

Harvard Devens Jurisdiction Committee Meeting  
March 1, 2023

Members attending: Victor Normand, SusanMary Redinger, Paul Green, George Glazer, Don Ludwig, Heather Knowles, John McCormack, George Glazier (joined 10:08)

Members absent: Tim Myllykangas, Kara Minar

Others Present: Neil Angus (DEC member)

Victor Normand called the meeting to order at 10:00

The minutes from February 1, 2023 were approved as amended unanimously.

**Financial Update**

Members reviewed the Devens Utilities Revenues and Expenses (see below) compiled by Victor Normand based on data received from Mass Development. The bulk of the expenses for the Utilities comes from gas and electricity with the revenues coming from commercial and residential fees collected for gas, electricity, sewer and water. There is about \$2.5M profit in that line item.

Heather Knowles stated that she has not seen the volatility in her electric and gas expenses as a Devens resident that is commonly happening elsewhere and thinks it's a potential advantage to Harvard for cost savings should we resume jurisdiction. Paul explained that by virtue of Chapter 498, Mass Dev't has the exclusive right to dispose of the Devens utility operation in any way they see fit. It could be a municipal facility, it could also be sold in its entirety, or it could be broken up. Under the existing state law Harvard does not have a say in it, but analyses by DEAC and HDJC have concluded that our recommendation is that Devens utilities continue to operate as they have been and remain a state agency owned utility. Mass Dev't has a franchise for providing utilities only at the military base. Littleton Electric, Concord Electric, Wellesley Electric – all have rates that are more stable as well. Devens has the ability to stabilize rates over time which is a huge benefit.

George Glazer (joining by phone) indicated that as a resident, he is quite happy with how the utilities are working at Devens.

John McCormack suggested that the net amount for the year looks like utilities will be \$500k over budget. It suggests that the utility rates are favorable to the Devens residents perhaps because Mass Development is absorbing the costs at a deficit. It's a benefit for the businesses and residents. Victor added that there is an opportunity to include water and storm water in the Devens State Agency utility as well which would further stabilize costs in the future.

Paul asked if there were tax projections for coming years, including any info on the PILOTs (payment in lieu of taxes) or TIFFS (Tax incentives) in place. Victor indicated that he had not seen those in the information he has received.

Members reviewed the Devens Balance Sheet prepared by Mass Development. Victor indicated that it would be good to get more info on the debt listed on the page

Victor pointed out that this sheet shows that MD has over cash and investments total of cash on hand of over \$53M. Assets (electric substations, water treatment plants, water wells). On the liability side, a couple things that could go on our list of questions are about the bond notes and the interest payable of \$32M. They are incurring debt – what is the term/nature of that debt. As a liability they list deferred income – what would the \$8M be for that? Maybe taxes? It's footnoted as #2 (Bonds, notes and interests payable). Maybe it's for land sales (deal not closed)?

Mass Dev't received \$120M in Capital; \$80M up front for a total of \$200M in funding per Chapter 498. It was stated that the entirety of that has been used up. SusanMary asked if there is an ongoing debt that would be assumed by any entity taking over jurisdiction.

Devens is self-funding on the operating side and it has a very healthy balance sheet, especially relative to its side. If anything, perhaps the utility rates are high.

Paul suggested that if we do resume jurisdiction, and are able to create a super utility, it might have to be a bit of a conglomerate, because there isn't a provision in state law for a super utility, there is provisions for electric utilities and water. Devens utilities might have to have separate financial structures, so that it can be regulated under current State law..

The \$25M asset in line one could be reserves for Emergency Repairs/Expenses

Other questions from members

- What is the \$8M in "eliminations"?

- What is the detail regarding the bonds? (what are the payoffs?)

- What are the parameters for the PILOT agreements?

- What are future capital expenses?

- What happens to the reserve fund between now and disposition (and after?)

Overall, Victor's impression is that they are doing pretty good job of planning for the future, building adequate reserves to take care of capital costs going forward. But we'll dive into the short and long-term capital budget next.

Members reviewed the TIF schedule (Tax incentives) (see below)

It was noted that the payments end in 2033. Don indicated they would need to ask for the debt schedule as well to determine if that zero's out in 2033 as well.

For example, Bristol Myers now pays taxes based on their full assessment. Whereas they used to pay taxes on 70% of the assessed value of the property. In 2016, they added on, and there's a substantial addition.

The two other TIFFs are for

**Watson, Marlo and Ltd:** manufacturer of fluid path solutions, including Paris, static pumps, silicon tubing clamps, valves, fittings for the life sciences, industrial food and beverage and waste and water treatment industries. **SMC:** a manufacturing facility for medical devices.

The main questions here would be understanding any tax agreements moving forward and the impact of those on the assessed values of the properties.

HDJC Plan for reaching out to Stakeholders.

SB has not taken up this item yet. Don indicated he would bring it forward.

Other Business:

Victor introduced the invitation from the Select Board in Ayer for a weekend symposium on Devens. They are looking to populate their committee (like ours) and so they've structured this 2 day event with the focus on how Ayer will approach Devens going forward.

Heather pointed out that there is an intent of wanting to talk to people who are specifically in the historical boundaries of Devens (those on Auman and Bates streets), and get them involved in this process. There will be a tour of Devens and then a panel discussion with the neighbors. Members were urged to attend if possible and generally agreed that it was a positive thing to see Ayer getting engaged in a very visible way and involving the community.

### **Framework Committee Update**

Victor gave an update that after the last meeting he was invited by Meg Deloria to meet with Mass Development (Meg and Dan Rivera). Dan Rivera said that MD would not be participating in the work of the framework committee until 2028 despite Victor's request to have one representative participate.

However, Dan said that when time comes to hire a consultant, that he would expect that Mass Development would pay for the entire costs out of the defense Fund and that when MD is done with the reuse plan, that they expect to move on just as they do in every other community where they have projects, he said.

There was some indication that the function of continued development would remain that would also include whatever happens to Vicksburg Square. It could be that there's a position like a "superintendent" who oversees the real estate function, which is land sales and asset management separately. Ultimately there could be a municipal government side separate from the from the development and permitting.

Whatever the solution, Dan indicated that if the three towns are in agreement then MD would support the plan.

Don has received the tax data from historic boundaries from Meg.

Victor indicated that once they have the assessment by account it will be shared with the committee after he and Don have had a chance to review. It represents about \$10M increase in residential assessment at Devens.

So now we have everything we've asked for and the next step will be to do a thorough review of the budget.

**Public comment:** None

The meeting was adjourned at 11:56 by unanimous vote.

Respectfully submitted,

SusanMary Redinger, recording secretary

(Devens Utilities Only)

**\*\*Exclusively Devens accounts**

MassDevelopment							
Summary of TIF Discount Percentages							
		Active					
Fiscal Year		BMS I - 38 Jackson Road		BMS II - 38 Jackson Road		Watson Marlow <sup>1</sup> 16 Bulge Road	SMC LTD I- 18 Indepen dence
2009		100%					
2010		100%					
2011		100%					
2012		100%					
2013		100%					
2014		100%					
2015		90%					
2016		80%		70%			
2017		70%		70%			
2018		60%		60%			100%
2019		50%		60%			100%
2020		45%		50%			95%
2021		40%		50%			90%
2022		35%		40%			85%
2023		30%		30%			85%
2024		25%		25%		100%	80%
2025		20%		20%		90%	75%
2026		15%		15%		80%	75%
2027		10%		5%		70%	70%
2028		5%		5%		60%	
2029						50%	
2030						20%	
2031						10%	
2032						10%	
2033						10%	
Average TIF		59%		38%		50%	86%
<sup>1</sup> Start period is estimated since co							
<sup>2</sup> O'Reilly Auto Parts was granted							