
South Shore Tri-Town Development Corporation
For the period July 1, 2008 through June 30, 2011
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INTRODUCTION AND SUMMARY OF FINDINGS AND RECOMMENDATIONS

Chapter 301 of the Acts of 1998, as amended by Chapter 303 of the Acts of 2008\(^1\), established the South Shore Tri-Town Development Corporation (SSTTDC) as a governmental entity charged with the responsibility for the development of the former South Weymouth Naval Air Station (Base) on behalf of the Towns of Abington, Rockland, and Weymouth (host communities). SSTTDC's enabling legislation requires it to develop the Base with the goal of maximizing the fiscal benefit to the host communities and in a manner that imposes no costs to said towns for the provision of police, fire protection, emergency, water, sewer, and other municipal services. SSTTDC is overseen by a five-member, compensated\(^2\) Board of Directors appointed by the host communities to serve five-year terms. SSTTDC's day-to-day operations are administered by a Chief Executive Officer, Chief Financial Officer, and Treasurer who are appointed by and serve at the pleasure of the board. In addition, SSTTDC's enabling legislation established an SSTTDC Advisory Board, which consists of 11 appointed members who serve without compensation. The Advisory Board is required to meet twice annually; review SSTTDC's annual reports and annual budgets; and prepare comments and make recommendations to the governor, the Legislature, and the host communities regarding SSTTDC's redevelopment program at the Base.

In 2002, SSTTDC selected LNR Property, LLC (LNR) to develop a revised Reuse Plan for the site, which the host communities approved in 2005. The approved plan anticipates the development of 2,855 units of housing and 2,000,000 square feet of commercial space and recreational space on the Base. In 2004, SSTTDC entered into a Disposition and Development Agreement (DDA) with LNR. The DDA defines the responsibilities of each party for various aspects of the site’s development. Under this agreement, SSTTDC is financially responsible for development of the infrastructure (e.g., roads, sidewalks, streetlights), water and wastewater systems, a parkway crossing the site, and certain offsite improvements related to the project. LNR, as the master developer, is responsible for the coordination and oversight of all aspects of development of the project.

\(^1\) In 2008, the General Court of the Commonwealth amended the 1998 enabling legislation to define SSTTDC as a local governmental unit, giving it the powers of a city or town. SSTTDC was given the authority to set tax rates subject to state approval, and was allowed to purchase or lease water from the water system of a town or other governmental or quasi-governmental agency. The amended legislation did not change the primary purpose of SSTTDC, which is to redevelop the South Weymouth Naval Air Station for the benefit of the host communities. The modified legislation also extended the existence of SSTTDC to 2053.

\(^2\) In accordance with Chapter 301, Section 9(e), of the Acts of 1998, SSTTDC board members receive annual compensation for incidental expenses not to exceed $6,250, or 80% of the total combined average of the annual salaries of the town councilors of the Town of Weymouth, whichever is higher.
As presented throughout this report, as of the end of our field work, August 21, 2012, SSTTDC had acquired the majority of land on the Base from the Navy and had transferred the land to LNR. SSTTDC had also obtained $50 million of the estimated $90 million required to complete the critical East-West Parkway that will run through the property and had obtained $12.5 million toward the estimated $81 million required for the infrastructure on the completed site. Parkway construction was in process, and 667 residential units had been completed or were under construction.

In accordance with Chapter 11, Section 12, of the Massachusetts General Laws and Chapter 301, Section 28, of the Acts of 1998, the Office of the State Auditor (OSA) conducted an audit of SSTTDC for the period July 1, 2008 through June 30, 2011. Our audit objectives were to (1) evaluate the adequacy of the policies and procedures SSTTDC had established for its oversight of the project as well as the internal controls over the activities associated with the project’s development and (2) test various SSTTDC expenditures to determine whether they are reasonable and allowable; pertain to its mission; and comply with applicable laws, rules, and regulations.

Our audit found that SSTTDC’s Board of Directors has not provided the oversight necessary to ensure that management accomplishes its mission of developing the Base for the benefits of the host communities. This situation, which places the timely completion of the Base development at high risk, is evidenced by the fact that a complete financial plan to meet its obligations under the terms of the DDA has not been developed. The Board has not communicated their goals and expectations of management and has not developed a process to monitor management’s progress toward attainment of those goals. Further, the Board has not held management responsible for the lack of adequate controls over spending on consultants and legal services, nor has the Board held management responsible for noncompliance with timely reporting requirements.

We also found that the SSTTDC Advisory Board, which has no direct management responsibility, has not been reporting on the progress of the base development to the governor or Legislature and the host communities.

**Highlight of Audit Findings**

- 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). This lack of planning constitutes a risk to SSTTDC’s achievement of its primary mission of developing the Base within 12 years in accordance with the Reuse Plan.

- Our review of the minutes of the meetings of SSTTDC’s Board of Directors during the audit period did not identify any instances in which the board discussed the risk of SSTTDC’s not being able to complete all three phases of the Reuse Plan. No specific direction was provided to management, and there was no mention of the board’s expectations of management. This lack of oversight creates a higher-than-acceptable risk that SSTTDC will not be able to meet its obligations.

- Our audit identified deficiencies in the internal controls SSTTDC had established over its administration of contracted services. Specifically, during our audit period, we noted payments of $1,322,051 that SSTTDC made to two law firms without entering into formal written contracts that identified the duties and responsibilities of all parties, the services to be performed, the level of compensation for the services, and the terms of the agreements. We also found that supporting invoices for SSTTDC payments, totaling $1,042,791, to nine consultants did not contain a detailed explanation of the work performed or the benefit to be realized by SSTTDC. These payments, totaling $2,364,842, constitute 37% of the $6,447,322 in total SSTTDC spending for the three-year period of our audit.

- Although SSTTDC’s enabling legislation requires it to file annual audited financial statements with OSA within 120 days of the end of each fiscal year, SSTTDC did not issue its audited financial statements for the fiscal year ended June 30, 2011 until 14 months later, on August 31, 2012. Not only does this significantly delayed reporting reduce the relevance and usefulness of the information reported, but it also demonstrates management’s lack of responsiveness to public disclosure and user concerns.

- During the audit period, SSTTDC’s Advisory Board did not fulfill its responsibility of communicating to the governor and Legislature about SSTTDC’s DDA obligations for infrastructure funding, water/sewage requirements, and East-West Parkway costs.

**Recommendations of the State Auditor**

SSTTDC should immediately take measures to ensure that it meets all of its contractual and statutory obligations regarding the development of the Base, including preparing comprehensive project financing plans with specific timelines for all development phases. SSTTDC should also ensure that its internal controls adequately address all aspects of its operations.
OVERVIEW OF AUDITED AGENCY

On July 1, 1995, the federal Defense Base Closure and Realignment Commission recommended the closure of the South Weymouth Naval Air Station (Base). The Base is located 12 miles south of Boston and covers approximately 1,400 acres within the towns of Weymouth, Rockland, and Abington (host communities). In September 1995, the Governor issued Executive Order No. 378, establishing a South Weymouth Naval Air Station Planning Committee (NAS Planning Committee) to provide policy guidance for all aspects of reuse planning for the Base. The NAS Planning Committee was also responsible for overseeing preparation of a Reuse Plan for the property, with the goal of converting the Base to productive use for the host communities. Under the Executive Order, the NAS Planning Committee was to be composed of 33 individuals, including various members of Congress and state legislators; the Commanding Officer of the Base; and individuals representing the host communities, the Town of Hingham, and private sector business and labor interests. The Base closed and began to vacate in 1997.

In 1997, the NAS Planning Committee considered a proposal to build a 2.1-million-square-foot mega-mall on the Base. However, this proposal was not approved because opponents of the mall plan wanted instead to pursue smart growth principles3 (a compact, mixed-use, transit-oriented, and pedestrian-friendly development) and a staged development process that would benefit the economy, the environment, and the community. Subsequently, the NAS Planning Committee drafted legislation that resulted in the passage of Chapter 301 of the Acts of 1998, establishing the South Shore Tri-Town Development Corporation (SSTTDC) as a governmental entity charged with the responsibility formerly held by the NAS Planning Committee for the development of the former South Weymouth Naval Air Station. Chapter 301 gave SSTTDC bonding authority for the project and included a provision dissolving SSTTDC 20 years after the effective date of Chapter 301. The primary purpose of SSTTDC is to secure the redevelopment of the Base to the greatest benefit of the host communities. SSTTDC is also empowered to administer licenses, building permits, and zoning approvals in the Central Redevelopment Area of the Base. (See Appendix V – Zoning Map.) The host communities are charged with administering licenses, building permits, and zoning approvals on the Perimeter Area of the Base. (See Appendix V – Zoning Map.) SSTTDC is empowered to collect tax revenue from the development of the Base. Chapter 301 of the Acts of

3 The Environmental Protection Agency’s (EPA’s) Smart Growth Program provides guidance that helps communities improve their development practices in accordance with the communities’ wishes. The EPA works with local, state, and national experts to discover and encourage successful, environmentally sensitive development strategies.
1998 requires SSTTDC, after paying all of its obligations, to distribute any excess revenue back to the host communities.

In October 2002, after a national search, SSTTDC selected LNR Property, LLC (LNR) to be its master developer. LNR had experience developing military bases and had worked with the Navy on other projects. LNR was also familiar with smart growth principles. At this time, LNR entered into a Letter of Intent with SSTTDC and provided SSTTDC with $500,000 for costs and expenses related to Base development operations. In December 2002, SSTTDC and LNR entered into an Exclusive Negotiation Agreement, which outlined the general terms and conditions to be included in the Disposition and Development Agreement (DDA) between the two parties. LNR also provided SSTTDC with $1 million for costs and expenses related to SSTTDC’s operations.

In 2004, SSTTDC signed a DDA with LNR. Under the DDA, LNR is responsible for land improvement, the selling or leasing of improved parcels for vertical development (residential and commercial), and public amenities (e.g., playgrounds, parks, and ball fields) for the Base consistent with the Reuse Plan. SSTTDC is responsible for the financing of the East-West Parkway, related off-site improvements, the water and sewer system, and infrastructure (e.g., streets, sidewalks, and utilities). In addition, SSTTDC is responsible for ensuring that LNR adheres to the Reuse Plan and Zoning and Land Use By-Laws approved by the host communities.

In 2004, LNR unveiled the Village Center Plan, which substantially altered the 1998 Reuse Plan from retail to residential. The Village Center Plan was designed using smart growth principles and consists of the following three phases, which were expected to be completed over a 12-year period:
<table>
<thead>
<tr>
<th>Phase</th>
<th>Residential (units)</th>
<th>Commercial (sq. ft.)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Target Range</td>
<td>Binding Restrictions</td>
</tr>
<tr>
<td>Phase 1</td>
<td>800 – 1,000</td>
<td>1,000 units maximum</td>
</tr>
<tr>
<td>Phase 2</td>
<td>800 – 1,000</td>
<td>1,000 units maximum</td>
</tr>
<tr>
<td>Phase 3</td>
<td>300 – 855</td>
<td>855 units maximum</td>
</tr>
<tr>
<td>Total</td>
<td>1,900 – 2,855</td>
<td>2,855</td>
</tr>
</tbody>
</table>

The Village Center Plan also included transportation and water/sewage construction improvements necessary to support the redevelopment of the Base. These improvements fall into the three phases of the Base redevelopment, as outlined below:

<table>
<thead>
<tr>
<th>Transportation</th>
<th>Water Supply Distribution</th>
<th>Wastewater Collection and Treatment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase 1</td>
<td>East-West Parkway cutting through the Base</td>
<td>On-base water lines</td>
</tr>
<tr>
<td></td>
<td>Off-base road improvements</td>
<td>Off-base water lines</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Irrigation</td>
</tr>
<tr>
<td>Phase 2</td>
<td>Off-base road improvements</td>
<td>On-base water lines</td>
</tr>
<tr>
<td></td>
<td>On-base transit system</td>
<td></td>
</tr>
<tr>
<td>Phase 3</td>
<td>None</td>
<td>On-base water lines</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
In 2005, the Village Center Plan and the associated Zoning and Land Use By-Laws were presented to, and approved by, the host communities. SSTTDC’s Project Manager administers the Reuse Plan and Zoning and Land Use By-Laws in the Central Redevelopment Area of the Base, which comprises the following:

<table>
<thead>
<tr>
<th>District</th>
<th>Acres</th>
</tr>
</thead>
<tbody>
<tr>
<td>Village Center District</td>
<td>102</td>
</tr>
<tr>
<td>Mixed-Use Village District</td>
<td>152</td>
</tr>
<tr>
<td>Residential District</td>
<td>95</td>
</tr>
<tr>
<td>Shea Village Commercial District</td>
<td>81</td>
</tr>
<tr>
<td>Golf Course/Open Space District</td>
<td>204</td>
</tr>
<tr>
<td>Recreation District</td>
<td>52</td>
</tr>
<tr>
<td>Open Space – Corporation District</td>
<td>300</td>
</tr>
<tr>
<td>Coast Guard District</td>
<td>45</td>
</tr>
</tbody>
</table>

In December 2005, LNR received approval from the Executive Office of Environmental Affairs (EOEA) to begin construction on the project. EOEA waived the required Environmental Impact Report, which had not been completed. In the same year, the Massachusetts Executive Office of Transportation and Construction received an $8 million federal grant to design and construct access improvements and intermodal facilities at the Base.

In 2006, SSTTDC transferred the first land, 549 acres, that it received from the Navy to LNR in accordance with the DDA. LNR named the land “SouthField.” SSTTDC continued to negotiate with the Navy for the remaining 838 acres, but the Navy now wanted “fair market value” for the land because the Reuse Plan was changed from retail use to residential use. Negotiations between the Navy and SSTTDC over the land’s value and environmental cleanup persisted until 2011, when both parties agreed to a price of $25 million. Under the agreement, 681 acres were to be conveyed initially, with the remaining approximately 146 acres to be conveyed when environmental cleanup was completed.

In August 2010, the Massachusetts Department of Revenue certified the SSTTDC tax base and authorized the SSTTDC Board of Directors to collect $783,892 in real estate taxes.
In the summer of 2010, construction began on the 3.5-mile East-West Parkway, which will traverse the Base from Route 18 in Weymouth to Route 3 in Rockland and will open up the entire Base for residential and commercial construction. The Parkway is estimated to cost approximately $90 million. As of the end of our audit period, SSTTDC had received partial funding for the Parkway from three revenue sources: $30 million from the Commonwealth of Massachusetts through the Massachusetts Development Finance Agency; $12 million in federal funds through the Massachusetts Department of Transportation (MassDOT); and $8 million in additional federal funds. In return for the $30 million in financing received from the Commonwealth, SSTTDC is required to generate new taxes from construction on the Base, equal to 1.5 times the annual interest cost to the Commonwealth, on the bonds issued. Should SSTTDC fail to achieve this coverage, it must reimburse the shortfall to the Commonwealth from property taxes or other revenues. SSTTDC will need approximately an additional $40 million in funding to complete the East-West Parkway. In addition to the funding related to the East-West Parkway, SSTTDC, on August 9, 2010, privately placed $12.5 million in revenue bonds at an annual interest rate of 5.50-7.75% in order to pay LNR for the funds advanced on the initial infrastructure. These bonds are due on August 1, 2040 and require accelerating principal payments commencing in fiscal year 2016. A portion of the SSTTDC property tax revenue has been pledged to the payment of debt service. LNR has since turned the roads and infrastructure over to SSTTDC under Article 8, Section 8.1, of the DDA.

In 2011, LNR contracted with two builders to start constructing homes on the Base and announced it had entered into an agreement with a South Shore contractor to build 226 apartments on the Base. SSTTDC then transferred the land and related cost to LNR. LNR paid the Navy $12 million in cash and assumed a debt of $13 million. The debt payment will come in the form of a profit-sharing agreement under which the Navy will receive 5% of all land sales that LNR makes to homebuilders on the site.

By the middle of 2012, LNR received commitments for 500 residential units and 150,000 square feet of commercial space. At this time, some of the residential units were completed and occupied, whereas others were in the planning or permitting stages. To proceed beyond the 500 residential units and 150,000 square feet of commercial space and complete Phase I, the project needs a water and sewer permit from the Massachusetts Department of Environment Protection. As of the end of our audit field work, the permit had not been issued.
A summary of SSTTDC’s revenue and expenses for the three fiscal years ended June 30, 2011 is presented in Appendix VII of this report.
AUDIT SCOPE, OBJECTIVES, AND METHODOLOGY

In accordance with Chapter 11, Section 12, of the Massachusetts General Laws and Chapter 301, Section 28, of the Acts of 1998, the Office of the State Auditor (OSA) conducted an audit of the South Shore Tri-Town Development Center (SSTTDC) for the period July 1, 2008 through June 30, 2011. Our audit objectives were to (1) evaluate the adequacy of the policies and procedures SSTTDC had established for its oversight of the project as well as the internal controls over the activities associated with the project’s development and (2) test various SSTTDC expenditures to determine whether they are reasonable and allowable; pertain to its mission; and comply with applicable laws, rules, and regulations.

We conducted this audit in accordance with generally accepted government auditing standards. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

In order to meet these objectives, we first reviewed SSTTDC’s enabling legislation; the Reuse Plan; the Disposition and Development Agreement; the draft audit report from SSTTDC’s independent accounting firm for fiscal year 2011; and the meeting minutes of the SSTTDC Board of Directors and the SSTTDC Advisory Board. In addition, we used random non-statistical sampling and tested legal, consulting, and payroll expenses; assessed SSTTDC’s internal controls over its procurement and payment activities; and determined SSTTDC’s compliance with applicable laws, rules, and regulations in the areas reviewed.

During the audit period, SSTTDC converted from using a small business accounting system to using a system frequently used by municipalities. OSA relied on the work performed by SSTTDC’s public accounting firm from the time the small business system was being used through SSTTDC’s conversion to the municipal accounting system. The municipal accounting system is a third-party-hosted system located in Maine. OSA assessed the reliability of SSTTDC’s municipal financial system by visiting the third-party service provider in Maine and speaking to its associates about its data quality control procedures and reviewing documentation that was relevant to these procedures. We determined that the data was sufficiently reliable for the purposes of this report.
Based on our audit, we have concluded that, for the period July 1, 2008 through June 30, 2011, SSTTDC had not secured adequate financing to meet its project obligations under the DDA with the base’s developer, nor had it developed a plan to do so, to provide reasonable assurance that its objective of developing the Base in accordance with the DDA and its enabling legislation will be achieved in a timely manner. We also found that SSTTDC needs to expand reporting to the Board of Directors and develop adequate internal controls over its operations.

At the conclusion of our audit, a draft copy of this report was provided to SSTTDC for its response. The response provided by SSTTDC, which is on file at the OSA, included a summary of the project through the end of our audit period, as well as specific responses to our audit findings that are included in the Audit Findings section of this report.
AUDIT FINDINGS

1. SSTTDC HAS NOT DEVELOPED THE NECESSARY PLANS TO FINANCE CRITICAL ASPECTS OF THE PROJECT TO ENSURE ITS TIMELY COMPLETION

Our audit found that the South Shore Tri-Town Development Corporation’s (SSTTDC’s) management and Board of Directors have not developed a financial plan to address the timely completion of three major projects associated with the development of the Base and is thus jeopardizing its ability to achieve its primary mission of developing the Base on schedule. Section 18(a) of Chapter 301 of the Acts of 1998 authorizes SSTTDC to issue up to $110 million in revenue bonds to pay for all or part of the project. However, even with this authorization, SSTTDC is presently without sufficient financial resources, since it lacks a viable source of revenue to repay the bonds, and a receptive bond market willing to purchase the bonds at an acceptable interest rate that SSTTDC could afford to pay.

A summary of the status of each of these projects (see Appendix VIII) follows:

a. No Plan for the Completion of Financing for the East-West Parkway - $40 Million

The construction of an East-West Parkway through the Base has long been considered a critical element in the development of its “SouthField” property by both LNR Property, LLC (LNR) and SSTTDC. This road, which will connect Route 18 in Weymouth with Route 3 in Rockland, will be approximately 3.5 miles in length and will traverse the entire property. It will provide the local communities with a connector between Route 228 and Route 18 without the use of Route 3, which is intended to modify traffic flow from Route 18 and divert some of the neighborhood traffic to relieve road congestion. It will also open the entire Base for residential and commercial expansion.

Under the terms of the Disposition and Development Agreement (DDA) between SSTTDC and LNR, SSTTDC is responsible for the construction of an East-West Parkway during Phase I of the three-phase Reuse Plan. The total cost of the Parkway has been estimated at approximately $90 million. SSTTDC has obtained partial funding for the Parkway: $30 million from the Commonwealth of Massachusetts, through the Massachusetts Development Finance Agency; $12 million in federal funds through the Massachusetts Department of Transportation; and $8 million in additional federal funds to construct access improvements. As of the end of our audit period, SSTTDC had not raised the additional $40
million necessary to complete the Parkway. Both LNR and SSTTDC have attempted to obtain the additional funds from the state and federal government, but as of the end of audit field work, SSTTDC had not succeeded. Delays in completing this aspect of the project could cause overall project costs to increase and jeopardize the completion of Phases II and III.

b. **No Plan for Providing and Financing a Water and Sewage System to Serve the Base - $50 Million to $60 Million**

Under Article 7, Sections 7.1 and 7.2, of the DDA, SSTTDC is responsible for arranging for the availability of, and obtaining financing for, water and sewage systems to serve the Base under the Reuse Plan. However, SSTTDC has not developed a strategy to address this need. Without a plan for water and sewage, Phase II cannot commence. SSTTDC has considered a number of alternatives. Management stated that it considered contracting with the Massachusetts Water Resources Authority (MWRA), but the MWRA connection was a great distance away from the Base and would have been costly. Another option was to expand the water and sewage facilities of the host communities to handle the Base’s needs, but SSTTDC decided that the cost of upgrading the facilities in the host communities was unfeasible financially. The possibility of using the city of Brockton’s water desalination plant was also discussed. As of the end of audit field work, SSTTDC was reconsidering the plan to connect to the MWRA system because the connection point had moved closer to the Base. Nevertheless, although SSTTDC has hired several consultants to study the water and sewage issue, it has not made a decision or developed a written plan to address the Base’s water and sewage requirements.

SSTTDC has estimated that the water and waste management system for the Base could cost approximately $50 to $60 million. Without a defined solution identifying a feasible approach and a financing methodology to support it, development of the Base would halt at the end of Phase I until a water and sewage plan could be developed and implemented.

c. **Future Infrastructure Requirements - $68 Million**

Under Article 8, Section 8.1, of the DDA, SSTTDC is required to compensate LNR each time LNR develops infrastructure for the construction of roads, utilities, and sidewalks on the Base, which are estimated to cost $81 million for the entire project. SSTTDC’s first
infrastructure bond issuance of $12.5 million was issued on August 9, 2010. SSTTDC is contractually obligated to reimburse LNR an estimated $68 million for the remaining infrastructure as it is completed. As of the end of our audit period, SSTTDC had no plan to provide for these costs. We acknowledge that this is a long-term consideration, and that future circumstances (such as a larger tax base) could provide a solution; however, we recommend that SSTTDC, through its Board of Directors, begin the process of developing a plan to address these costs.

**Recommendation**

SSTTDC should immediately take the measures necessary to ensure that it meets all of its contractual and statutory obligations regarding the development of the Base, including the preparation of comprehensive financing plans with specific timelines for all phases of the project.

**Auditee’s Response**

In response to this issue, SSTTDC stated, in part:

*The Report states that a comprehensive financial plan should have been undertaken by the Board of Directors as early as July, 2008. While, in theory, such a course of action might be deemed desirable, economic conditions did not create an environment where such a plan was either reasonable or practicable. . . ..*

*The Report suggests that a financial plan commencing in 2009 should have included a means for approximately $220 million in capital costs. The annual cost of a $220 million bond issuance is approximately $15.4 million. The entire operating budget for FY2009 was $1.2 million with no ability to raise additional funds to cover this level of debt service. Such a plan would have been fundamentally unreasonable.*

*It was at this critical juncture that the Board of Directors did approve an approach to plan for the future. The Board authorized the CEO to commence a process that involved two steps: (1) secure the remaining land from the Navy and (2) begin the task of securing funding to meet its capital needs and, by extension, the Reuse Plan objectives.*

*These two ‘prongs’ were inextricably intertwined. The Board of Directors undertook the task of planning for its future capital needs commencing during the later months of FY2009. From available non-recurring revenues, the Board of Directors authorized the CEO to engage the services of two nationally known financial consultants to prepare financial forecasts. These forecasts had the stated goal of determining the cash flow of the organization given the absorption rates established by the Master Developer, LNR South Shore, LLC. Preliminary work was completed late in fiscal year 2009 and updated during the first quarter of FY2010 after its actual tax rate structure was known and approved by the MA Department of Revenue.*
The 2009 financial forecast played a key role in three parts of the project: (1) determining the economic viability of the project that met Federal requirements for the transfer of the Navy land, (2) a financial basis for the Commonwealth to proceed with the building of the first part of the Parkway and (3) the ability of the Board of Directors to obtain an infrastructure bond in the amount of $15 million.

The [financial forecast] report clearly articulated 'hard' costs associated with the project. The report outlined the manner in which those costs would be paid, the sources of funding for the parkway and projections of tax revenue. The Navy and the Commonwealth knew of, agreed to and accepted these projections. The Navy transferred the land based [on] an earlier version of this report. The Commonwealth of MA issued the Parkway Bond based upon the updated analysis.

On July 1, 2010, the Board of Directors saw little change in the financial condition of the organization. The Board of Directors achieved a basis for a financial plan in Fiscal Year 2010 when the Board received certification for its tax base and collected its first real estate tax revenues. This turning point was achieved in August of 2010.

Once the tax base was certified by the MA Department of Revenue, the Board moved expeditiously to establish a history that would permit it to secure capital project funding; it is a generally accepted financial principle that a borrower must demonstrate a revenue and expense history when engaged in financial planning.

It was at that time that the MA Department of Revenue authorized the Board of Directors to collect $783,892 in real estate taxes. The Board acknowledged that the setting of a tax base was a monumental first step. With a permanent revenue stream secured and a permanent CEO in place, the Board of Directors was able to begin to plan for the future.

The Board of Directors is aware of the importance of planning for the costs of water and sewer infrastructure. It is not prudent to plan for costs that precede the verification of estimated costs and the exploration of alternative methods of supplying water and sewer to the residents within Southfield.

The Board of Directors had authorized two studies regarding Water and Wastewater Systems. The analysis was completed in two phases: (1) in the spring of 2012 and (2) the spring of 2013. The main objectives of the study were to determine: (1) capacity of each system to provide the SSTTDC with water and/or wastewater capacity, (2) necessary infrastructure improvements, (3) associated capital costs and (4) identification of related issues associated with those improvements.

The capital cost estimates developed in this report were used as a tool to screen the various alternatives considered and to identify which alternatives would be selected for further consideration. Relevant associated factors for screening alternatives included: environmental and permitting requirements, implementation schedule, and political considerations.

The consultant’s evaluation took in several scenarios using current data to project future needs and timing. The SSTTDC and LNR had provided the consultant with water usage, sewer flow, building permit, and occupation data from the Southfield community and the Base. After an evaluation of existing water and sewer data, resulting trends were used to form projections for the remainder of unoccupied building structures currently permitted for construction, land projected to be sold, and at full build-out of Phase 1A and Phase
1B. Based on the DEP sewer extension permit conditions and sewer flows to the Weymouth sewer system, the design and operating limits of the Southfield pump station were determined.

However, the report clearly cited that any delays in commercial construction resulting from the master developer’s status or due to market conditions would ultimately delay the completion of Phase 1 Development and implementation of Phase 2 Development (emphasis added). It is asserted in these reports that the issue was not financing that may impede progress from Phase 1 to Phase 2 of the Reuse Plan but rather the pace of construction. Construction is totally outside the realm of the Board of Directors. Commercial space constitutes the backbone of the revenue stream. Without commercial space, the Federal, State and community requirements of job creation centers cannot be met.

If 2012 water use patterns continued, the Phase IA water use limit of 123,500 gpd is projected to be reached sometime beyond 2018. Water usage projections also indicate that the Phase 1 water use limit of 245,000 gpd will not be reached until well beyond December 2018, with or without irrigation usage.

It is anticipated that during FY14 with the change in ownership of LNR, that an updated financial plan will be prepared that includes: (1) a new development schedule, (2) current debt service, (3) Parkway deficiencies, (4) projected revenues based upon actual valuation of the entire land within the Board’s jurisdiction (5) expenses that prior to FY13 were not known e.g. education for children residing within the former NAS, police and fire services and public works.

**Auditor’s Reply**

In its reply, SSTTDC states that the development of a financial plan to address the timely completion of the project would have been fundamentally unreasonable in 2009. To the contrary, multiyear planning is considered a best practice and can be a vital tool for local governments, especially those struggling with difficult financial conditions. It allows decision-makers to set long-term priorities and work toward goals, rather than making choices based only on the needs and politics of the moment. This is especially important at SSTTDC, given the financial condition at the time, and SSTTDC’s obligation to provide the public infrastructure for the project.

The financial forecast report referenced in SSTTDC’s reply is a report prepared by R&G Associates, Inc., titled An Independent Review of Southfield, dated March 4, 2009, and updated October 15, 2009, was prepared for the Commonwealth’s Executive Office for Administration and Finance. The primary purpose of this report was to determine whether the rate of construction and unit sales would generate sufficient taxes to justify the Commonwealth’s investment of $30 million towards the construction of the East-West Parkway. It did not set forth a plan to address the financing of other critical aspects of the project.
SSTTDC’s response included a discussion of two studies conducted after our audit period that focused on the costs of water and sewer systems required to progress to Phase II of the project. This activity is supported by a report provided by Environmental Partners Group and dated May 7, 2012. Under Article 7, Sections 7.1 and 7.2, of the DDA, SSTTDC is responsible for arranging for the availability of, and obtaining financing for, water and sewage systems to serve the Base under the Reuse Plan. Although SSTTDC has hired several consultants to study the water and sewage issue, it has not made a decision or developed a written plan to address the Base’s water and sewage requirements.

Under Article 8, Section 8.1, of the DDA, SSTTDC is required to compensate LNR each time LNR develops infrastructure for the construction of roads, utilities, and sidewalks on the Base, with an estimated cost of $81 million for the entire project. As of the end of our audit period, SSTTDC had no plan to provide for all of these costs. We acknowledge that this is a long-term consideration, and that future circumstances (such as a larger tax base) could provide a solution; however, we recommend that SSTTDC, through its Board of Directors, begin the process of developing a plan to address these costs.

Accordingly, we again recommend that SSTTDC immediately take the necessary measures to ensure that it meets all of its contractual and statutory obligations regarding the development of the Base, including preparing comprehensive financing plans with specific timelines for all phases of the project.

2. INADEQUATE OVERSIGHT OF SSTTDC OPERATIONS

Chapter 301, Section 8(a), of the Acts of 1998 establishes a five-person Board of Directors of SSTTDC composed of one member appointed by the Board of Selectmen of the town of Abington, two members appointed by the Board of Selectmen of the town of Rockland, and two members appointed by the Board of Selectmen of the town of Weymouth. Section 9(a) of Chapter 301 charges the board with the responsibility of the management of SSTTDC, as follows:

*The powers and management of the corporation, which include all rights and powers of a town council or board of selectmen or mayor of a city or town, shall be vested in a board of 5 directors....
In addition Chapter 301, Section 9(e), states that the SSTTDC Board of Directors shall be compensated for incidental expenses, as follows:

Directors may receive compensation as determined from time to time by the advisory board established by section 11. Directors shall receive reimbursement of such incidental expenses determined by the board to be necessary; provided, however, that the annual compensation of the directors shall not exceed $6,250 or 80 per cent of the total combined average of the annual salaries of the town councilors of the town of Weymouth, whichever is higher.

During the three years ended June 30, 2011, the total compensation paid to SSTTDC board members was $92,708.

The Committee of Sponsoring Organizations of the Treadway Commission, in its publication *Internal Control-Integrated Framework*, states that a Board of Directors is responsible for providing governance, guidance, and oversight to the organization. However, our review of the meeting minutes of SSTTDC’s board and our discussions with SSTTDC management and other staff throughout the audit revealed a lack of financial planning for crucial projects in that neither SSTTDC’s board nor its management had established plans to address risks that could prevent the timely achievement of SSTTDC’s mission. The board minutes we reviewed covered such routine policy issues as site development, site plan approval, special permitting, zoning variances, and special permits. Although the East-West Parkway was publicly discussed, the minutes included no mention of the amount or method of financing needed to finish the East-West Parkway and the Transportation Station. Also, although water and sewage needs were discussed and studied, both issues remain open, with no formal plans to finance these aspects of the project. No specific direction was provided to management, and there was no mention of the board’s expectations of management. This lack of oversight creates a risk that SSTTDC will be unable to meet all of its contractual and statutory obligations.

We also noted that, during the audit period, SSTTDC’s Advisory Board did not fulfill its responsibility of communicating to the governor and Legislature about SSTTDC’s DDA obligations for infrastructure funding, water/sewage requirements, and East-West Parkway costs. According to Chapter 301, Section 10, of the Acts of 1998, two purposes of the 11-person Advisory Board are as follows:

*to review the annual report of the corporation and to prepare comments thereon for the benefit of the corporation, the governor and the towns.*
to make recommendations to the governor, the general court and the towns regarding the corporation and its programs;

**Recommendation**

SSTTDC’s Board of Directors should ensure that it exercises adequate oversight of SSTTDC’s management, including making sure that plans are developed to obtain sufficient financial resources to complete the development of the Base and holding management responsible for the development of proper internal controls. In addition, the SSTTDC Advisory Board should provide the required comments and recommendations to the governor, Legislature, and local communities semiannually.

**Auditee’s Response**

In response to this issue, SSTTDC stated, in part:

>[The audit report] suggests that communication should have been ongoing and regular with the Executive and Legislative Branches. The SSTTDC through its staff, the Master Developer and various Parkway consultants have and continue to do on a regular basis communicate with the Governor’s Office, Cabinet Secretaries, Division heads, staff members and various Legislative Officials on a wide variety of topics all leading towards a successful completion of the project. . . .

>It is incontrovertible that the Board of Directors for the 8 of the 12 months of FY2009 functioned as management with respect to the day to day operations of the organization. There was no CEO. The Chairman assumed some of those responsibilities. The Board thought its Chairman was intimately familiar with the day to day operations.

>Beyond FY2009, the Board of Directors did and does continue to oversee staff in that it: (1) approves an annual budget with all amendments, (2) approves in writing all expenditures for the organization, (3) approves all policies and procedures used in the conduct of its operations, (4) authorizes the work of consultants to prepare financial documentation, (5) authorizes water and wastewater rates and expenditures, (6) annually authorizes (in conjunction with the Board of Assessors) an infrastructure Bond assessment and revenue stream, (7) authorizes the annual funding mechanism for the Parkway Bond, and (8) authorizes all site approvals for development.

**Auditor’s Reply**

In its response, SSTTDC states that its staff, the Master Developer, and various Parkway consultants communicated on a regular basis with the Governor’s office, cabinet secretaries, division heads, staff members, and various legislative officials on a wide variety of topics. However, our report was critical of SSTTDC’s Advisory Board, not SSTTDC’s staff, for its lack of communication with the Governor and the Legislature about SSTTDC’s water/sewage and East-West Parkway costs, and its obligations for infrastructure funding.
SSTTDC’s response states that the Board of Directors has and does oversee staff and approve various operating activities of the agency. However, the major concern of our report is that our audit revealed a lack of financial planning for crucial projects in that neither SSTTDC’s board nor its management had established plans to address risks that could prevent the timely achievement of SSTTDC’s mission. The board minutes we reviewed covered such issues as site development, site plan approval, special permitting, zoning variances, and special permits. Although the East-West Parkway was publicly discussed, the minutes included no mention of the amount or method of financing needed to finish the East-West Parkway and the Transportation Station. Also, although water and sewage needs were discussed and studied, both issues remain open, with no formal plans to finance these aspects of the project. No specific direction was provided to management, and there was no mention of the board’s expectations of management. In short, the board seems to have focused on the goals to be achieved rather than the specific processes and methodologies necessary to achieve them. As noted in our report, this lack of oversight creates the risk that SSTTDC will be unable to meet all of its contractual and statutory obligations.

3. INADEQUATE INTERNAL CONTROLS OVER THE PROCUREMENT OF SERVICES

According to generally accepted accounting principles, entities such as SSTTDC should establish and implement an adequate internal control system to ensure that goals and objectives are met; resources are used in compliance with laws, regulations, and policies; assets are safeguarded against waste, loss, and misuse; and financial data is maintained, reported, and fairly disclosed in reports. However, we found that SSTTDC did not establish adequate internal controls over its procurement of services. Specifically, with several of its consultants, SSTTDC did not enter into formal written agreements that clearly defined the duties and responsibilities of each party. Consequently, SSTTDC lacked a mechanism to monitor each contractor’s performance and to protect itself from any legal issues (e.g., claims for nonperformance of services, liability claims for any property damage or personal injury) that could arise. In addition, in several instances, SSTTDC did not maintain supporting documentation to substantiate what services, if any, consultants provided.

We examined SSTTDC’s legal and consulting expenses during the three fiscal years ended June 30, 2011 for all invoices over $10,000. We reviewed 393 invoices totaling $3,399,875: $1,524,732
in legal services and $1,875,143 in consulting services. Total spending in these areas for the three-year period amounted to $6,447,322. The results of our testing were as follows:

a. Legal Services

Of the $1,524,732 in payments to legal firms reviewed, $1,322,051 was paid to two firms that performed work without a contractual arrangement with SSTTDC. Although these invoices contained details of the work performed, in the absence of a contract outlining the law firms’ duties, it was not possible for SSTTDC management to determine whether the work was authorized, necessary, reasonable, or in conformance with management’s objectives.

b. Consulting Services

During the three fiscal years ended June 30, 2011, SSTTDC retained the services of 24 consultants who provided services in public relations, financial services, real estate tax planning, strategic planning, real estate appraisal, and environmental consulting. During the audit period, SSTTDC made payments of $1,875,143 to the 24 consultants, $116,089 of which was paid to three consultants without contracts. Further, SSTTDC paid nine consultants $1,042,791 for services that lacked sufficient documentation to justify the cost, including $531,529 to four public relations firms.

We also noted that 122 invoices for consulting services included ambiguous language describing the nature of the services provided, such as “professional services” or “consulting services.” As a result, SSTTDC cannot ensure that these consulting services provided the results anticipated by management.

Recommendation

SSTTDC should develop adequate internal controls over its procurement of services. At a minimum, this would include ensuring that it prepares contracts for all consultant services and receives adequate supporting documentation for all consultant charges.

Auditee’s Response

SSTTDC made the following comments relative to this issue:

A question was raised in the [audit report] that there was a disproportional portion of [SSTTDC’s] budget allocated to consultants. A summary review of the expenditures
record reveals that the consultants were employed to assist the Board of Directors in five critical areas, (1) negotiating and securing the land from the Navy, (2) negotiating the environmental remediation for known contaminates within the jurisdictional boundaries of the SSTTDC, (3) financial planning, (4) capital projects, and (5) provide for administrative functions at a time when there was neither a CEO nor a CFO employed by the organization. More importantly, that once these two key staff members were hired, the fees paid to consultants dropped significantly. The record shows that $2.1 million was paid to consultants during the FY2009 to less than $800,000 in Fiscal Year 2011 the last period of the State Auditor’s report. Furthermore, an analysis of these expenditures clearly shows that expenses were directly related to costs incurred by the Board of Directors during the Navy negotiations, for financial projections and bonding costs. The State Auditor’s Office is inconsistent in its findings [in] that on one hand it criticizes the Board of Directors for expending funds on consultants while at the same time criticizes the Board for not securing financial projections to determine its ability to fund major financial undertakings. . . .

The Board of Directors agree that it should have had required the consultants to clearly indicate on each invoice submitted for payment, all services provided to the SSTTDC for which payment was secured. It should be noted however that all legal invoices did contain an itemization of all services performed by the vendor.

**Auditor’s Reply**

Contrary to SSTTDC’s response, our report does not state that a disproportional portion of SSTTDC’s budget was allocated to consultants. In addition, we recognize that the amount paid to consultants decreased for 2009 to 2011. Our audit finding concerned not the merits of procuring services from outside professionals, but the fact that consultant and legal service expenses were paid without the establishment of formal written contracts that identified the duties and responsibilities of all parties, the services to be performed, the levels of compensation for the services to be performed, and the terms of the agreement. In addition, we also found that supporting invoices for SSTTDC’s payments did not contain a detailed explanation of the work performed or the benefit to be realized by SSTTDC. Accordingly, we again recommend that SSTTDC develop adequate internal controls over its procurement of services.

### 4. REPORTING OF AUDITED FINANCIAL STATEMENTS NOT TIMELY

Chapter 301, Section 28, of the Acts of 1998 states, in part:

*Said corporation [SSTTDC] shall cause an audit of its books and accounts relating to said NAS South Weymouth Redevelopment Area to be made at least once in each fiscal year by certified public accountants. Such audit shall be filed with the state auditor annually on or before the one hundred and twentieth day following the end of said corporation’s fiscal year and shall be in a form prescribed by the state auditor.*

We determined that, despite this requirement, SSTTDC had not published its annual audit report for the fiscal year ended June 30, 2011 until August 31, 2012 – 14 months after the fiscal
year ended and 10 months after the report was required to be filed with OSA. We found that this delay was caused by management’s failure to supply its accounting firm with a Management Discussion and Analysis (MD&A⁴), which is required and is an integral part of an entity’s annual financial statements.

The Government Accountability Standards Board (GASB), which establishes accounting and financial reporting standards for state and local governments, encourages timely reporting. Through user research, GASB determined that audited financial statements should be issued within three to six months of the close of the fiscal year to be considered timely. This means that not only did SSTTDC not submit its financial statements to OSA within the timeframe required by Chapter 301, but it also did not make this information available to other users of this information in a timely manner. Not only does significantly delayed reporting reduce the relevance and usefulness of the information reported, but it also demonstrates management’s lack of responsiveness to public disclosure and user concerns. This failure of management to provide the MD&A in a timely manner indicates both an inadequate internal control environment and a lack of board oversight.

**Recommendation**

SSTTDC should comply with the financial reporting requirements of Chapter 301 by filing an annual audit of its books and accounts to OSA within 120 days of the close of the fiscal year.

**Auditee’s Response**

SSTTDC stated that:

*The [audit report] indicated that financial statements prepared by an independent auditor should have been filed within 120 days of a close of a fiscal year. The report failed to acknowledge a simple truth regarding the Parkway Bond. The Agreement between the Commonwealth and the SSTTDC fixed a liability on the Board of Directors. The liability by Agreement with the Commonwealth is not annually certified by the MA Department of Revenue for 180 days following the close of the fiscal year. In the years in question, the MA Department of Revenue did not fix that liability until mid-December somewhere between 160 and 180 days following the close of the fiscal year. No credible independent auditor would issue a report within 120 days of the close of a fiscal year until a deficiency, if any, was certified by MA Department of Revenue, agreed to by the Board of Directors and a method of payment accepted by the Board of Directors and the MA Department of Revenue. The practical effect of which is that the process to file*

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⁴ The MD&A provides a narrative explanation, through the eyes of management, of an entity’s past performance, present financial condition, and future prospects.
independent audit reports will exceed the 120 days outlined in the Enabling Act until such time as the Parkway Bond is paid off. Management does note however that it completed its FY12 annual report within 240 days of the close of the fiscal year, a significant improvement over FY2011, the first year the process for the parkway deficiency was established.

**Auditor’s Reply**

SSTTDC is required by its enabling legislation to file with the Office of the State Auditor an audit report prepared by certified public accountants not later than 120 days after the end of the SSTTDC’s fiscal year. However, despite the requirement, as of August 31, 2012 SSTTDC still had not published its annual audit report for the year ended June 30, 2011, which was due by October 30, 2011. Moreover, as of the date of this audit report, the OSA has not received SSTTDC’s fiscal year 2012 audit report, which was due by October 30, 2012.

If SSTTDC is unable, for reasons beyond its control, to meet the 120-day reporting requirement until the Parkway Bond is retired, it should ask the Legislature to modify SSTTDC’s enabling legislation to reflect this new reality so as to avoid a recurring audit finding.
APPENDIX I – RESIDENTIAL

Residential - Phase I

<table>
<thead>
<tr>
<th></th>
<th>Apartments</th>
<th>Condos</th>
<th>Townhouses</th>
<th>Single Family -5000 sq ft</th>
<th>Single Family + 5000 sq ft</th>
<th>Senior Housing</th>
<th>Residential Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>On Order</td>
<td>75</td>
<td>0</td>
<td>72</td>
<td>28</td>
<td>7</td>
<td>216</td>
<td>398</td>
</tr>
<tr>
<td>Actual</td>
<td>226</td>
<td>0</td>
<td>31</td>
<td>12</td>
<td>0</td>
<td>0</td>
<td>269</td>
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<tr>
<td>Phase I</td>
<td>200</td>
<td>150</td>
<td>400</td>
<td>50</td>
<td>0</td>
<td>150</td>
<td>950</td>
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APPENDIX II - COMMERCIAL

Commercial - Phase I

<table>
<thead>
<tr>
<th></th>
<th>Retail</th>
<th>Light Industrial</th>
<th>Office</th>
<th>Nursing Home</th>
<th>Total</th>
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<tbody>
<tr>
<td>On Order</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>-</td>
</tr>
<tr>
<td>Actual</td>
<td>8,700</td>
<td>0</td>
<td>101,500</td>
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<td>100,000</td>
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APPENDIX III - EAST-WEST PARKWAY FUNDING

East-West Parkway Funding

- MassDevelopment: 45%
- Federal Grant: 33%
- Unfunded: 22%
APPENDIX IV - INFRASTRUCTURE COSTS

Infrastructure Costs

- 85% Due LNR
- 15% Paid LNR
APPENDIX V - ZONING MAP

NAS South Weymouth
ZONING MAP
November 18, 2007
### APPENDIX VII - SSTTDC SUMMARY OF OPERATIONS REVENUE AND EXPENSES -- JULY 1, 2009 THROUGH JUNE 30, 2011

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenues</td>
<td>$2,647,636</td>
<td>$2,558,271</td>
<td>$4,214,108</td>
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<tr>
<td>Total Payroll Benefits and Insurance</td>
<td>$451,042</td>
<td>$520,303</td>
<td>$587,569</td>
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<tr>
<td>Other Expenses</td>
<td>$1,681,082</td>
<td>$985,345</td>
<td>$2,221,981</td>
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<tr>
<td>Total Expenses</td>
<td>$2,132,124</td>
<td>$1,505,648</td>
<td>$2,809,550</td>
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</table>

Revenue Less Expenses

- **2009**: $515,512
- **2010**: $1,052,623
- **2011**: $1,404,558

<table>
<thead>
<tr>
<th>Head Count</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>11</td>
<td>12</td>
<td>15</td>
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</table>

[Graph showing the trend of total revenues, payroll benefits and insurance, and other expenses from 2009 to 2011.]
## APPENDIX VIII – SSTTDC DISPOSITION AND DEVELOPMENT AGREEMENT
### FINANCIAL OBLIGATIONS

<table>
<thead>
<tr>
<th>Description</th>
<th>Parkway</th>
<th>Infrastructure</th>
<th>Water/Wastewater</th>
<th>Total</th>
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<tr>
<td>Estimated Total Cost</td>
<td>$90,000,000</td>
<td>$81,000,000</td>
<td>$50,000,000</td>
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<tr>
<td>MassDevelopment</td>
<td>($30,000,000)</td>
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<td>($30,000,000)</td>
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<tr>
<td>Federal Highway Funds</td>
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<td>($20,000,000)</td>
<td>($20,000,000)</td>
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<tr>
<td>Privately Placed Bonds</td>
<td></td>
<td>($12,500,000)</td>
<td>($12,500,000)</td>
<td>($12,500,000)</td>
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<tr>
<td>Additional Funds Needed</td>
<td>$40,000,000</td>
<td>$68,500,000</td>
<td>$50,000,000</td>
<td>$158,500,000</td>
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