



# CITY OF SOMERVILLE, MASSACHUSETTS

## CLERK OF COMMITTEES

March 31, 2011

### REPORT OF THE FINANCE COMMITTEE

Attendee Name	Title	Status	Arrived
Maryann M. Heuston	Chair	Present	
William A. White Jr.	Vice Chair	Present	
John M Connolly	Alderman At Large	Present	
Rebekah Gewirtz	Ward Six Alderman	Present	
Thomas F. Taylor	Ward Three Alderman	Present	
William M. Roche	Ward One Alderman	Present	
Walter F. Pero	Ward Four Alderman	Present	
Sean T. O'Donovan	Ward Five Alderman	Present	
Robert C. Trane	Ward Seven Alderman	Absent	
Bruce M. Desmond	Alderman At Large	Present	
Dennis M. Sullivan	Alderman At Large	Absent	
Joseph Curtatone	Mayor	Present	
Monica Lamboy	Exec. Director OSPCD	Present	
Steve Azar	OSPCD	Present	
Janice Delory	Chief of Staff	Present	
Ed Bean	Chief Financial Officer	Present	
Anne Thomas	Counsel, OSPCD	Present	
Thomas Pasquarello	Chief of Police	Present	
Marc Levye	Chief Assessor	Present	
Carl Sciortino	State Representative	Present	

- Public Hearing: related to the Mayor's request to appropriate and authorize the city to borrow \$25,750,000 in a bond for the cost of implementing the Assembly Row DIF District and Development Program

Members of the public spoke on the proposal and expressed opinions on the city's current financial health, the unpredictability of certain variables pertaining to the project, the need for more commercial development, the city taking over the infrastructure, retaining the character of the city, jobs for local residents at livable wages and the impact of the Orange Line station. The record will remain open until the close of business on Wednesday, April 13, 2011 to receive additional written comments.

**190977 - Conveying the Assembly Row DIF Consultant Analysis on municipal service impacts.:**

Mr. Pate, of WTHA, discussed his consulting work and spoke about marginal expenses, average costs, how the city's expenses would increase, how these costs would be absorbed and how the city would benefit financially from the proposed development. A request was made by Alderman Gewirtz for a more thorough analysis of the costs.

**RESULT: KEPT IN COMMITTEE**

**190978 - Conveying the Assembly Row DIF Tri-Party Public Funding Agreement.:**

**RESULT: KEPT IN COMMITTEE**

**190988 - Requesting an appropriation of \$25,750,000 and authorization to borrow \$25,750,000 in a bond for the cost of implementing the Assembly Row DIF District and Development Program.:**

Mayor Curtatone spoke about the master plan for Assembly Square and discussed the approval of the funding for its Orange Line station. The Mayor also spoke about the city's bond rating has improving to A+ and how that would affect the debt service and payment schedule. Mr. Levey discussed the value and expected revenues of the subject properties and Alderman White requested that the valuation models and the basis used in the calculations be provided along with an analysis of the jobs to be created.

The committee raised concerns about payments to the developer, requirements placed on the bond, protecting the city with respect to the infrastructure in perpetuity, aspects of the tri-party agreement, jobs for Somerville residents, having a signed MOU and a guarantee from the developer. Ms. Thomas stated that the property owners and Federal Realty Investment Trust (FRIT) are guarantying the obligation, although it is not secured by a letter of credit. Mr. Briggs, from FRIT, assured the committee that FRIT's \$4 billion of equity is enough to cover the guarantee. Mr. Briggs added that there is no certainty that IKEA is going to move forward at Assembly Square.

**RESULT: KEPT IN COMMITTEE**