

REPORT OF THE SOUTH SHORE TRI-TOWN DEVELOPMENT CORPORATION FISCAL YEAR 2007

To the Inhabitants of the Town of Abington:

The Board of Directors of the South Shore Tri-Town Development Corporation (SSTTDC) is pleased to present its FY 2007 Annual Report. Complete copies of the Corporation's Audited Financial Statements are available at the Selectmen's Office, the Public Library, and at the SSTTDC offices.

Background & Development Status — History was made in October, 2006, when initial work began on the Route 18 entrance to SouthField, the new village being built on the site of the former South Weymouth Naval Air Station. Demolition of two former Navy structures and construction of a new entry were the first significant, visible signs of big changes to come.

On February 10, 2006, a Certificate on the Notice of Project Change from the Secretary of the Executive Office of Environmental Affairs gave conditional approval for Phase 1A development on the site's northwest quadrant. Initial plans call for up to 500 residential units and 150,000 square feet of office space. In conjunction with local, state and federal elected officials, leaders of the host communities, regional planning agencies, and other stakeholders, SSTTDC looks forward to transferring the remaining 830 acres from the Navy to local control.

Early Economic Impact — A significant number of project-related jobs have been created to date including general contractors, carpenters, engineers, surveyors, stonemasons, landscapers, equipment operators, project and property managers, etc. As activity ramped up during Spring, 2007, a range of service and product businesses began to benefit.

FY07 Economic & Development Highlights — During the 12-year development timeline, it is estimated that the project will bring to the region hundreds of construction and permanent jobs, improved roadways, public transportation and infrastructure, and new recreational facilities. Some \$750 million will be spent on new on and off-site construction. Ultimately, the project is expected to produce a perpetual property tax revenue stream to be divided among the three towns by formula based on base land area in each town. Estimates range from \$3 - \$11 million per year. As development continues and a tax revenue stream begins, SSTTDC will have the capacity to collect taxes.

Municipal Tax Plan — In January 2007, SSTTDC's Board considered long-term financing and tax planning issues. SSTTDC signed a consulting agreement allowing for the Town of Weymouth's assistance with the drafting of a Municipal Tax Financing Plan. The Plan was forwarded to the Mass. Dept. of Revenue for approval / certification.

Economic Development Conveyance (EDC) — SSTTDC continued discussions with the Navy on its revised EDC application submitted in May. Navy approval of the EDC application for the remaining federal land is expected in 2008. SSTTDC signed a contract to research funding aspects of the EDC application related to public financing and bonding strategies.

Development and Disposition Agreement (DDA) — SSTTDC and LNR continued negotiations on the DDA. Finalization of this document is likely to occur once EDC negotiations reach substantial completion.

Regulatory Framework — Work continued on the zoning survey. SSTTDC expects adoption in 2008.

Roads & Transportation — MassHighway continued regional roadway improvements to help traffic flow as development progresses. Several Rte. 18 intersections are completed or at varying stages of reconstruction. Installation of left-turn lanes on Rte. 18/Rte. 139 (east & west) are pending. The widening of Route 18 from Rte. 3 to Rte. 139 will occur in conjunction with Phase I construction. An East-West Parkway traversing the base is targeted to be complete by the end of Phase I (2011). Talks continue with the MBTA related to improving regional transit and expanded use of the adjacent commuter rail station. An on-site intermodal transit system is expected to connect base tenants and visitors to surrounding communities.

Environmental – Final Environmental Impact report (FEIR) was filed May 31. The MEPA Certificate was issued July 18, 2007.

Lease & License Revenue — In the last few years SSTTDC Lease and License revenue has dropped dramatically. Many formerly leasable Navy structures have been mothballed, or could not be leased because of development timelines. At the same time we have seen a significant downturn in interest among event planners for short-term runway event licensing. FY 06 revenues totaled \$699,546 compared to FY07 revenues of \$242,947. Runway areas not affected by Phase 1A development continue to be marketed but as construction progresses, we project dramatically reduced leasing / licensing income.

SSTTDC Board — Abington has been especially fortunate to be represented so adeptly by James W. Lavin, Board Chairman, who has been involved in base reuse planning longer than anyone else, dating back to 1995. He has devoted countless hours to ensuring the most beneficial plan for the people of Abington, as well as Rockland, Weymouth and the entire region. These towns are represented by similarly dedicated Board members who bring decades of experience in banking and finance, real estate, town government and law.

Looking Ahead —During the past year we have seen ‘shovels in the ground’ as initial infrastructure construction began. There are complex and costly challenges ahead. Our Board has never veered from its commitment to a plan that is economically viable, environmentally sensitive and technically sound. We envision that SouthField will improve the quality of life for people of all ages, providing a welcoming place in which they can live, work and recreate.

Respectfully submitted,

SSTTDC Board of Directors

James W. Lavin, *Chairman (Abington)*
Colin McPherson, *Vice Chairman and Treasurer (Weymouth)*
John W. Rogers, *Secretary and Clerk. (Rockland)*
Robert W. Terravecchia, Jr. *(Weymouth)*
John R. Ward *(Rockland)*

Terry N. Fancher, *Executive Director*