PRESENTATION TO
TOWN OF CANTON, MASSACHUSETTS

District Improvement Financing ("DIF")

An Infrastructure Bond Financing Program

November 5, 2014

UFASI

UniBank Fiscal Advisory Services, Inc.

Program Overview

- MGL Chapter 40Q "District Improvement Financing" was passed in 2003 and amended in 2011 and 2012.
- Municipality sets a District and agrees to use new incremental property taxes to fund the public infrastructure for the District.
- If borrowing for improvements, Municipality issues debt to be supported by incremental taxes from new growth that would not happen without infrastructure investment.
- Bonds issued by Municipality should be General Obligation backed by the full faith and credit of the Municipality for stronger credit rating and lower interest rates.
- Commonwealth approval no longer required.

What Types of Public Infrastructure can be Funded?

- Roadways and intersections.
- Water & waste water facilities and related lines.
- Transportation facilities such as train stations, bus depots, etc.
- Seawalls, docks, wharves, bridges, culverts, tunnels.
- Streetscape, sidewalks, electric lines, street lights.
- Parks, playgrounds and recreational facilities.
- Parking garages.
- Brownfield mitigation.
- Soft and financing costs.

Infrastructure can be in or, in support of, the District. It must be owned or conveyed to a public entity to be eligible.

DIF Process

- Standard Process

  – Municipality sets District , holds local public hearings and obtains local approvals. Requires Town meeting approval.

  – District approval has 2 parts; a setting of baseline assessments and a financing plan.

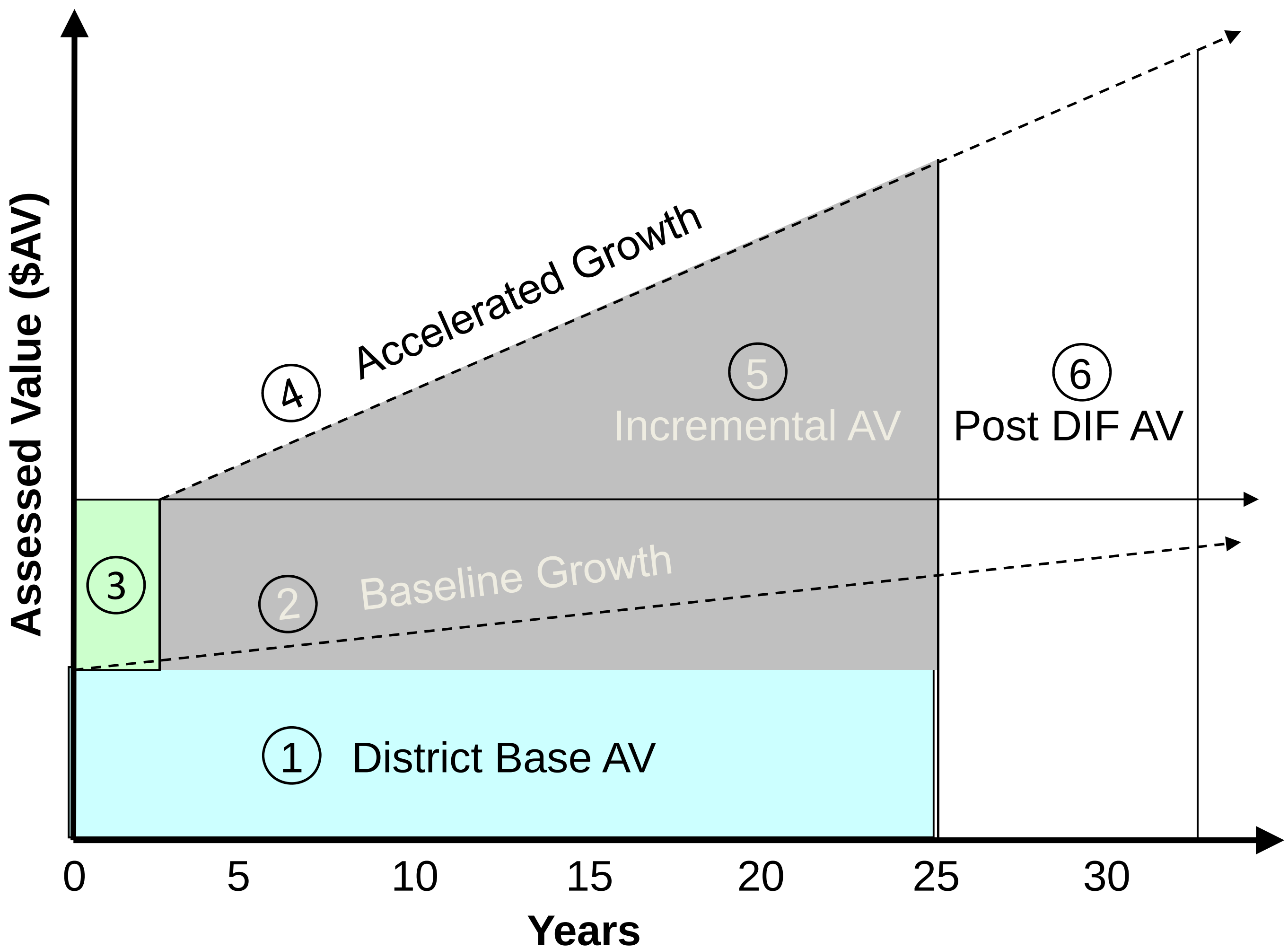
  – Municipality can set a District without the financing plan if a municipality wishes to obtain recognition of a district to set the tax level. If borrowing, a financial plan can be approved at the same time or subsequently.

  – Borrowing for financing will require Town meeting approval by 2/3rds vote.

DIF Benefits

- Benefits
  - Borrowing is not included in municipality's debt limits.
  - Municipality has flexibility to segregate debt service from general funds and employ debt structures that would not otherwise be available as financing terms are negotiable. For example:
    - Delay principal payments up to 5 years
    - Capitalized Interest
  - No new taxes are levied because the District and the DIF do not reduce or redirect existing property tax revenues.

DIF Mechanics



1. AV at start of DIF Program
2. Expected AV growth if no investment
3. Infrastructure investment
4. Accelerated AV growth after investment
5. Incremental captured value
6. AV available after DIF Program

MITIGATION OF RISKS

- Developer does not complete project and no revenues generated to support debt service on infrastructure financing
  - Municipality can require developer finance infrastructure improvements and convey to Municipality once sufficient revenues generated to support debt service
  - Memorandum of Agreement structured between Developer and Municipality stating benchmarks for phasing of construction, revenue generation and Municipal financing of improvements