as the master development agency and giving that authority to you as a private developer. Wouldn't this ensure that only way for the developer to lose this unique authorization designation would be through further legislative action? Would you be able to cite any other legislation that has adopted the approach of naming a permanent Master Developer for a project?

Response: We do not agree. Starwood's proposed legislation does not replace SSTTDC as the development agency and the DDA provisions concerning default of either SSTTDC or Starwood will remain in place. Further, major land use decisions will now be made by the elected, and accountable, leadership of the individual communities, not by the developer.

37. Would your proposal result in not requiring the obtaining of a consensus approval authority from the towns on any future reuse plan the developer decides to implement? Also, would there no longer be a requirement that the developer create jobs for the region and no safeguards that the developer would be required to protect the environment and enhance the quality of life, all requirements that currently exist under the current re-use plan?

Response: Currently, there is little to no job creation because development will cease once the 1000th residential lot is developed. Thus, if job creation is the concern, then the existing situation is the problem. The proposed legislation provides the best opportunity for job creation. The local, state and federal agencies retain their full authority to protect the environment including pursuant to the permits that are in place today.

38. Under your proposed legislation it eliminates the "no cost" provision for the communities and requires communities to provide services which would be paid for by tax revenues. If the cost of services exceeds tax revenues, is it the sole responsibility of the community to finance these services as the community will no longer protected by a "no cost" provision?

Response: The Towns receive revenue immediately which far exceeds the cost of services. In addition, the Towns continue to receive millions of dollars in host community payments. Moreover, the "no cost" provision was conditioned by the language "to the extent practicable". Weymouth provides essentially all municipal services today to SouthField, but SSTTDC is only remunerating to Weymouth approximately 50% of the taxes it collects. So today, Weymouth is receiving only approximately \$6.50/\$1,000 per household in SouthField for essentially the same services Weymouth is providing to its own households for an amount two times (\$12.93) more than what it is receiving from SouthField. We feel that the fact that you are being reimbursed today from Tri Town at a rate that is only half the rate you charge current Weymouth residents on their tax bills for the same services you are providing Tri Town speaks to the ridiculousness of the assertion that you are being protected from costs today, or that you are in control of the situation.

39. Does new legislation relieve all parties from providing job growth? Does your rescinding of the re-use plan undermine the navy's approval of the EDC?

Response: Currently, there is little to no job creation because development will cease once the 1000th residential lot is developed. Thus, if job creation is the concern, then the existing situation is the problem. The proposed legislation provides the best opportunity for job creation. The local, state and federal agencies retain their full authority to protect the environment including pursuant to the permits that are in place today.

40. Does the proposed legislation eliminate the ability of SSTTDC or the communities to address performance issues as LNR or successors would always be defined as the master developer under the legislation unless again changed legislatively and not at the local level? Also doesn't the proposed legislative changes strip the communities of selecting any further successor without any local input?

Response: No. The provisions of the DDA to which the question refers are not affected by the proposed legislation. See response to Question #18 above.

41. The proposed legislature adds that the developer "shall upon request of any town enter into commercially reasonable agreements with that town respecting such town's usage of such facilities." Does this mean the host communities would not have free usage of the facilities?

Response: Yes, free use of such facilities is not a viable solution, and never has been. It has always been contemplated that the payment of reasonable fees would be required to cover the maintenance and operational costs of these facilities.

42. ZONING: It appears that the biggest change is whereas currently any revisions to zoning are required to be approved by a vote of all three host communities, if passed, this legislation would require only the one town where the actual land is located would need to approve a zoning revision and their approval would only be required on "major" zoning revisions. Further, the proposed legislation also codifies that no zoning revision may be considered unless it is initiated by the developer, town executive or land owner. Further, the legislation officially eliminates the consensus reuse and master plans by eliminating all reference in the existing by-laws to the reuse plan or the master plan. Does this mean that two out of three of the host communities will no longer have any authority or ability to debate and approve any development plan changes even though the impacts of all development on the base from traffic to noise to quality of life issues and potential fiscal impacts will still be significant for all three communities? Given this proposal is it true that no revisions to zoning can ever be made unless they are initiated by either the developer, Town executive or land owner? And if so, does that leave the Weymouth Town Council and the general public of Rockland and Abington out of the mix?

Response: Starwood's proposal asks for a normal and customary zoning revision process in that the Town where the land resides makes the final decision regarding zoning in that Town. The other two Towns will be provided with notice of any requested changes and will have the opportunity at public meetings to voice concerns and discuss potential impacts to their Town.

43. What happens to the Golf Course land, who owns it, who controls it, who can change zoning on it to develop it and finally who will pay taxes on it?

Response: Starwood owns the majority of the Golf Course land, with the exception of two parcels that Navy still owns. Rockland will control the zoning for the part within Rockland's border and Abington will control the zoning for the part within Abington's border. The landowner would pay the taxes. The current landowner is Starwood.

44. You have proposed to set aside 30 acres of land for commercial development which you have already self admittedly stated will not support even 900,000 sq. ft. of commercial space. Why not 70 acres for the current goal of 2 million sq. ft.?

Response: We believe 30 acres will accommodate the Dedicated Commercial Zone. The proposed legislation does not alter the commercial maximum or minimum development. The proposed legislation provides an assurance and incentive for the commercial minimum to be achieved.

45. With respect to zoning and setting aside 30 acres for commercial vertical construction, would that require a zoning change? Who would be required to assent to such a change?

Response: See Section 14(e) of the proposed legislation which states that the zone will be established within 180 days of the effective date of the act by the master developer and the applicable executive pursuant to a zoning map amendment process. Starwood anticipates the zone will be located in the current commercial zone.

46. True or false, by eliminating a separate Southfield tax rate set and collected by SSTTDC will Starwood be taxed at the rate set by each town and Starwood would have their current property tax liability cut by over \$600,000 for the land located in Weymouth?

Response: False. Under the proposed legislation, Starwood would be taxed at the base rate of each of the three towns, plus to the Tri-Town rate. See response to Question #23. We do not know if Starwood's tax bills will be higher or lower after the legislation is adopted because the new tax bills will be based on assessments performed by Weymouth, Abington and Rockland (as compared to SSTTDC who performs them now). In addition, Starwood's land located in Abington and Rockland will be taxed at a higher residential milage rate than currently, as those communities' rates are higher than SSTTDC's residential rate (i.e., FY '14 rate in Rockland is \$18.34 and in Abington is \$17.19). It is also disingenuous to accuse Starwood of offering its legislative proposal as merely a ploy to reduce its tax liability when the proposal includes an assumption by Starwood of SSTTDC's public utility obligations that will cost tens of millions of dollars.

47. It appears that you blame SSTTDC for being financially unable to fund water & sewer solutions without obtaining significant commercial development. Why don't you as master developer find the solutions required or obtain sufficient commercial development to fund such a solution? Isn't it true you have done neither to date as well?

Response: SSTTDC is responsible for providing water and wastewater because that was the only way the Navy would agree to transfer the property and because the previous master developer could not make the project work economically if it also had to assume water and wastewater

responsibility. As a result, two business deals were arrived at: the DDA and EDC, with rights and responsibilities agreed to and accepted by SSTTDC and the master developer. So when Tri Town now says that it cannot fund water and wastewater, it is not as simple as the developer “just going ahead and agreeing to do it anyway.” Tri Town has materially changed the business deal. Because the business deal no longer works, especially for an obligation this large, the entire project doesn’t work.

48. The original master plan had a commitment to the “Village Center Concept” Where is that commitment in the new legislation?

Response: Starwood remains committed to the Village Center and the current zoning supports that concept.

49. The current re-use plan calls for shuttle service to MBTA station to promote transit orientated aspect of the property. Is this maintained in the new legislation? Where?

Response: The requirement for the shuttle bus is also contained in the permits for the project, which remain in place.

50. You have stated that Weymouth will derive approximately 2.2 million in RE tax revenue in the first year of the proposed legislation. Didn’t Starwood place 1.7 million of that revenue in dispute by filing an appeal with the ATB? Doesn’t this reduce Weymouth’s revenue to \$500,000?

Response: While it is the case the Starwood appealed its real estate tax bills, the value of that appeal has not been liquidated. The liability for the abatement remains with SSTTDC (as they received the taxes). The liability never transfers to Weymouth. The financial model presented to Weymouth utilizes a reduced assessed value.

The question presumes that SSTTDC assessing and valuation policies are defensible. They are not. Starwood is not the only larger landowner at SouthField seeking abatement, so it is not alone in suggesting that SSTTDC’s policies in this regard are highly questionable.

The following is just one example of why Starwood is appealing its FY ’13 and FY ’14 tax bills:



This building (just the building) has been assessed by SSTTDC at \$2.981 million, resulting in taxes of \$90,000 per year. **The assessed value equates to \$94 per foot**, which is a valuation higher than Class A warehouse buildings located on the south shore. The Weymouth Fire Department has declared this building a hazard, and it is slated for demolition at a cost of approximately \$515,000. The land on which this building is located—38 acres—has been assessed for an additional \$12 million, **or \$300,000 per acre**, resulting in additional taxes of \$360,000 per year. So, the total taxes on this parcel of land alone are \$450,000 per year.

The following is an example of a commercial building in Weymouth and demonstrates how wildly over assessed the buildings and commercial vacant land at SouthField are. We have many more examples that we would be happy to share with you.



180 King Ave, Weymouth MA (Class A Warehouse)

Building SF: 66,695 SF

Building AV: \$2,523,400
Building AV/ SF: \$22 / SF
Compare to SouthField: \$94 /SF

Land: 2.43 Acres
Land AV: \$455,600
Land AV / Acre: \$187,490 / Acre
Compared to SouthField: \$300,000 / Acre

51. Why should Weymouth be required to pay the 2010A bonds without proof of payment for all costs associated with finding a permanent solution for water and sewer by the developer? You have represented that Weymouth must pay for these bonds because the liability runs with the land. What if Weymouth continued to pay but the master developer was required to reimburse Weymouth for each payment.

Response: Weymouth is not required to assume the debt service obligations of the bond. Rather, the legislation states that it may elect to do so. If it chooses not to, the proposed legislation is voided and the current Enabling Act would remain in place. The developer cannot pay taxes, host community payments, navy payments, SSTTDC obligations (water/sewer), on and off-site development costs and mitigation payments and still make the project's economics work. Further, the debt service obligation is to pay only 25% of the tax revenue in FOST 1 and 2 on undeveloped land and 35% of the tax revenue in FOST 1 and 2 on developed land, so Weymouth's obligation never exceeds those respective percentages of what it collects in revenue. The balance of the debt service, if any, is paid for by the owner(s) of undeveloped land through annual special assessments. The financial projections demonstrate that the taxes to be collected by Weymouth far exceed the cost of the services to be provided and the payment of the tax pledge component of the debt service. At full build, the profit to Weymouth exceeds \$7 million per year.

Starwood is further incentivized to complete the water/wastewater solution as soon as possible because it is obligated to fund the special assessments for the remaining undeveloped land in FOST 1 and 2.

52. If Weymouth flatly denied at this time to ever be responsible for these bond costs under any circumstances, what would be the status of your proposal, any alternatives?

Response: Starwood has no alternative.

53. Where in the proposed legislation does it state that the master developer shall be obligated to construct all roadways including punch lists?

Response: See Section 6.6 of the DDA which states that "Starwood shall be solely responsible for all costs incurred in connection with the Horizontal Development of the EDC Parcels which have been conveyed to Starwood by the Corporation in accordance with this Agreement."

54. Where is language in the legislation that the master developer will continue to reserve

land for schools and where does the PBC obligation continue in the new legislation?

Response: See Response to Question #18 above with respect to the school site. See Section 7.5 of the DDA with respect to the Public Amenities.

55. What portion of the legislation provides a monetary remedy for the towns if it is later found that LNR has made misrepresentations of the facts outside of the legislation to the towns in their marketing of the proposal?

Response: Starwood has engaged in an open process with the three towns so that the elected and appointed officials of these towns could review Starwood's proposal and make their own determinations as to the projections.

56. Under the acceptance of your current proposed legislation SSTTDC's CEO James Wilson produced the following anticipated financial impacts to the three towns:

Year	Deficit
2014	133,932
2015	112, 820
2017	434,884
2019	2,592,975

Please provide your analysis why these figures are either correct or inaccurate.

Response: These figures are inaccurate and disingenuous. If accurate, we should stop the project and all development in the Commonwealth. We think that it is very important for the questioner to ask SSTTDC what their projected tax rate is going to have to be in future years to make up these projected deficits and what effect those wildly out of market rates will have on development.

57. Comment on James Wilson’s response to your 12/18/13 assertion that building permit fees were lost and not recoverable.

Response: The building permit fee in the amount of \$304,500 is forfeited to SSTTDC if, on or before October 31, 2014, SSTTDC has not issued a building permit for a commercial building at 101 Shea Drive. Given the state of the commercial market and the uncertainty about the future of the project, it is unlikely we will have secured a commercial vertical developer and conveyed land before that date. Even if we were successful in locating a commercial vertical builder now, given the length of time it will take for that builder to perform due diligence, design the building, get permits and prepare a building permit set of construction documents, it is still unlikely the forfeiture date could be met.

58. Comment on James Wilson’s assertion that your previous statements that section 9(d) reference to 4 members are for quorum purposes only. James Wilson asserts that 4 out of nine members of the BOB constitutes a quorum and to adopt any action of the BOD. Does the actual language state otherwise and if so, where?

Response: See Section 9(d) of the proposed legislation. The quorum is 5, and the board may act only as a majority, which must in all events include at least 4 affirmative votes.

59. Mr. Kimball from Rockland makes a valid point, why do we need more people on the SSTTDC board when your proposal looks to minimize the tasks of SSTTDC?

Response: The two largest investors in SouthField, the residents and the Commonwealth, have asked for representation on the Tri-Town Board. These appointees will be important to ensuring SSTTDC’s budget remains appropriate for the reduced scope of work it will be fulfilling. See Responses to Questions #2 and #14 above.

60. Comment on James Wilson’s comment wherein you on 10/16/2013 made the following statement, “Towns may initiate changes in zoning without assent of the developer.” Doesn’t section 14 of the proposed legislation state otherwise?

Response: No. Section 14(c) specifically states that a major zoning revision can be initiated by the applicable town executive, the master developer, or a person owning land to be affected by the revision.

61. Could you analyze and comment on James Wilson's "worst case scenario" financial analysis provided in his 12-18-13 letter?

Response: See Response to Question #56 above.

62. CEO Kevin Donovan issued a fax dated January 21, 2014 with an attachment entitled "Highlights of Impacts of Ed Kimball's Personal Proposed Legislation". Please provide comment on Impact number(s) 3, 5, 9, 10 and 11.

Response: Starwood has not been provided with a copy of Mr. Donovan's letter.

62. CEO Kevin Donovan issued a fax dated January 21, 2014 with an attachment entitled “Highlights of Impacts of Ed Kimball’s Personal Proposed Legislation.” Please provide comment on Impact numbers:

3- This legislation does not obligate developer to pay for a water solution or a wastewater treatment facility. In fact, the legislation places the responsibility for delivering water and sewer to the developer on the individual towns. ALL residents of Rockland, Weymouth and Abington, therefore, will incur the cost of getting water and sewer to new residents and businesses at Southfield.

Response – We continue to offer to finance the Water and Wastewater solutions. If Rockland has sufficient water and wastewater capacity than we are open to Rockland supplying water and wastewater to development in SouthField that is on land located in Rockland. I do not understand the concern that “ALL residents” will pay. When a municipal utility expands their service area the cost is recovered through “tap” or connection fees that the utility charges the developer. I do not believe that the assertion that “ALL residents” will incur costs is accurate.

5- In this legislation the Southfield Re-use Plan is rescinded, thus removing any oversight or requirements that the master developer adhere to amenities that the communities negotiated or improvements to make the project work. The master developer was deeded 907 Acres of land, 324 acres at no cost, in return for meeting the requirements and agreements in the Disposition and Development Agreement (DDA) and the reuse plan. This legislation eliminates both the DDA and the Reuse plan essentially giving a developer this land with no benefits to the communities.

Response – SSTTDC knows that this statement is factually inaccurate. As we discussed during the Weymouth Town Council meeting on January 27, 2014, the DDA is solely revised for the purpose of conforming the DDA to the legislation. The changes to the DDA are primarily requiring the Developer to be responsible for water and wastewater in lieu of SSTTDC. We have committed to providing the recreational amenities as required by the reuse plan.

9- The Master Developer currently has appeals filed with the Tax Appellate Board for two fiscal years arguing that its land is overvalued for tax calculation purposes. If successful in its litigation, the developer would reduce its tax burden – or annual revenues available to the towns – by \$1,694,632, or 63% of all current real estate taxes. The projected deficits above based on cost of services vs. expected revenues would therefore increase by at least 63%.

Response – This question is similar to Councilor DiFazio’s question 50. While it is the case the Starwood appealed its real estate tax bills, the value of that appeal is irrelevant to the ad valorem tax revenues the Towns will receive based on their own assessment policies. The liability for the abatement remains with SSTTDC (as they received the taxes). The liability never transfers to Weymouth. The financial model presented to Weymouth utilizes a reduced assessed value.

The question presumes that SSTTDC assessing and valuation policies are defensible. They are not. Starwood is not the only larger landowner at SouthField seeking abatement, so it is not alone in suggesting that SSTTDC’s policies in this regard are highly questionable.

The following is just one example of why Starwood is appealing its FY ’13 and FY ’14 tax bills:



This building (just the building) has been assessed by SSTDC at \$2.981 million, resulting in taxes of \$90,000 per year. **The assessed value equates to \$94 per foot**, which is a valuation higher than Class A warehouse buildings located on the south shore. The Weymouth Fire Department has declared this building a hazard, and it is slated for demolition at a cost of approximately \$515,000.

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<u>Building SF:</u>	<u>66,695 SF</u>
<u>Building AV:</u>	<u>\$2,523,400</u>
<u>Building AV/ SF:</u>	<u>\$22 / SF</u>
<u>Compare to SouthField:\$94 /SF</u>	

10-This legislation calls for the Commonwealth (taxpayers) to absorb 100% of the debt service for the existing Parkway (\$1.9 million annually) and to pay for all costs for Parkway Phase 2 and the East Side Roadway improvements. If the legislation is passed and the state does not agree to absorb these costs, it will be on the taxpayers of just the three communities to absorb \$40-60 million in costs for the Parkway Phases 1 and 2.

Response – This question is similar to Councilor DiFazio’s question 15.

Weymouth will be at no risk because language will be added to the draft legislation stating that if the Parkway financing elements are not successfully implemented, none of the changes included in the legislation will be effective. Starwood’s proposal is not requesting the state “pay for” the debt service. Rather, once the legislative reform is enacted, the net new taxes generated by development will cover the existing debt service. Rather, Starwood’s proposal is requesting that the claw back provision be eliminated. Starwood’s proposal also includes a commitment by the state to fund the balance of the Parkway project. It is paramount for the host communities to work closely with the developer to effectuate these changes. We do not believe it makes sense to move this one issue forward first for three reasons. First, as explained in response to prior questions, the project only makes economic sense if the entire proposal is adopted, not pieces of it. Second, the proposed legislation must be acted on in this legislative session. The project cannot endure, from an economic standpoint, another year with no meaningful progress. Finally, it is not realistic to expect the state will restructure the clawback or invest in Phase II of the Parkway if the project is not viable and unable to proceed because of governance issues, lack of water and wastewater, or unrealistic market expectations. We refer you to correspondence of December 19, 2013 from House Majority Leader Ronald Mariano in describing the Commonwealth’s posture relative to further SouthField investment: “While the state has made these investments out of limited resources, Tri-Town has devoted a significant portion of its resources to executive overhead costs which have not produced results or solutions for the fundamental hurdles at hand. In the absence of restructuring to a more efficient and reliable system of doing business, it will be a difficult case to make for additional state investment going forward.” All solutions must occur in the same package or none of them will work.

11- While the towns will be facing large deficits as a result of this proposed legislation, the developer will be reaping millions of dollars in new savings and profits. With the lower tax rate the developer will be getting from the towns instead of the current Southfield tax rate, the developer will be saving \$549,000 per year. With no responsibility for Parkway debt service the developer will save another \$375,686 per year. With no requirement to adhere to the current DDA with SSTTDC, the developer will save a minimum \$1 million settlement for not building a golf course. The developer will further save \$2.5 million in entitlement fees currently required under the DDA and they will save another \$200,000 in permitting fees using Weymouth’s lower rate. And in addition to saving the cost of building recreational and other public amenities that will no longer be required, the developer will make approximately \$8 million in sales on the land previously reserved for public facilities. Total new profit for the developer if this legislation is passed = well in excess of \$12 million and an additional savings of approximately \$900,000 per year.

Response – This statement is false and disingenuous on a number of levels. See response to Item #5 and Item #9 above. Our financials show that the Town of Weymouth will receive tax revenue that exceeds costs from SouthField which is \$1.2 million dollars in year one growing to a surplus in the range of \$7 to \$10 million annually. The continued allegation that we are not planning to build the recreational and public amenities is a purposeful misstatement of the facts. The question neglects to address the fact that the Developer’s proposal transfers the obligation to invest tens of millions of dollars to build municipal services that SSTDC has proven unable to provide. The suggestion that we are trying to save tax dollars underlines our concern that SSTDC does not understand economic development or real estate development.