

Westwood Station - "I-Cubed" Overview

April 20, 2010

1. I-Cubed – a Component of the Commonwealth's Infrastructure Commitment

- The Commonwealth has offered to provide funding for long-awaited regional infrastructure (per a January 19, 2010 letter), consisting of:
 - Reconfiguration of Route 128 ramp at Blue Hill Drive
 - Dedham/Canton Street Corridor expansion
 - Northbound off-ramp from I-95 and reconfiguration of existing on-ramp
 - Reconstruction of bridges at I-95, Amtrak/MBTA, and Neponset River
 - Four lane corridor reconstruction
 - Westwood Station Blvd. & reconstruction of Canton St./University Ave. intersection
- The regional infrastructure cost is estimated at \$55 million, and would be funded through a variety of state sources, including I-Cubed (\$6 million)
- Design and permitting of the infrastructure is well underway
- State commitment is contingent upon conditions including a Phase 1 commencement

2. I-Cubed is a State Level Infrastructure Financing Program

- The Developer submits an Economic Development Proposal (EDP)
- The EDP must be approved by Westwood, and the State
- The State sells bonds (up to \$6 million for Phase 1 of Westwood Station)
- Bond proceeds are used for public infrastructure
- Developer pays bond debt service during construction
- After project is occupied, State pays debt service on bonds through new tax revenues generated by the project.
- If new state tax revenues are insufficient to cover the debt service, the Municipality reimburses the Commonwealth for the amount of the "Shortfall" from the liquidity reserve account which holds 2 years worth of debt service payments provided by the developer

3. Westwood has Several Mechanisms to Mitigate the Risk of a Shortfall:

- **Thorough approval process**
 - Independent consultant reviews state tax revenue projections
 - Three state agencies review the proposal
 - Prior to state approval, the developer must provide evidence of financing and lease commitments
 - Post Town Meeting changes to the EDP require BOS approval
- The developer must fund a **reserve account** (municipal liquidity reserve) with two years of debt service)
 - Even if the project were to generate only half the projected new state tax revenues, the liquidity reserve would be sufficient to fund the shortfall for roughly eight years.
- In the event of a shortfall, Westwood can **levy assessments** on the owner and place a **priority lien** on the property
 - The property owner would have the same legal obligation to pay the assessments as they do for property taxes
 - Town can foreclose on the property if assessments are not paid
- I-Cubed **debt service is low in comparison to property value**
 - Debt service (shortfall maximum) is approx. \$400k/year, which is:
 - Far lower than projected property taxes on the project
 - Far lower than the value of the property
- **Infrastructure Development Assistance Agreement** (Town, State and Developer) will memorialize assessment and liquidity reserve obligations - must be executed before bonds can be issued

4. I – Cubed Status

- The EDP (based on current Phase 1) was submitted on April 13, 2010.
- The proposal is available at: www.townhall.westwood.ma.us/index.cfm?pid=15395

- Next steps are municipal and state approval

5. I – Cubed Anticipated Approval Timeline

- Municipal approval (Hearing and Town Meeting vote)
 - April 12 – I-Cubed update with Finance Commission
 - April 20 – Public Information Session
 - April 26 – Public Hearing on I-Cubed
 - May 3rd – Town Meeting
- State review and approval of EDP w/independent consultant (summer 2010)
- Developer updates proposal with financing and leasing commitments, satisfies conditions of State approval, updates Westwood (fall 2010)
- Changes to the EDP require approval of the Board of Selectmen