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August 20, 2009

REPORT OF THE COMMITTEE ON FINANCE

The Committee on Finance convened on August 20, 2009, with Chairman Maryann Heuston presiding and Committee Members Aldermen Bruce Desmond, John Connolly and William White also present and voting. Also present were Alderman Dennis Sullivan, Administrative Assistant Matt Dias, Monica Lamboy and Anne Thomas from SPCD, City Solicitor John Gannon and Assistant City Solicitor Frank Wright.

Ms. Lamboy made a presentation on the I-Cubed Infrastructure Investment Incentive, as follows:

The program was adopted in 2006 by the Massachusetts Legislature and allows the Commonwealth to provide bond financing for public infrastructure funded through “net new State revenues”. It is a partnership between the Commonwealth (A&F, DOR), the City and developer(s). Projects can receive up to \$50 million, limited to no more than 2 per jurisdiction. The Assembly on the Mystic is the first project to go through the process.

A preliminary economic development proposal was submitted in January 2009, identifying gross infrastructure investment needed and the amount of bond financing requested. The program identifies revenue sources that will pay the bond debt service; (during the construction period, payment will be made by the developer; after project occupancy, net new State revenues for each project component will be calculated and compared to projection). The preliminary proposal indicates that IKEA is more than sufficient to cover Tranche I and Phase 1A-1C is more than sufficient to cover Tranche II.

No zoning changes are needed to implement the program. Master Plan and Special Permit approval has been granted for IKEA (Tranche I). The Municipal Liquidity Reserve will be in the form of a Letter of Credit from Federal Realty Investment Trust and provides additional protection to the City if the project component does not produce the required revenues and the assessment is not paid.

The City needs to secure a permanent easement to the roadways included in I-Cubed. Language for the Assembly Square Drive permanent easement will be submitted at the August 27th BOA meeting, along with the remaining temporary construction easements. Ownership of Assembly Square Drive will be granted to the City after the infrastructure is complete and has been accepted. The permanent easement for other roadways will occur prior to Tranche II.

The Infrastructure Development Assistance Agreement (IDAA) will address:

- The amount of bonds,
- The annual certification requirements/process,
- The process to establish assessments (construction period and after occupancy),
- The requirements for liquidity reserve,
- The requirement that the developer pay for balance of the infrastructure not covered by I-cubed and
- The provisions for acknowledging early payment of bonds.

The Commonwealth is currently in the process of preparing a draft IDAA.

Chairman Heuston informed those present that the next meeting regarding this subject would include a public hearing and she requested that the preliminary economic proposal be available to the public. Additionally, Chairman Heuston requested that SPCD provide the committee with information regarding the amount of the bonds and assessments from the state, if that data is available. Ms. Thomas informed the members that the Board of Aldermen would have to approve the economic development proposal and if the Board does not vote on it, the program ends. Alderman White requested a breakdown of how the funds (\$50 million) would be spent and also asked that all legal documents pertaining to the proposal be made available for review before a vote is taken by the Board of Aldermen. Ms. Lamboy will contact Federal Realty to get the appropriate documents.

No papers were acted on.

Alderman Maryann Heuston, Chairman
Committee on Finance