

# OFFICIAL STATEMENT DATED MARCH 19, 2019

Rating: See "Rating" herein.  
S&P Global Ratings: AA+

## New Issue

In the opinion of KP Law P.C., Bond Counsel, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Bonds will not be included in computing the alternative minimum taxable income of individuals. Under existing law, interest on the Bonds is exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "Tax Exemption" herein. The Bonds will NOT be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

## CITY OF EVERETT, MASSACHUSETTS

### \$18,010,000 GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2019 BONDS

DATED  
Date of Delivery

DUE  
April 1

(as shown below)

The Bonds are issuable only in fully registered form, registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. See "THE BONDS - Book-Entry Transfer System" herein.

Principal of the Bonds will be paid on April 1 of the years in which the Bonds mature. Interest on the Bonds will be payable semiannually on April 1 and October 1, commencing October 1, 2019, until maturity or redemption prior to maturity. Principal and semiannual interest on the Bonds will be paid by U. S. Bank National Association, Boston, Massachusetts, as Paying Agent. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made directly to such Bondowner. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants and Indirect Participants, as more fully described herein.

The Bonds are subject to redemption prior to their stated maturity dates, as described herein.

The Bonds will be valid general obligations of the City of Everett, Massachusetts, and will be payable as to both principal and interest from taxes that may be levied upon all the property within the territorial limits of the City, subject to the limit imposed by Chapter 59, Section 21C of the General Laws.

### MATURITIES, AMOUNTS, RATES, YIELDS AND CUSIPS

Due April 1	Principal Amount	Interest Rate	Yield	CUSIP # 299839	Due April 1	Principal Amount	Interest Rate	Yield	CUSIP # 299839
2020	\$ 1,895,000	5.00 %	1.49 %	ZD5	2030	\$ 675,000	4.00 %	2.25 %	ZP8
2021	1,895,000	5.00	1.50	ZE3	2031	670,000	4.00	2.40	ZQ6
2022	1,850,000	5.00	1.52	ZF0	2032	665,000	4.00	2.52	ZR4
2023	1,825,000	5.00	1.56	ZG8	2033	665,000	4.00	2.60	ZS2
2024	1,780,000	5.00	1.62	ZH6	2034	650,000	3.00	3.00	ZT0
2025	735,000	5.00	1.68	ZJ2	2035	360,000	3.00	3.05	ZU7
2026	735,000	5.00	1.76	ZK9	2036	360,000	3.00	3.11	ZV5
2027	730,000	5.00	1.82	ZL7	2037	360,000	3.125	3.20	ZW3
2028	725,000	5.00	1.90	ZM5	2038	360,000	3.25	3.25	ZX1
2029	715,000	4.00	2.04	ZN3	2039	360,000	3.25	3.35	ZY9

The Bonds are offered subject to the final approving opinion of KP Law P.C., Boston, Massachusetts, Bond Counsel, as aforesaid, and to certain other conditions referred to herein and in the Notice of Sale. Hilltop Securities Inc., Boston, Massachusetts has acted as Financial Advisor to the City with respect to the Bonds. The Bonds in definitive form will be delivered to the successful bidder at DTC, or its custodial agent, on or about April 4, 2019 for settlement in federal funds.

**UBS FINANCIAL SERVICES INC.**

## TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
SUMMARY STATEMENT	3	CITY FINANCES:	
NOTICE OF SALE	4	Budget and Appropriation Process	40
Exhibit 1 – Form of Issue Price Certificates	9	Budget Trends	40
OFFICIAL STATEMENT:		State Aid	41
THE BONDS:		State School Building Assistance Program	41
Description of the Bonds	15	Local Option Meals Tax	42
Redemption Provisions	15	Motor Vehicle Excise	42
Record Date	15	Investment of City Funds	42
Book-Entry Transfer System	16	Basis of Accounting	42
Authorization of the Bonds and Use of Proceeds	18	Annual Audits	42
Principal Payments By Purpose	19	Financial Statements	42
Tax Exemption	19	Comparative Balance Sheet (Governmental Funds)	
Risk of Future Legislative Changes and/or Court Decisions	20	-June 30, 2018	43
Rating	21	Comparative Balance Sheet (Governmental Funds)	
Security and Remedies	21	-June 30, 2017	44
Opinion of Bond Counsel	22	Comparative Balance Sheet (Governmental Funds)	
Financial Advisory Services of		-June 30, 2016	45
Hilltop Securities Inc.	23	Statement of Revenues and Expenditures	
Continuing Disclosure	23	(Governmental Funds) June 30, 2018	46
THE CITY OF EVERETT, MASSACHUSETTS:		Statement of Revenues and Expenditures	
General	24	(Governmental Funds) June 30, 2017	47
Principal City Officials	24	Statement of Revenues and Expenditures	
Municipal Services	24	(Governmental Funds) June 30, 2016	48
Education	24	Statement of Revenues and Expenditures	
Industry and Commerce	25	(Governmental Funds) June 30, 2015	49
Largest Employers	25	Statement of Revenues and Expenditures	
Transportation and Utilities	26	(Governmental Funds) June 30, 2014	50
Planning and Economic Development	26	Free Cash and Unassigned General Fund Balance	51
Building Permits issued	31	Stabilization Fund	51
Labor Force, Employment and Employment Rate	31	Tax Increment Financing for Development Districts	51
Population	32	INDEBTEDNESS:	
Per Capita Income	32	Authorization of General Obligation Bonds and Notes	52
Median Family Income	32	Debt Limits	52
PROPERTY TAXATION:		Types of Obligations	52
Tax Levy Computation	33	Direct Debt Summary	53
Assessed Valuations, Tax Rates and Tax Levies	34	Debt Service Requirements	54
Classification of Property	34	Principal Payments by Purpose	55
Largest Taxpayers	35	Authorized Unissued Debt and Prospective Financings	55
Exelon Generating	35	Debt Ratios	56
State Equalized Valuation	36	Overlapping Debt	56
Abatement and Overlay	36	Contractual Obligations	57
Tax Levies and Collections	37	RETIREMENT PLAN	57
Tax Titles and Possessions	37	Current Funding Schedule	59
Taxation to Meet Deficits	38	Other Post Employment Benefits	59
Tax Limitations	38	EMPLOYEE RELATIONS	60
Tax Levies and Levy Limits	39	LITIGATION	60
Sale of Tax Receivables	39	APPENDIX A - AUDITED FINANCIAL STATEMENTS	
Pledged Taxes	39	AS OF JUNE 30, 2018	
Community Preservation Act	39	APPENDIX B - PROPOSED FORM OF LEGAL OPINION	
		OF BOND COUNSEL	
		APPENDIX C - PROPOSED FORM OF CONTINUING	

The Official Statement is not to be construed as a contract or agreement between the City and the purchasers or holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinion and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of the bonds described herein shall, under any circumstances, create any implication that there has been no change in the affairs of the City of Everett, since the date hereof.

## SUMMARY STATEMENT

The information set forth below is qualified in its entirety by the information and financial statements appearing elsewhere in the Official Statement.

Date of Sale:	Tuesday, March 19, 2019, 11:00 A.M. (E.T.).
Location of Sale:	Hilltop Securities Inc., 54 Canal Street, 3rd Floor, Boston, Massachusetts 02114.
Issuer:	City of Everett, Massachusetts.
Issue:	\$18,010,000 General Obligation Municipal Purpose Loan of 2019 Bonds, see "THE BONDS - Book-Entry Transfer System" herein.
Official Statement Dated:	March 19, 2019.
Dated Date of the Bonds:	Date of delivery.
Principal Due:	Serially April 1, 2020 through April 1, 2039, as detailed herein.
Interest Payable:	Semiannually April 1 and October 1, commencing October 1, 2019.
Redemption:	The Bonds are subject to redemption prior to their stated maturity dates, as described herein.
Purpose and Authority:	The Bonds are authorized for various municipal purposes under Chapter 44, Sections 7 and 8 of the Massachusetts General Laws as detailed herein.
Security of the Bonds:	The Bonds are valid general obligations of the City of Everett, and, to the extent not paid from other sources, the Bonds are payable from taxes which may be levied upon all taxable property within the territorial limits of the City, subject to the limit imposed by Chapter 59, Section 21C of the General Laws.
Credit Rating:	S&P Global Ratings has assigned a rating of AA+ to the Bonds.
Bond Insurance:	The City has not contracted for the issuance of any policy of municipal bond insurance or any other credit enhancement facility.
Basis of Award:	Lowest True Interest Cost (TIC), as of the dated date. <b>BIDS MUST INCLUDE A PREMIUM OF AT LEAST \$110,000.</b>
Tax Exemption:	Refer to "THE BONDS - Tax Exemption" herein and Appendix B, "Proposed Form of Legal Opinion of Bond Counsel".
Continuing Disclosure:	Refer to "THE BONDS - Continuing Disclosure" herein and Appendix C, "Proposed Form of Continuing Disclosure Certificate".
Bank Qualification:	The Bonds <b>will not be</b> designated by the City as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.
Paying Agent:	U. S. Bank National Association, Boston, Massachusetts.
Bond Counsel:	KP Law P.C., Boston, Massachusetts.
Financial Advisor:	Hilltop Securities Inc., Boston, Massachusetts.
Delivery and Payment:	It is expected that delivery of the Bonds in book-entry only form will be made to The Depository Trust Company, or to its custodial agent, on or about April 4, 2019 against payment in federal funds.
Issuer Official:	Questions concerning the Official Statement should be addressed to: Mr. Domenico D'Angelo, Treasurer, City of Everett, Massachusetts Telephone (617) 394-2244 or Cinder McNerney, Managing Director, Hilltop Securities Inc., Boston, Massachusetts Telephone (617) 619-4408.

**NOTICE OF SALE**  
**CITY OF EVERETT, MASSACHUSETTS**

**\$19,820,000\* GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2019 BONDS**

The City of Everett, Massachusetts (the "City") will receive sealed and electronic (as described herein) proposals until 11:00 A.M., Eastern Time, Tuesday, March 19, 2019, for the purchase of the following described \$19,820,000\* General Obligation Municipal Purpose Loan of 2019 Bonds of the City (the "Bonds"):

\$19,820,000\* General Obligation Municipal Purpose Loan of 2019 Bonds payable April 1 of the years and in the amounts as follows:

Due April 1	Principal Amount *	Due April 1		Principal Amount*
2020	\$ 2,045,000	2030	**	\$ 745,000
2021	2,020,000	2031	**	745,000
2022	2,015,000	2032	**	745,000
2023	1,990,000	2033	**	745,000
2024	1,975,000	2034	**	745,000
2025	805,000	2035	**	405,000
2026	805,000	2036	**	405,000
2027	805,000	2037	**	405,000
2028	805,000	2038	**	405,000
2029	** 805,000	2039	**	405,000

\*Preliminary, subject to change.

\*\*Callable Maturities. May be combined into one, two or three Term Bonds.

The Bonds will be dated as of their delivery date. Principal of the Bonds will be payable April 1 of the years in which the Bonds mature. Interest will be payable on April 1 and October 1 of each year until maturity, commencing October 1, 2019.

The Bonds will be issued by means of a book-entry system with no physical distribution of the Bonds made to the public. One certificate for each maturity of the Bonds will be issued to The Depository Trust Company, New York, New York ("DTC"), and immobilized in its custody. Ownership of the Bonds in principal amounts of \$5,000 or integral multiples thereof will be evidenced by a book-entry system with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. The winning bidder, as a condition to delivery of the Bonds, shall be required to deposit the Bonds with DTC, registered in the name of Cede & Co. Interest and principal on the Bonds will be payable to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC. Transfer of principal and interest payments to beneficial owners will be the responsibility of such participants and other nominees of beneficial owners. The City will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

The original Bonds to be immobilized at DTC will be prepared under the supervision of Hilltop Securities Inc. and their legality will be approved by KP Law P.C., Boston, Massachusetts, whose opinion will be furnished to the original purchaser without charge.

Principal of and semi-annual interest on the Bonds will be paid by U. S. Bank National Association, Boston, Massachusetts, as Paying Agent. So long as DTC or its nominee, Cede & Co., is the bondowner, such payments will be made directly to DTC. The disbursement of such payments to DTC participants is the responsibility of DTC, and the disbursement of such payments to the beneficial owners is the responsibility of the DTC participants and indirect participants, as more fully described herein.

The Bonds are subject to redemption prior to their stated maturity dates, as described herein.

Bonds maturing on or prior to April 1, 2028 shall not be subject to redemption prior to their stated maturity dates. Bonds maturing on and after April 1, 2029 shall be subject to redemption prior to maturity, at the option of the City, on or after April 1, 2028, either in whole or in part at any time, and if in part, by lot within a maturity, **at the par amount of the Bonds to be redeemed** plus accrued interest to the redemption date.

For Bonds maturing on April 1, 2029 and thereafter, bidders may specify that all of the principal amount of such Bonds in any two or more consecutive years may, in lieu of maturing in each such year, be combined to comprise one maturity of term bonds scheduled to mature in the latest of the combined years, and shall be subject to mandatory redemption prior to maturity at par as described above, in each of the years and in the principal amounts specified in the foregoing maturity schedule. Bidders may specify no more than three maturities of term bonds.

Bidders shall state the rate or rates of interest per annum which the Bonds are to bear in a multiple of 1/20 or 1/8 of one percent, but shall not state (a) more than one interest rate for any Bonds having a like maturity, (b) any interest rate which exceeds the interest rate stated for any other Bonds by more than 3 percent or (c) any coupon rate greater than 5.0%. **No bid of less than par plus a premium of at least \$110,000 will be considered.** The bid should reflect the premium required plus accrued interest.

As between proposals which comply with this Notice of Sale, the award will be to the bidder who offers to purchase all the Bonds at the lowest net effective interest rate to the City. Such interest rate shall be determined on a true interest cost (TIC) basis, which shall mean that rate which, as of April 4, 2019, discounts semiannually all future payments on account of principal and interest to the price bid, not including interest accrued to date of delivery, which accrued interest shall be paid by the successful bidder. In the event there is more than one proposal specifying the lowest such rate, the Bonds will be awarded to the bidder whose proposal is selected by the City Treasurer by lot among all such proposals.

**The current Bond structure does not reflect any premium. The City reserves the right to change the aggregate principal amount of the Bonds and the maturity schedule after the determination of the winning bid by decreasing the aggregate principal amount and the principal amount of each maturity of each purpose by such amounts as may be necessary to reflect the amount of the net premium to be received by the City. The dollar amount bid for the Bonds by the winning bidder will be adjusted, if applicable, to reflect changes in the dollar amount of the amortization schedule. Any price that is adjusted will reflect changes in the dollar amount of the underwriter's discount and original issue premium, but will not change the per bond underwriter's discount (net of insurance premium, if any) provided in such bid. Nor will it change the interest rate specified for each maturity. Any such adjustments will be communicated to the winning bidder by 4 P.M. on the day of the sale.**

Bids must be submitted either:

- (a) In a sealed envelope marked "Proposal for Bonds" and addressed to Mr. Domenico D'Angelo, Treasurer, City of Everett, Massachusetts c/o Hilltop Securities Inc., 54 Canal Street, 3<sup>rd</sup> Floor, Boston, Massachusetts 02114. Proposals by telegram delivered as specified above will be accepted. Signed blank bid forms may be faxed to (617) 619-4411 prior to submitting bids, and actual bids may be telephoned to Hilltop Securities Inc., telephone (617) 619-4400 at least one-half hour prior to the 11:00 a.m. sale and after receipt of the faxed bid form by Hilltop Securities Inc. Hilltop Securities Inc. will act as agent for the bidder, but neither the City nor Hilltop Securities Inc. shall be responsible for any errors in connection with bids submitted in this manner.
- (b) Electronically via Parity in accordance with this Notice of Sale. To the extent any instructions or directions set forth in Parity conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about Parity, potential bidders may contact the Financial Advisor to the City or Ideal at 40 West 23rd Street, 5th Floor, New York, NY 10010 (212) 404-8102.

The award of the Bonds to the winning bidder will not be effective until the bid has been approved by the Treasurer and the Mayor of the City.

The right is reserved to reject any or all proposals and to reject any proposal not complying with this Notice of Sale and, so far as permitted by law, to waive any irregularity with respect to any proposal.

An electronic bid made in accordance with this Notice of Sale shall be deemed an offer to purchase the Bonds in accordance with the terms provided in this Notice of Sale and shall be binding upon the bidder as if made by a signed and sealed written bid delivered to the City.

The City has not contracted for the issuance of any policy of bond insurance for the Bonds. If the Bonds qualify for issuance of any such policy or commitment therefor, any purchase of such insurance or commitment shall be at the sole

option and expense of the bidder. Proposals shall not be conditioned upon the issuance of any such policy or commitment. Any failure of the Bonds to be so insured or of any such policy or commitment to be issued shall not in any way relieve the purchaser of its contractual obligations arising from the acceptance of its proposal for the purchase of the Bonds. Should the bidder purchase municipal bond insurance, all expenses associated with such policy or commitment will be borne by the successful bidder, except for the fee paid to S&P Global Ratings for a rating on the Bonds. Any such fee paid to S&P Global Ratings would be borne by the City.

It shall be a condition to the obligation of the successful bidder to accept delivery of and pay for the Bonds that, contemporaneously with or before accepting the Bonds and paying therefor, it shall be furnished, without cost, with (a) the approving opinion of the firm of KP Law P.C., Boston, Massachusetts, substantially in the form presented in Appendix B to the Preliminary Official Statement dated March 12, 2019; (b) a certificate in form satisfactory to said firm, dated as of the date of delivery of the Bonds and receipt of payment therefor, to the effect that there is no litigation pending or, to the knowledge of the signer or signers thereof, threatened affecting the validity of the Bonds or the power of the City to levy and collect taxes to pay them, (c) a certificate of the City Treasurer to the effect that, to the best of his knowledge and belief, both the Preliminary Official Statement as of its date and as of the date of sale and the Final Official Statement as of its date and as of the date of delivery of the Bonds do not contain any untrue statement of a material fact and do not omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading, and (d) a Continuing Disclosure Certificate in the form presented in Appendix C to the Preliminary Official Statement.

The successful bidder shall assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City on the Closing Date an "issue price" or similar certificate, in the applicable form set forth in Exhibit 1 to this Notice of Sale, setting forth the reasonably expected initial offering prices to the public or the sales price of the Bonds together with the supporting pricing wires or equivalent communications, or, if applicable, the amount bid, with such modifications as may be appropriate or necessary, in the reasonable judgment of the successful bidder, the City and Bond Counsel. All actions to be taken by the City under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the City by Hilltop Securities Inc. (the "Financial Advisor") and any notice or report to be provided to the City may be provided to the Financial Advisor.

Competitive Sale Requirements. If the competitive sale requirements ("competitive sale requirements") set forth in Treasury Regulation § 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) have been satisfied, the City will furnish to the successful bidder on the Closing Date a certificate of the Financial Advisor, which will certify each of the following conditions to be true:

1. The City has disseminated this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
2. All bidders had an equal opportunity to bid;
3. The City received bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
4. The City awarded the sale of the Bonds to the bidder who submitted a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

**Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid. Unless a bidder notifies the City prior to submitting its bid by facsimile (fax number: 617-619-4411) or by telephone to the Financial Advisor (617-619-4400) or in its bid submitted via Parity, that it will not be an "underwriter" (as defined below) of the Bonds, by submitting its bid, each bidder shall be deemed to confirm that it has an established industry reputation for underwriting new issuances of municipal bonds. Unless the bidder has notified the City that it will not be an "underwriter" (as defined below) of the Bonds, in submitting a bid, each bidder is deemed to acknowledge that it is an "underwriter" that intends to reoffer the Bonds to the public.**

In the event that the competitive sale requirements are not satisfied, the City shall so advise the successful bidder.

Failure to Meet the Competitive Sale Requirements – Option A – The Successful Bidder Intends to Reoffer the Bonds to the Public and the 10% test to apply. If the competitive sale requirements are not satisfied and the successful bidder intends to reoffer the Bonds to the public, the City will use the first price at which 10% of a maturity of the Bonds (the "10% test") is sold to the public as the issue price of that maturity, applied on a maturity-by-maturity basis, of the Bonds. The successful bidder shall advise the Financial Advisor if any maturity of the Bonds satisfies the 10% test as of the date

and time of the award of the Bonds. The City will not require bidders to comply with the "hold-the-offering-price rule" set forth in the applicable Treasury Regulations and therefore does not intend to use the initial offering price to the public as of the Sale Date of any maturity of the Bonds as the issue price of that maturity.

If the competitive sale requirements are not satisfied, then until the 10% test has been satisfied as to each maturity of the Bonds or all of the Bonds are sold to the public, the successful bidder agrees to promptly report to the Financial Advisor the prices at which the unsold Bonds of each maturity have been sold to the public, which reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied for each maturity of the Bonds or until all the Bonds of a maturity have been sold. The successful bidder shall be obligated to report each sale of Bonds to the Financial Advisor until notified in writing by the City or the Financial Advisor that it no longer needs to do so. If the successful bidder chooses Option A, the successful bidder shall provide the City on or before the Closing Date an issue price certificate substantially in the form appearing in the form attached to this Notice of Sale as Exhibit 1 – Option A.

By submitting a bid and if the competitive sale requirements are not met, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the successful bidder that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public, if and for so long as directed by the successful bidder and as set forth in the related pricing wires and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the successful bidder or such underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public if and for so long as directed by the successful bidder or such underwriter and as set forth in the related pricing wires.

Sales of the Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

1. "Public" means any person other than an underwriter or a related party,
2. "Underwriter" means (A) any person, including the successful bidder, that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public), and
3. A purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

Failure to Meet the Competitive Sale Requirements – Option B – The Successful Bidder Intends to Reoffer the Bonds to the Public and Agrees to Hold the Price of the Maturities of Bonds for Which the 10% Test in Option A Is Not Met as of the Sale Date. The successful bidder may, at its option, notify the Financial Advisor in writing, which may be by email (the "Hold the Price Notice"), not later than 4:00 p.m. on the Sale Date, that it has not sold 10% of the maturities of the Bonds listed in the Hold the Price Notice (the "Unsold Maturities") and that the successful bidder will not offer the Unsold Maturities to any person at a price that is higher than the initial offering price to the public during the period starting on the Sale and ending on either of (i) the close of the fifth business day after the Sale Date or (ii) the date on which the successful bidder has sold at least 10% of the Unsold Maturity to the public at a price that is no higher than the initial offering price to the public. If the successful bidder delivers a Hold the Price Notice to the Financial Advisor, the successful bidder must provide to the Issuer on or before the Closing Date, in addition to the certification described in

Option A above, an issue price certificate substantially in the form attached to this Notice of Sale as Exhibit 1 – Option B with evidence that each underwriter of the Bonds, including underwriters in an underwriting syndicate or selling group, has agreed in writing to hold the price of the Unsold Maturities in the manner described in the preceding sentence.

Failure to Meet the Competitive Sale Requirements and/or the Successful Bidder Does Not Intend to Reoffer the Bonds to the Public – Option C. If the successful bidder has purchased the Bonds for its own account and will not distribute or resell the Bonds to the public, then, whether or not the competitive sale requirements were met, the issue price certificate will recite such facts and identify the price or prices at which the purchase of the Bonds was made.

It is anticipated that CUSIP identification numbers will be printed on the Bonds. The City assumes no responsibility for any CUSIP Service Bureau or other charge that may be imposed for the assignment of such numbers.

Additional information concerning the City and the Bonds is contained in the Preliminary Official Statement dated March 12, 2019, to which prospective bidders are directed. The Preliminary Official Statement is provided for informational purposes only and is not a part of this Notice of Sale. Said Preliminary Official Statement is deemed final by the City except for the omission of the reoffering price(s), interest rate(s), and the identity of the underwriter(s), and any other pertinent terms of the Bonds depending on such matters, but is subject to change without notice to completion or amendment in a Final Official Statement. Copies of the Preliminary Official Statement may be obtained from Hilltop Securities Inc., 54 Canal Street, Boston, Massachusetts 02114 (Telephone: 617-619-4400). Within seven (7) business days following the award of the Bonds in accordance herewith, 5 copies of the Final Official Statement will be available from the Hilltop Securities Inc. to the successful bidder for use in reoffering the Bonds. Upon request, additional copies will be provided at the expense of the requester.

The Bonds will not be designated as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986 as amended.

In order to assist bidders in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the City will undertake to provide annual reports and notices of certain significant events. A description of this undertaking is set forth in the Preliminary Official Statement.

The Bonds in definitive form will be delivered to The Depository Trust Company or the offices of its custodial agent on or about April 4, 2019 for settlement in federal funds.

---

CITY OF EVERETT, MASSACHUSETTS  
/s/ Domenico D’Angelo, Treasurer

March 12, 2019



## [Issue Price Certificate for Use If the Competitive Sale Requirements Are Met]

**City of Everett, Massachusetts**  
**\$19,820,000\* General Obligation Municipal Purpose Loan of 2019 Bonds dated April 4, 2019**

**ISSUE PRICE CERTIFICATE AND RECEIPT**

The undersigned, on behalf of \_\_\_\_\_ (the "Successful Bidder"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Bonds") of the City of Everett, Massachusetts (the "Issuer").

**1. Reasonably Expected Initial Offering Prices.**

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by the Successful Bidder are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Bonds used by the Successful Bidder in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by the Successful Bidder to purchase the Bonds.

(b) The Successful Bidder was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by the Successful Bidder constituted a firm offer to purchase the Bonds.

**2. Defined Terms.**

(a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is March 19, 2019.

(d) *Underwriter* means (i) any person, including the Successful Bidder, that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

**3. Receipt.** The Successful Bidder hereby acknowledges receipt of the Bonds and further acknowledges receipt of all certificates, opinions, and other documents required to be delivered to the Successful Bidder, before or simultaneously with the Bonds, which certificates, opinions, and other documents are satisfactory to the Successful Bidder.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Successful Bidders interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by KP Law P.C. in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: \_\_\_\_\_, 2019

[NAME OF SUCCESSFUL BIDDER]

By: \_\_\_\_\_

Name:

Title:

\_\_\_\_\_  
 \*Preliminary, subject to change.

**SCHEDULE A**  
**EXPECTED OFFERING PRICES**  
**(To Be Attached)**

---

**SCHEDULE B**  
**COPY OF SUCCESSFUL BIDDER'S BID**  
**(To Be Attached)**

**[Issue Price Certificate for Use If the Competitive Sale Requirements Are  
Not Met and the Hold the Price Rule Is Not Used]**

**City of Everett, Massachusetts  
\$19,820,000\* General Obligation Municipal Purpose Loan of 2019 Bonds dated April 4, 2019**

**ISSUE PRICE CERTIFICATE AND RECEIPT**

The undersigned, on behalf of \_\_\_\_\_, (the “[Successful Bidder][Representative]”), on behalf of itself [and [NAMES OF OTHER UNDERWRITERS]] hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”) of the City of Everett, Massachusetts (the “Issuer”).

**1. Sale of the Bonds.** As of the date of this certificate, [except as set forth in following paragraph,] for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.

[Only use the next paragraph if the 10% test has not been met or all of the Bonds have not been sold for one or more Maturities of Bonds as of the Closing Date.]

For each Maturity of the Bonds as to which no price is listed in Schedule A, as set forth in the Notice of Sale for the Bonds, until at least 10% of each such Maturity of the Bonds is sold to the Public (the “10% test”) or all of the Bonds are sold to the Public, the [Successful Bidder][Representative] agrees to promptly report to the Issuer’s financial advisor, Hilltop Securities Inc. (the “Financial Advisor”) the prices at which the unsold Bonds of each Maturity have been sold to the Public, which reporting obligation shall continue after the date hereof until the 10% test has been satisfied for each Maturity of the Bonds or until all the Bonds of a Maturity have been sold. The [Successful Bidder][Representative] shall continue to report each sale of Bonds to the Financial Advisor until notified by email or in writing by the Issuer or the Financial Advisor that it no longer needs to do so.

**2. Defined Terms.**

(a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Underwriter* means (i) any person, including the [Successful Bidder][Representative], that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

**3. Receipt.** The [Successful Bidder][Representative] hereby acknowledges receipt of the Bonds and further acknowledges receipt of all certificates, opinions, and other documents required to be delivered to the [Successful Bidder][Representative], before or simultaneously with the Bonds, which certificates, opinions, and other documents are satisfactory to the [Successful Bidder][Representative].

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the [Successful Bidder][Representative]’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by KP Law P.C. in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: \_\_\_\_\_, 2019

[SUCCESSFUL BIDDER][REPRESENTATIVE]

By: \_\_\_\_\_  
Name:  
Title:

\*Preliminary, subject to change.

**SALE PRICES**  
**(To be Attached)**

**SCHEDULE A**

**[Issue Price Certificate for Use If the Competitive Sale Requirements Are Not Met and the Hold the Price Rule Is Used]**

**City of Everett, Massachusetts  
\$19,820,000\* General Obligation Municipal Purpose Loan of 2019 Bonds dated April 4, 2019**

**ISSUE PRICE CERTIFICATE AND RECEIPT**

The undersigned, on behalf of \_\_\_\_\_ (the “[Successful Bidder][Representative]”), on behalf of itself [and [NAMES OF OTHER UNDERWRITERS] ]hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”) of the City of Everett, Massachusetts (the “Issuer”).

**1. Sale of the Bonds.** As of the date of this certificate, [except as set forth in following paragraph,] for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.

[Only use the next paragraph if the 10% test has not been met as of the Sale Date.]

For each Maturity of the Bonds as to which no price is listed in Schedule A (the “Unsold Maturities”), as set forth in the Notice of Sale for the Bonds, the [Successful Bidder][Representative] and any other Underwriter did not [and will not] reoffer the Unsold Maturities until the earlier of (i) \_\_\_\_\_, 2019 or (ii) the date on which the [Successful Bidder][Representative] or any other Underwriter sold at least 10% of each Unsold Maturity at a price that is no higher than the initial offering price to the Public.

**2. Defined Terms.**

(a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Underwriter* means (i) any person, including the [Successful Bidder][Representative], that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

**3. Receipt.** The [Successful Bidder][Representative] hereby acknowledges receipt of the Bonds and further acknowledges receipt of all certificates, opinion and other documents required to be delivered to the [Successful Bidder][Representative], before or simultaneously with the delivery of the Bonds, which certificates, opinions and other documents are satisfactory to the [Successful Bidder][Representative].

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the [Successful Bidder's][Representative's] interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by KP Law P.C. in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: \_\_\_\_\_, 2019

[SUCCESSFUL BIDDER][REPRESENTATIVE]

By: \_\_\_\_\_  
Name:  
Title:

\*Preliminary, subject to change.

**SCHEDULE A**  
**SALE PRICES**  
**(To be Attached)**

**OFFICIAL STATEMENT**  
**CITY OF EVERETT, MASSACHUSETTS**

**\$18,010,000 GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2019 BONDS**

This Official Statement is provided for the purpose of presenting certain information relating to the City of Everett, Massachusetts (the "City"), in connection with the sale of \$18,010,000 aggregate principal amount of its General Obligation Municipal Purpose Loan of 2019 Bonds (the "Bonds"). The information contained herein has been furnished by the City, except information attributed to another governmental agency or official as the source.

**THE BONDS**

**Description of the Bonds**

The Bonds will be dated as of their delivery date and will bear interest payable semiannually on April 1 and October 1 of each year until maturity, commencing October 1, 2019. The Bonds shall mature on April 1 of the years and in the principal amounts as set forth on the cover page of this Official Statement.

The Bonds are issuable only in fully registered form, without coupons, and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interests in Bonds purchased. So long as Cede & Co. is the Bondowner, as nominee of DTC, references herein to the Bondowners or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. (See "Book-Entry Transfer System" herein.)

Principal of and semiannual interest on the Bonds will be paid by U. S. Bank National Association, Boston, Massachusetts, as Paying Agent. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made directly to such Bondowner. Disbursements of such payments to the DTC participants are the responsibility of DTC and disbursements of such payments to the beneficial owners are the responsibility of the DTC participants and the indirect participants, as more fully described herein.

The Bonds are subject to redemption prior to their stated maturity dates, as described herein.

**Redemption Provisions**

**Optional Redemption**

Bonds maturing on or prior to April 1, 2028 shall not be subject to redemption prior to their stated maturity dates. Bonds maturing on and after April 1, 2029 shall be subject to redemption prior to maturity, at the option of the City, on or after April 1, 2028, either in whole or in part at any time, and if in part, by lot within a maturity, **at the par amount of the Bonds to be redeemed**, plus accrued interest to the redemption date.

**Notice of Redemption**

Notice of any redemption of Bonds, prior to their dates of maturity, specifying the Bonds (or the portions thereof) to be redeemed shall be mailed to DTC not more than 60 days nor less than 30 days prior to the redemption date. Any failure on the part of DTC to notify the Direct Participants of the redemption or failure on the part of DTC's Participants, Indirect Participants or of a nominee of a Beneficial Owner having received notice from a DTC Participant or otherwise to notify the Beneficial Owners shall not affect the validity of the redemption.

**Record Date**

The record date for each payment of interest is the fifteenth day of the month preceding the interest payment date, however if such date is not a business day, the record date will be the following business day provided that, with respect to overdue interest, the Paying Agent may establish a special record date. The special record date may not be more than twenty (20) days before the date set for payment. The Paying Agent will mail notice of a special record date to the Bondowners at least ten (10) days before the special record date.

## **Book-Entry Transfer System**

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued in fully-registered form registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and each such certificate will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated securities. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of securities deposited with DTC must be made by or through Direct Participants, which will receive a credit for such securities on DTC's records. The ownership interest of each actual purchaser of each security deposited by DTC ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the securities deposited by DTC are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the securities deposited with DTC, except in the event that use of the book-entry system for such securities is discontinued.

To facilitate subsequent transfers, all securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the securities deposited with DTC; DTC's records reflect only the identity of the Direct Participants to whose accounts such securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Redemption notices shall be sent to DTC. If less than all of a maturity is being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to securities deposited with DTC unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer of such securities or its paying agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts such securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).



Principal and interest payments on securities deposited with DTC will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the issuer of such securities or its paying agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the issuer of such securities or its paying agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the issuer of such securities or its paying agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the securities deposited with DTC at any time by giving reasonable notice to the issuer of such securities or its paying agent. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered to Beneficial Owners.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, physical certificates will be printed and delivered to Beneficial Owners.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

## Authorization of the Bonds and Use of Proceeds

The following sets forth the principal amounts of this issue, amounts authorized, dates of City approval, purposes and statutory authority for the current offering of Bonds.

This Issue	Total Amount Authorized	Date Approved	Purpose	Statutory Authority (M.G.L., as amended)	Order Number
\$ 640,400	\$ 700,000	6/5/2018	Vocational Program at High School	44, 7(1)	C-0182-18
397,000	455,000	7/17/2018	Vactor Truck	44, 8(7A)	C-0242-18
174,300	190,000	7/17/2018	City Services - Mini Packer	44, 7(1)	C-0243-18
88,000	95,000	7/17/2018	City Services- Aerial Truck	44, 7(1)	C-0243-18
74,000	80,000	7/17/2018	Voting Machines	44, 7(1)	C-0243-18
53,450	58,000	7/17/2018	Public Safety - Generator	44, 7(1)	C-0243-18
138,450	150,000	7/17/2018	OSHA Compliance	44, 7(1)	C-0243-18
2,668,050	3,000,000	7/17/2018	Street and Sidewalk Improvements	44, 7(1)	C-0243-18
69,050	75,000	7/17/2018	Appleton Street Park Design	44, 7(7)	C-0243-18
69,050	75,000	7/17/2018	Swan Street Park Phase 2 Design	44, 7(7)	C-0243-18
69,100	75,000	7/17/2018	Wherner Park	44, 7(7)	C-0243-18
442,900	500,000	7/17/2018	Morris Playground	44, 7(1)	C-0243-18
92,500	100,000	7/17/2018	Bike Share Locations	44, 7(1)	C-0243-18
138,500	150,000	7/17/2018	Glendal Square Redesign	44, 7(7)	C-0243-18
46,250	50,000	7/17/2018	Prescott Street Bike Path Crossing	44, 7(7)	C-0243-18
400,150	450,000	7/17/2018	Complete Streets Implementation	44, 7(1)	C-0243-18
221,400	250,000	7/17/2018	Northern Strand Bike Path Extension	44, 7(1)	C-0243-18
137,950	150,000	7/17/2018	Lower Broadway Bus Lane Final Design	44, 7(7)	C-0243-18
183,900	200,000	7/17/2018	North Strand Bike Path Lighting/Cameras/Amenities	44, 7(1)	C-0243-18
321,350	350,000	9/12/2018	Additional Vocational Program at High School	44, 7(1)	C-0298-18
1,373,000	1,500,000	10/29/2018	Hale Street Park Construction	44, 7(1)	C0299-18
1,009,100	1,100,000	10/29/2018	Appleton Street Park Construction	44, 7(1)	C0299-18
1,009,100	1,100,000	10/29/2018	Central Ave Park Construction	44, 7(1)	C0299-18
1,009,700	1,100,000	10/29/2018	Meadows/Kearins Park Phase II Design	44, 7(7)	C0299-18
1,009,100	1,100,000	10/29/2018	Tennis Courts Renovations Design/Construction	44, 7(1)	C0299-18
886,900	1,000,000	10/29/2018	Everett Square Improvements	44, 7(1)	C0299-18
917,150	1,000,000	10/29/2018	Werner & Fuller Street Park Design/Construction	44, 7(1)	C0299-18
732,550	800,000	10/29/2018	Tot Lot Design/Refurbish	44, 7(1)	C0299-18
183,900	200,000	10/29/2018	Beacham Street Design	44, 7(7)	C0299-18
119,550	130,000	10/29/2018	Sign/Awning Program & Wayfinding System	44, 7(1)	C0299-18
91,850	100,000	10/29/2018	Sweetser Circle Design	44, 7(7)	C0299-18
43,550	50,000	10/29/2018	Seven Acre Park Design/Construction	44, 7(1)	C0299-18
71,400	78,000	2/14/2019	City Services - F450 Dump Truck	44, 7(1)	C0058-19
55,400	60,000	2/14/2019	City Services - F350 Truck	44, 7(1)	C0058-19
174,300	190,000	2/14/2019	City Services - Freightliner Dump Truck	44, 7(1)	C0058-19
37,000	40,000	2/14/2019	City Services - Administrative Vehicle	44, 7(1)	C0058-19
37,000	40,000	2/14/2019	Facilities Maintenance - Administrative Vehicle	44, 7(1)	C0058-19
151,500	165,000	2/14/2019	ISD - Bucket/Crane Truck	44, 7(1)	C0058-19
202,000	220,000	2/14/2019	City Services - Street Sweeper	44, 7(1)	C0058-19
1,926,850	2,100,000	2/14/2019	Planning - Ornamental Lights	44, 7(1)	C0058-19
87,450	95,000	2/14/2019	City Services - Aerial Truck	44, 7(1)	C0058-19
455,900	500,000	2/14/2019	Fire - Central Fire Station Renovations	44, 7(1)	C0058-19
<b>\$ 18,010,000</b>					

## Principal Payments By Purpose

Year	General	School	Water/Sewer Enterprise	Total
2020	\$ 1,801,250	\$ 56,750	\$ 37,000	\$ 1,895,000
2021	1,800,000	55,000	40,000	1,895,000
2022	1,755,000	55,000	40,000	1,850,000
2023	1,730,000	55,000	40,000	1,825,000
2024	1,690,000	50,000	40,000	1,780,000
2025	645,000	50,000	40,000	735,000
2026	645,000	50,000	40,000	735,000
2027	640,000	50,000	40,000	730,000
2028	640,000	45,000	40,000	725,000
2029	630,000	45,000	40,000	715,000
2030	630,000	45,000	-	675,000
2031	625,000	45,000	-	670,000
2032	620,000	45,000	-	665,000
2033	620,000	45,000	-	665,000
2034	605,000	45,000	-	650,000
2035	315,000	45,000	-	360,000
2036	315,000	45,000	-	360,000
2037	315,000	45,000	-	360,000
2038	315,000	45,000	-	360,000
2039	315,000	45,000	-	360,000
<b>Totals</b>	<b>\$ 16,651,250</b>	<b>\$ 961,750</b>	<b>\$ 397,000</b>	<b>\$ 18,010,000</b>

## Tax Exemption

In the opinion of KP Law P.C., Bond Counsel to the City ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is of the further opinion that interest on the Bonds will not be included in computing the alternative minimum taxable income of Bondholders who are individuals. Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition of, or the accrual or receipt of interest on the Bonds. The Bonds will not be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

The Code imposes various requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. Failure to comply with these requirements may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The City has covenanted to comply with such requirements to ensure that interest on the Bonds will not be included in federal gross income. The opinion of Bond Counsel assumes compliance with these requirements.

Bond Counsel is also of the opinion that, under existing law, interest on the Bonds is exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel has not opined as to other Massachusetts tax consequences arising with respect to the Bonds. Prospective Bondholders should be aware, however, that the Bonds are included in the measure of Massachusetts estate and inheritance taxes, and the Bonds and the interest thereon are included in the measure of certain Massachusetts corporate excise and franchise taxes. Bond Counsel expresses no opinion as to the taxability of the Bonds or the income therefrom or any other tax consequences arising with respect to the Bonds under the laws of any state other than Massachusetts. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix B hereto.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes. For this purpose, the issue price of a particular maturity of the Bonds is either the reasonably expected initial offering price to the public or the first price at which a substantial amount of such maturity of the Bonds is sold to the public, as applicable. The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually

(with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Bondholders should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase such Bonds in the original offering to the public at the reasonably expected initial offering price or, if applicable, the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount greater than the stated principal amount to be paid at maturity of such Bonds, or, in some cases, at the earlier redemption date of such Bonds ("Premium Bonds"), will be treated as having amortizable bond premium for federal income tax purposes and Massachusetts personal income tax purposes. No deduction is allowable for the amortizable bond premium in the case of obligations, such as the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, a Bondholder's basis in a Premium Bond will be reduced by the amount of amortizable bond premium properly allocable to such Bondholder. Holders of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect the federal or state tax liability of a Bondholder. Among other possible consequences of ownership or disposition of, or the accrual or receipt of interest on, the Bonds, the Code requires recipients of certain social security and certain railroad retirement benefits to take into account receipts or accruals of interest on the Bonds in determining the portion of such benefits that are included in gross income. The nature and extent of all such other tax consequences will depend upon the particular tax status of the Bondholder or the Bondholder's other items of income, deduction, or exclusion. Bond Counsel expresses no opinion regarding any such other tax consequences, and Bondholders should consult with their own tax advisors with respect to such consequences.

### **Risk of Future Legislative Changes and/or Court Decisions**

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the Massachusetts legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Bonds will not have an adverse effect on the tax status of interest on the Bonds or the market value or marketability of the Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

For example, H.R. 1, signed into law on December 22, 2017, reduces the corporate tax rate, modifies individual tax rates, eliminates many deductions, and raises the income threshold above which the individual alternative minimum tax is invoked, among other things. These changes may increase, reduce or otherwise change the financial benefits of owning state and local government bonds. Additionally, Bondholders should be aware that future legislative actions (including federal income tax reform) may retroactively change the treatment of all or a portion of the interest on the Bonds for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Bonds may be affected and the ability of Bondholders to sell their Bonds in the secondary market may be reduced. The Bonds are not subject to special mandatory redemption, and the interest rates on the Bonds are not subject to adjustment, in the event of any such change in the tax treatment of interest on the Bonds.

Investors should consult their own financial and tax advisors to analyze the importance of these risks.

## Rating

S&P Global Ratings has assigned a rating of AA+ to the Bonds. Said rating only reflects the rating agency's views and is subject to revision or withdrawal, which could affect the market price of the Bonds.

## Security and Remedies

Full Faith and Credit. General obligation bonds and notes of a Massachusetts city or town constitute a pledge of its full faith and credit. Payment is not limited to a particular fund or revenue source. Except for "qualified bonds" as described below (see "TYPES OF OBLIGATIONS - Serial Bonds and Notes" under "INDEBTEDNESS") and setoffs of state distributions as described below (see "Use of State Distributions to Pay Debt Service" below), no provision is made by the Massachusetts statutes for priorities among bonds and notes and other general obligations, although the use of certain moneys may be restricted.

Tax Levy. The Massachusetts statutes direct the municipal assessors to include annually in the tax levy for the next fiscal year "all debt and interest charges matured and maturing during the next fiscal year and not otherwise provided for [and] all amounts necessary to satisfy final judgments." Specific provision is also made for including in the next tax levy payment of rebate amounts not otherwise provided for and payment of notes in anticipation of federal or state aid if the aid is no longer forthcoming.

The total amount of a tax levy is limited by statute. However, the voters in each municipality may vote to exclude from the limitation any amounts required to pay debt service on indebtedness incurred before November 4, 1980. Local voters may also vote to exempt specific subsequent bond issues from the limitation. (See "Tax Limitations" under "PROPERTY TAXATION" below.) In addition, obligations incurred before November 4, 1980 may be constitutionally entitled to payment from taxes in excess of the statutory limit.

No Lien. Except for taxes on the increased value of certain property in designated development districts which may be pledged for the payment of debt service on bonds issued to finance economic development projects within such districts, no provision is made for a lien on any portion of the tax levy or any other monies of the City to secure particular bonds or notes or bonds and notes generally (or judgments on bonds or notes) in priority to other claims. Provision is made, however, for borrowing to pay judgments, subject to the General Debt Limit. (See "Debt Limits" under "INDEBTEDNESS" below.) Subject to the approval of the State Director of Accounts for judgments above \$10,000, judgments may also be paid from available funds without appropriation and included in the next tax levy unless other provision is made.

Court Proceedings. Massachusetts cities and towns are subject to suit on their general obligation bonds and notes and courts of competent jurisdiction have power in appropriate proceedings to order payment of a judgment on the bonds or notes from lawfully available funds or, if necessary, to order the city or town to take lawful action to obtain the required money, including the raising of it in the next annual tax levy, within the limits prescribed by law. (See "Tax Limitations" under "PROPERTY TAXATION" below.) In exercising their discretion as to whether to enter such an order, the courts could take into account all relevant factors including the current operating needs of the city or town and the availability and adequacy of other remedies. The Massachusetts Supreme Judicial Court has stated in the past that a judgment against a municipality can be enforced by the taking and sale of the property of any inhabitant. However, there has been no judicial determination as to whether this remedy is constitutional under current due process and equal protection standards.

Restricted Funds Massachusetts statutes also provide that certain water, gas and electric, community antenna television system, telecommunications, sewer, parking meter and passenger ferry, community preservation and affordable housing receipts may be used only for water, gas and electric, community antenna television system, telecommunications, sewer, parking, mitigation of ferry service impacts, and community preservation and affordable housing purposes, respectively; accordingly, moneys derived from these sources may be unavailable to pay general obligation bonds and notes issued for other purposes. A city or town that accepts certain other statutory provisions may establish an enterprise fund for a utility, health care, solid waste, recreational or transportation facility and for police or fire services; under those provisions any surplus in the fund is restricted to use for capital expenditures or reduction of user charges. In addition, subject to certain limits, a city or town may annually authorize the establishment of one or more revolving funds in connection with use of certain revenues for programs that produce those revenues; interest earned on a revolving fund is treated as general fund revenue. A city or town may also establish an energy revolving loan fund to provide loans to owners of privately-held property in the city or town for certain energy conservation and renewable energy projects, and may borrow to establish such a fund. The loan repayments and interest earned on the investment of amounts in the fund shall be credited to the fund. Also, the annual allowance for depreciation of a gas and electric plant or a community antenna television and telecommunications system is restricted to use for plant or system renewals and improvements, for nuclear decommissioning costs, and costs of contractual commitments, or, with the approval of the State Department of Telecommunications and Energy, to pay debt incurred for plant or system

reconstruction or renewals. Revenue bonds and notes issued in anticipation of them may be secured by a prior lien on specific revenues. Receipts from industrial users in connection with industrial revenue financings are also not available for general municipal purposes.

State Distributions. State grants and distributions may in some circumstances be unavailable to pay general obligation bonds and notes of a city or town in that the State Treasurer is empowered to deduct from such grants and distributions the amount of any debt service paid on "qualified bonds" (See "*Serial Bonds and Notes*" under "INDEBTEDNESS-TYPES OF OBLIGATIONS" below) and any other sums due and payable by the city or town to the Commonwealth or certain other public entities, including any unpaid assessments for costs of any public transportation authority (such as the Massachusetts Bay Transportation Authority ("MBTA") or a regional transit authority) of which it is a member, for costs of the Massachusetts Water Resources Authority ("MWRA") if the city or town is within the territory served by the Authority, for any debt service due on obligations issued to the Massachusetts School Building Authority ("MSBA"), or for charges necessary to meet obligations under the Commonwealth's Clean Water or Drinking Water Revolving Loan Programs, including such charges imposed by another local governmental unit that provides wastewater collection or treatment services or drinking water services to the city or town.

If a city or town is (or is likely to be) unable to pay principal or interest on its bonds or notes when due, it is required to notify the State Commissioner of Revenue. The Commissioner shall in turn, after verifying the inability, certify the inability to the State Treasurer. The State Treasurer shall pay the due or overdue amount to the paying agent for the bonds or notes, in trust, within three days after the certification or one business day prior to the due date (whichever is later). This payment is limited, however, to the estimated amount otherwise distributable by the Commonwealth to the city or town during the remainder of the fiscal year (after the deductions mentioned in the foregoing paragraph). If for any reason any portion of the certified sum has not been paid at the end of the fiscal year, the State Treasurer shall pay it as soon as practicable in the next fiscal year to the extent of the estimated distributions for that fiscal year. The sums so paid shall be charged (with interest and administrative costs) against the distributions to the city or town.

The foregoing does not constitute a pledge of the faith and credit of the Commonwealth. The Commonwealth has not agreed to maintain existing levels of state distributions, and the direction to use estimated distributions to pay debt service may be subject to repeal by future legislation. Moreover, adoption of the annual appropriation act has sometimes been delayed beyond the beginning of the fiscal year and estimated distributions which are subject to appropriation may be unavailable to pay local debt service until they are appropriated.

Bankruptcy. Enforcement of a claim for payment of principal or interest on general obligation bonds or notes would be subject to the applicable provisions of Federal bankruptcy laws and to the provisions of other statutes, if any, hereafter enacted by the Congress or the Massachusetts legislature extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. Massachusetts municipalities are not generally authorized by the Massachusetts General Laws to file a petition for bankruptcy under Federal bankruptcy laws. In cases involving significant financial difficulties faced by a single city, town or regional school district, the Commonwealth has enacted special legislation to permit the appointment of a fiscal overseer, finance control board or, in the most extreme cases, a state receiver. In a limited number of these situations, however, such special legislation has also authorized the filing of federal bankruptcy proceedings, with the prior approval of the Commonwealth. In each case where such authority was granted, it expired at the termination of the Commonwealth's oversight of the financially distressed city, town or regional school district. To date, no such filings have been approved or made.

### **Opinion of Bond Counsel**

The unqualified approving opinion as to the validity of the Bonds will be rendered by KP Law P.C., Boston, Massachusetts, Bond Counsel. The opinion will be dated the date of original delivery of the Bonds and will speak only as of such date.

Except as to matters expressly set forth in their opinion, the scope of engagement of Bond Counsel does not extend to passing upon or assuming responsibility for the accuracy or adequacy of any statement made in this Official Statement, and they make no representation that they have independently verified the same other than matters expressly set forth as their opinion

**Financial Advisory Services of Hilltop Securities Inc.**

Hilltop Securities Inc., Boston, Massachusetts serves as financial advisor to the City of Everett, Massachusetts.

**Continuing Disclosure**

In order to assist the initial purchaser in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission (the "Rule"), the City will covenant for the benefit of owners of the Bonds to provide certain financial information and operating data relating to the City by not later than 270 days after the end of each fiscal year (the "Annual Report"), and to provide notices of the occurrence of certain significant events. The covenants will be contained in a Continuing Disclosure Certificate, the proposed form of which is provided in Appendix C. The Certificate will be executed by the signers of the Bonds, and incorporated by reference in the Bonds.

**In the past five years, the City believes that it has complied, in all material respects, with its previous undertakings to provide annual reports and notices of significant events in accordance with the Rule. Aside from the City, there are no obligated persons with respect to the Bonds.**

**CITY OF EVERETT, MASSACHUSETTS**

**General**

The City of Everett is located in Middlesex County. It is bordered on the north by the City of Malden, on the east by the Cities of Revere and Chelsea, on the west by the Cities of Medford and Somerville, and on the south by the Mystic River and the City of Boston. Everett has a population of 41,667 (according to the 2010 Federal Census) and occupies a land area of 3.36 square miles. Incorporated as a town in 1870, and as a city in 1892, Everett is governed by a Mayor-Council form of government.

**Principal City Officials**

<u>Title</u>	<u>Name</u>	<u>Manner of Selection</u>	<u>Length of Term</u>	<u>Expiration of Term</u>
Mayor	Carlo DeMaria, Jr.	Elected	4 Years	2022
Chief Financial Officer	Eric Demas	Appointed	3 Years	2019
City Auditor	Eric Demas	Appointed	3 Years	2019
City Treasurer/Collector	Domenico D'Angelo	Appointed	3 Years	2019
City Clerk	Sergio Cornelio	Appointed	5 Years	2022
City Solicitor	Colleen Mejia	Appointed	3 Years	2019

**Municipal Services**

The City provides general governmental services for the territory within its boundaries, including police and fire protection, disposal of garbage and rubbish, public education in grades K-12, street maintenance, and parks and recreational facilities. Water and sewer services are provided via connections to the Massachusetts Water Resources Authority. Vocational technical education is provided for at the high school level by the City.

**Education**

The following table indicates public school matriculation (October) within the City for the years 2014 to 2018.

	Actual				
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Grades Pre K-6	4,094	4,219	4,226	4,232	4,126
Grades 7-8	929	871	892	922	976
Grades 9-12	2,134	2,118	2,103	2,051	2,005
Totals	<u>7,157</u>	<u>7,208</u>	<u>7,221</u>	<u>7,205</u>	<u>7,107</u>

The City currently has 9 schools: one school covering pre-kindergarten, one school covering pre-kindergarten through grade 4, five schools covering kindergarten through grade 8, one high school covering grades 9 through 12, and one school dedicated for special education, covering grades kindergarten through 12.



## Industry and Commerce

Everett is a diversified industrial city. The following table lists the recent trends in the major categories of income and employment.

Industry	Calendar Year Average				
	2013	2014	2015	2016	2017
Construction	1,224	1,373	1,401	1,407	1,085
Manufacturing	926	954	994	968	820
Trade, Transportation & Utilities	3,602	3,475	3,509	3,405	3,367
Information	54	54	54	52	43
Financial Activities	1,728	1,678	1,567	1,534	1,394
Professional and Business Services	639	685	676	746	852
Education and Health Services	2,216	2,271	2,362	2,479	2,416
Leisure and Hospitality	1,192	1,207	1,240	1,290	1,304
Other Services	434	424	451	384	375
<b>Total Employment</b>	<b>12,015</b>	<b>12,121</b>	<b>12,254</b>	<b>12,265</b>	<b>12,251</b>
Number of Establishments	849	888	936	985	1,008
Average Weekly Wages	\$ 1,033	\$ 1,057	\$ 1,120	\$ 1,128	\$ 1,141
<b>Total Wages</b>	<b>\$ 672,676,494</b>	<b>\$ 695,038,451</b>	<b>\$ 744,087,279</b>	<b>\$ 750,714,309</b>	<b>\$ 726,596,676</b>

Source: Massachusetts Department of Education and Training. Data based upon place of employment, not place of residence. Due to reclassification the U.S. Department of Labor now uses the North American Industry Classification System (NAICS) as the basis for the assignment and tabulation of economic data by industry.

## Largest Employers

<u>Name</u>	<u>Production</u>	<u>Approximate No. of Employees</u>
City of Everett	Government	1,700
Mellon Bank	Banking/Financial Institution	1,200
Cambridge Health Alliance	Hospital	800
MBTA	Transportation	600
Boston Coach	Transportation	300
Target	Retail	200
Alliance Detection	Security	200
Everett Nursing and Rehab Center	Health Care/Long Term & Rehabilitation	150
Home Depot	Retail	150
COSTCO	Wholesale	100
Best Buy	Retail	100
Schnitzer Northeaster	Metal Recycling	100
Texas Roadhouse	Restaurant	100
Dunkin Donuts	Coffee/Fast Food	100
Restaurant Depot	Wholesale	90
Honda Cars of Boston	Car Dealership	80
Dunkin Galvanizing	Metal Fabrication	80
Eagle Bank	Banking	80
TGIF Friday's	Restaurant	80
Engie-NA	LNG Terminal	75
Teddy Peanut Butter	Food production	70

SOURCE: Everett Department of Planning and Development, February 2019.

## **Transportation and Utilities**

Modern transportation facilities are available to residents and commercial enterprises in the City. The City maintains a total of 56 miles of roads. Bus transportation within the City and throughout the local region is provided by the Massachusetts Bay Transportation Authority (MBTA). The MBTA maintains a major repair facility in the City.

Gas, electric, and telephone services are provided by established private utilities.

## **PLANNING AND ECONOMIC DEVELOPMENT**

The City is committed to completing long range planning designed to support a high quality, safe community that supports sustainable housing and economic development initiatives. Through community involvement and strategic neighborhood investments, the City strives to support community improvement projects, and seeks to retain existing and support new, sustainable, safe businesses within the City.

The City's long-range planning and economic development goals include:

1. Ensuring a high-quality, affordable community for people to live, work and recreate;
2. Supporting the creation of new full-time, well-paying jobs;
3. Establishing a sustainable and diversified tax base and land-use mix;
4. Returning vacant buildings and former industrial properties to safe, active use;
5. Encouraging compatible and diversified commercial and industrial districts;
6. Improving the appearance of the City;
7. Stimulating sustained investment in the community.

The City continuously pursues economic development initiatives to achieve economic diversity and success.

### **Economic Development Programs and Designations**

**Gateway City Designation:** In 2010, the City was designated by The Commonwealth of Massachusetts as a "Gateway City." This designation provides eligible communities with additional state resources and access to grant and program funding through various state agencies. Designed to assist the Commonwealth's cities in the most need, Gateway Cities can utilize numerous grant programs for various activities, including site, roadway, and infrastructure acquisition and reconstruction, economic development programming, and the design and construction of public parks and other public facilities.

In 2012, the City received \$500,000 through the Gateway Cities PARC Grant program for the rehabilitation of Glendale Park. Combined with City Capital Improvement Funding, this \$2.6 million project will rehabilitate the City's historic and primary open space into a new multi-purpose open space with baseball and softball fields, a walking track, and an expanded tot lot (project complete).

Also in 2012, \$235,000 of Gateway Cities PARC Grant funding was awarded for the design and construction of the Northern Strand Community Trail, also known as the Bike to the Sea corridor (project complete).

In 2014 the City received a \$200,000 Our Common Back Yard grant through the Gateway Cities program for the reconstruction of the Jacob Scharf Park. The project is underway.

In 2015, the City received a \$400,000 PARC Grant for the reconstruction of Sacramone Park, including a new synthetic turf ball field, tot lot, splash pad and concession stand. The project is being designed.

In 2016, the City received a \$300,000 PARC Grant for the reconstruction of Swan Street Park.

In 2017 and 2018, the City received \$150,000 from the Massachusetts Gaming Commission to advance design of the extension of the Northern Strand Community Bike Path. The extension would connect the existing path to the City of Somerville along the Newburyport Commuter Rail Line. In addition, the City received funding to implement bike share locations throughout the community.

**Mini-Entitlement Designation:** The City is a designated "Mini-Entitlement" community. Administered through the state's Department of Housing and Community Development (DHCD), Mini-Entitlement communities are eligible to receive federal Community Development Block Grant (CDBG) funds design to assist communities with meeting community

development needs. Assistance is provided to qualifying cities and towns for housing, community, and economic development projects that assist low and moderate-income residents, or by revitalizing areas of slum or blight.

In fiscal year 2014, the City received \$900,000 in Mini-Entitlement funding, which is being used to support numerous initiatives, including a housing rehabilitation program for low to moderate income property owners; a Best Retail Practices seminar with individual consultations to support Everett's small business and retail owners; a park renovation project for the Jacob Scharf park; and to provide assistance to four (4) public social service agencies that serve low-income residents.

In fiscal years 2015-2018, the City secured approximately \$825,000 yearly in Mini-Entitlement funding, which was used to support numerous initiatives, including a housing rehabilitation program for low to moderate income property owners; a Best Retail Practices seminar with individual consultations to support Everett's small business and retail owners; park renovations; and to assist dozens of public social service agencies.

**Economic Target Area (ETA) Designation:** Since 1993, a portion of the City has been designated as an Economic Target Area (TeleCom City ETA) by the Commonwealth of Massachusetts Economic Assistance Coordinating Council, as administered through the Massachusetts Office of Business Development (MOBD). The ETA designation is a part of the State's Economic Development Incentive Program (EDIP), the purpose of which is to provide additional financial incentives for municipalities to utilize in order to encourage economic development and business/job retention in targeted areas within the community. Through the EDIP, Everett is able to offer tax benefits not available in other areas of the City. The ETA designation is a tool for the City to promote projects that meet the City's economic development goals.

In 2012, the City entered into two tax incentive agreements within the TeleCom City ETA, which included:

- 5-year TIF (Tax Increment Financing) with Cumar Tile
- 4-year STA (Special Tax Assessment) with L.Knife and Sons

More details on the 2012 agreements and projects are outlined below.

**Economic Opportunity Area (EOA) Designation:** On November 30, 1998, the City received approval of its first Economic Opportunity Area (EOA) within the City TeleCom City Economic Target Area. The newly created EOA is named the Parkway/Island End EOA. The boundaries of the EOA are the Revere Beach Parkway, the Chelsea City Line, the Island End and Mystic Rivers, and Broadway (Route 99).

A business that is expanding, relocating, or building new facilities and creating permanent new jobs within the EOA can be designated as a Certified Project by the City and the State's Economic Assistance Coordinating Council. The benefits to Certified Projects within an EOA include:

- An investment tax credit of five percent toward the state corporate or personal income tax
- A state corporate or personal income tax deduction equal to 10 percent of the cost of renovating an abandoned building
- Property tax benefits negotiated with the City, offered through the TIF and STA programs (see below)

**Tax Incentive Financing (TIF) Program:** Capitalizing on the ETA and EOA Designation, in March 2012, the Everett City Council authorized a Tax Incentive Financing (TIF) Agreement between the City and Cumar Inc. Co. for a period of 5 years. A local company, Cumar Tile is a leading importer and cutter of high end tile (marble, granite, etc.) typically used to make countertops and other items. Expressing their desire to expand within Everett, the TIF agreement provides Cumar with the ability to invest \$6.5 million to expanding their facility within the City, and adding approximately 10 new jobs.

The negotiated TIF provides a 5-year tax break to Cumar Tile on the added investment at their facility. The \$6.5 million investment includes the purchase of a permanent, expanded space (previously leased), purchase of new equipment, the build out of manufacturing and office space, and hiring of additional staff. Construction has been completed. To date, and as a result of the TIF, Cumar hired 20 additional staff.

**Special Tax Assessment (STA) Agreement:** In August 2012, the Everett City Council approved a 4-year Special Tax Assessment (STA) with L.Knife and Son, Inc., a family owned beverage distribution company based in Kingston, MA. The 4-year STA provides a 4-year tax break on a portion of the entire assessed value of the property. The incentive is supporting L. Knife's desire to locate its craft beer and international import beverage businesses within the City.

**Expedited Local Permitting – Chapter 43D:** The City is committed to expediting the local permitting process to the greatest extent possible. Displaying this commitment, the City designated two parcels under the provisions of MGL Chapter 43D, the state's expedited permitting program. These sites include the Rivergreen Business Park (2010) and the former Everett High School (2011). In 2015, the City designated the Wynn Everett gaming site as a Chapter 43D property. This designation provides priority consideration for various state grant programs, places the sites on the State's economic development priorities site list, and ensures an expedited local permitting process for any project proposed at these sites, whereby all local decisions must be rendered on the project within 180 days of application submission.

### Regional Projects/Partnerships

**Everett/Somerville Pedestrian Footbridge over the Mystic River:** Both communities are in the process of advancing the design and permitting to expand the existing MBTA's Assembly Square Station in Somerville and become part of a larger project which will allow a pedestrian connection over Wynn in Everett to a new entrance to DCR's Draw Seven Park in Somerville. The expansion will provide direct access between Assembly Station and the Draw Seven Park, via a weather protected connecting structure outside the paid zone of the station and a new East Headhouse. The project will include two elevators, a stair and an escalator and will be thoughtfully designed to be aesthetically sympathetic to the surrounding context. This expansion would provide a direct link for pedestrians and bicycles from the Assembly Row and Assembly Square station to the proposed DCR riverfront trail to the south and the proposed Crossing Bridge between Somerville and Everett. The bridge would provide direct access from the DCR trail system, Wynn Boston Harbor, Public Harborwalk, and Route 99 in Everett through the Draw Seven Park to the proposed head house at Assembly Station. Together these projects improve regional multimodal transportation network and connectivity to the Mystic River Watershed area.

**Malden River Visioning Project:** In 2017, the Mystic River Watershed Association formed a partnership with the cities of Everett, Malden and Medford, along with the support of the Bike to the Sea, Friends of the Malden River, Lawrence and Lillian Solomon Foundations (A Greener and Greater Boston), Preotle, Lane and Associates, and Wynn Boston Harbor. After an extensive public visioning process, the general consensus was to seek opportunities to maintain and create better access to the Malden River. The end result was an implementation plan to maintain and enhance public access to the Malden River.

**River's Edge Project:** The River's Edge Project is a partnership among the Cities of Everett, Malden and Medford to create a regional mixed-use district designed to support the construction of up to 222 units of housing, 441,000 square feet of commercial space, and a permanent boathouse for Tufts University. Located on former industrial properties along the Malden River, the River's Edge Project has many supporters and partners, including university leaders, local, state and federal government officials and agencies, and private developers. This unique agreement includes a tax sharing component whereby projects completed within the project area are taxed through a blended tax rate, and the revenues are shared by the three partner communities.

### Commercial Projects

**Encore Boston, Wynn Resorts:** In 2014, the Massachusetts Gaming Commission selected Wynn MA, LLC for the sole Eastern Massachusetts gaming license, one of two resort casinos to be licensed by the state gaming commission. This project, located in the Lower Broadway District of Everett, is developing a former 35 acre chemical company Brownfields site into a resort casino. The over \$2 billion investment includes nearly 1.8 million square feet of commercial, mixed use space, including a 620 room luxury hotel, retail and restaurant space, a luxury spa, and a casino floor to be completed by Wynn Development of Las Vegas.

The rapid construction of the Encore Boston Harbor Resort ("Encore Boston") is having a positive effect on property values in the City, and will add an additional \$30 million in annually recurring revenues for the City when it opens in June of 2019 as well as support an estimated 4,000 new permanent jobs. Currently, the project is approximately fifty-seven percent complete and model hotel rooms are now open for viewing. Encore Boston will be one of only two resort casinos licensed in the Commonwealth under the Massachusetts Expanded Gaming Act of 2011, and the only such facility in Greater Boston.

Encore Boston is currently under review by the Massachusetts Gaming Commission for suitability, and it has acted quickly to resolve any suitability concerns raised by the Massachusetts Gaming Commission. Most recently, CEO and President Steve Wynn resigned from Wynn Boston and its parent corporation. The Massachusetts Gaming Commission (MGC) has begun the process of formally removing Steve Wynn as a qualifier. The MGC has publicly stated that they would like to complete their review and recommendations by this summer. Encore Boston is continuing construction through the review. Governor Baker recently made the following comments when asked by reporters to speculate on

what would happen with the MGC's review: "Keep in mind that the Gaming Commission's investigation is ongoing, and some of the things that were most important to people - Steve Wynn leaving the board, Steve Wynn selling out his position in the company - those have happened. Certainly the Gaming Commission and the City of Everett have major roles to play in whatever happens on that site, as they should, and I fully expect those'll play out as more information becomes available going forward."

**AmazonFresh:** In 2015, the Planning Board approved site development plans for the construction of a food distribution center on Beacham Street. AmazonFresh now offers grocery items for sale, as well as a subset of items from the main Amazon.com storefront. Items ordered through AmazonFresh are available for home delivery on the same day or the next day. The project was completed in 2016. AmazonFresh hired approximately 60 employees.

**EnVision Hotel:** In 2015, the Planning Board approved site development plans for the construction of a 101 room hotel (3 star) at the corner of Vine Street and Revere Beach Parkway. EnVision is part of the Choice Hotels brand. The EnVision is now open and has approximately 20 full-time and part-time employees.

**L.Knife and Sons:** As noted, in August 2012, the Everett City Council approved a Special Tax Assessment (STA) with L.Knife and Son, Inc., a family owned beverage distribution company based out of Kingston, MA. The STA is supporting L. Knife's desire to locate its craft beer and import beverage businesses within the City. The \$13.4 million investment includes the purchase and rehabilitation of a vacant 222,000 square foot former food distribution facility located on Beacham Street. This project has been completed. In 2013, the company converted the empty building into a state of the art beverage distribution facility, which houses the corporate offices for its craft beer and import beverage businesses and serves as a regional corporate training facility. The new facility is in the process of relocating approximately 82 existing jobs to Everett, and creating an additional 20 new full time jobs within the first two years of operation.

**Gateway Center:** The Gateway Retail Center is a successful brownfields redevelopment. The "Destination Retail Center" consists of a collection of retail stores and restaurants totaling almost 600,000 square feet. Tenants in the Gateway Center include Target Department Store, Home Depot, Office Max, Old Navy, Gap Outlet, Bed Bath and Beyond, Michael's Crafts, and others. Gateway Center is located at the intersection of Route 99 and Route 16. The developer, Developers Diversified, also funded the design and construction of Gateway Park, a 23-acre passive recreational park adjacent to Gateway Center. This park is part of the Commonwealth of Massachusetts Department of Conservation and Recreation park system. The Gateway Park project is closely linked to the Gateway Center, with the center providing parking and access to the park.

### **Residential Projects:**

**The Batchyard:** In 2012, Post Road Construction of Connecticut purchased the remaining two parcels of the Charleston Lofts site and was granted local approvals to continue the construction of the site. The new project includes the renovation of an addition to the 4-story former Charlestown Chew Factory building into a 7-story building, the construction of a new 5-level parking structure, and the construction of two new multi-family buildings on site. The total project includes 329 units of market rate housing, representing a \$90 million investment. The project was completed in the winter of 2015, and is fully leased. This development is another example of how the City continues to advance its economic development goals by returning vacant buildings to active uses that provide additional sources of revenue for the City.

**Parkside Lofts:** In 2012, this former Tillotson Rubber Company site located on Waters Avenue, was granted local permits to construct 190 units of market rate housing. The project was completed in 2016.

**Charleston Lofts:** Pinnacle Properties Holdings, L.L.C. purchased four multi-story, former mill buildings consisting of 255,000 square feet at 210 Broadway and 7-43 Charlton Street, just a quarter mile north of the Boston city limits along Route 99 near its intersection with Route 16. The largest of the buildings was the former home of the Charleston Chew chocolate factory. This project was permitted for development in three phases totaling an anticipated 250-260 luxury loft style condominiums units. In 2009, Pinnacle Properties Holdings, L.L.C completed construction of 69 loft style residential units. The majority of the units were sold at market rate. Due to collapse in the condo housing market, Pinnacle Properties did not complete phase 2 and 3 as planned (see The Batchyard).

**Pioneer -1760 Revere Beach Pkwy:** In July 2016, Post Road Residential of Fairfield, Connecticut received Site Plan approval to construct a mixed-use multi-family residential and 2,100 square feet of retail at the 2.74-acre site in the Business Limited District of the Commercial Triangle Redevelopment Area. The project proposal includes the demolition of the existing one and two-story building to then construct a 6-story building for 284-units of market rate multi-family and 2,100 s.f. of retail and a parking garage within the structure. It is projected to include a mix of one, two and three-bedroom units. Projected completion is expected towards the end of 2019.

**Saint Therese Church Redevelopment Project:** This project has received all local permits and is in the process of securing all of its funding. The developer, Neighborhood Developer's seeks to create a mixed-use building with a wellness center at the ground level and apartments above. Approximately 70 rental units and 6 town-houses are being proposed for the site. These will be affordable units based on 80% AMI.

**371 Main Street Redevelopment Project:** This project was completed in 2018. The developer will create 18 market-rate rental units with all parking on-site. 371 Main Street is the location of the former "West Everett Garage," and Sonny's Pizza.

**WoodWaste Redevelopment Project:** This project was recently permitted for 545 rental units with 3% of those units to meet 80% AMI. A new set of plans has been filed for over 600 units with 5% of those units to meet 80% AMI. 13,000 square feet of space will be for commercial use. The site is currently owned by WoodWaste of Boston, a wood and construction debris recycling center. The property is along the Chelsea line within short walking distance of the new MBTA Silver Line stop next to Market Basket.

**Tremont Street Micro-Units:** This project is expected to be completed in 2019. The developer will create 48 micro-units (400 sf/unit). All of the units will be at market-rate. The site was an old warehouse for many years in a densely residential neighborhood.

#### **Long-Range Planning and Targeted Redevelopment Sites:**

**Lower Broadway Master Plan and Development:** The City, with assistance from Sasaki Associates and GLC Development Resources, developed a master plan for the Lower Broadway District, completed in 2012. This plan has been adopted by the City to guide the permitting and negotiation process undertaken with the Wynn MA LLC group for the redevelopment of the Modern Continental Site. Since the creation of the Master Plan and the partnership with Wynn MA LLC, the City has worked to re-write the zoning within the neighborhood to accommodate the long range land use outlined within the Master Plan and to accommodate the Encore project.

**Lower Broadway Urban Renewal Plan:** The Lower Broadway District URP proposes to remediate and revitalize a significant portion of the City's Lower Broadway District. The urban renewal area includes 208 parcels on 128 acres. This plan was approved by DHCD.

**Everett Square Urban Renewal Plan:** This project is currently underway and is expected to be completed this year. BSC Group is the lead consultant. The first public meeting was held last month. At this time, the city is exploring several private commercial parcels in the area for potential acquisition. The intent is to redevelop those parcels for public and private uses. The parcels were previously identified in the Everett Square Streetscape Plan which was completed earlier last year.

**Commercial Triangle Master Plan:** Another area of focus for the City is the Commercial Triangle, a neighborhood characterized by its former industrial past, and current underutilized commercial parcels located in close proximity to the Revere Beach Parkway. The City utilized Crosby Schlessinger and Smallridge, a planning and design firm from Boston. The Commercial Triangle Master Plan was completed in 2016.

**Commercial Triangle Urban Renewal Plan:** Following the neighborhood master plan, the city intends to work on an Urban Renewal Plan for this area. The plan will align recommendations in the previous plan. The intent of the Urban Renewal Plan is to target blighted properties for potential acquisition for public and or private redevelopment.

**Everett Central Waterfront Municipal Harbor Plan:** In order to provide guidance to the community, developers and property owners, the City in association with our consultants developed a regulatory framework that will guide the development of Everett's waterfront in a manner that reflects the City's and community vision for the area, and fulfills the objectives of the state's Waterways Regulations. Progress to date: In 2014, Mass Office of Coastal Zone Management approved the Everett Central Waterfront Municipal Harbor Plan.

**MassDOT Transit Study:** By itself, Everett's existing demand for public transportation services warranted a review of current MBTA bus services – a legacy route network that has remained largely unchanged for decades. Several recent planning initiatives in and around the community have made a comprehensive analysis of future needs and how best to serve them even more imperative. MassDOT worked with the City to identify, evaluate, and advance near and long-term solutions for improved transit service for the public. The study was completed in 2016. It contains a series of action items (planning, logistical, infrastructure) for the state and city to pursue in the coming years.

**Brownfields Revitalization Plan:** In 2017, the City of Everett hired Weston and Sampson to create a Brownfields Revitalization Plan consistent with EPA guidelines. The City intends to identify key public and private parcels for remediation assessments. The plan will be part of a long-term strategy to address and support revitalization of our brownfield sites – typically legacy industrial sites.

**Housing Production Plan (HPP):** The City developed the HPP to preserve existing affordability and increase the housing stock accessible to low- and moderate-income households. The HPP identifies goals and strategies to position Everett to achieve its housing production goals. To further the City’s goals of creating affordable housing, the City continues to allocate CDBG and HOME funding to assist low income individuals with housing rehabilitation.

**Building Permits Issued**

Because residential areas are highly developed, most investment in housing is in the form of improvements to existing stock rather than new construction. The following table sets forth the trend in the number of building permits issued and the estimated dollar value of new construction and alterations. The estimated dollar values are builders' estimates and are generally considered to be conservative. Permits issued and estimated valuations shown are for both private construction and City projects.

**Building Permits Issued**

Calendar Year	New Construction				Additions/Alterations				Total	
	Residential		Non-Residential		Residential		Non-Residential		No.	Value
	No.	Value	No.	Value	No.	Value	No.	Value		
2018 (1)	15	\$ 2,372,800	33	\$ 1,382,473,205	1,330	\$ 18,693,572	208	\$ 13,447,096	1,586	\$ 1,416,986,673
2017 (1)	11	4,164,712	50	24,627,524	1,163	19,563,723	177	33,975,092	1,401	82,331,051
2016 (1)	2	31,200	26	1,512,424,767	1,088	165,767,118	177	8,526,807	1,293	1,686,749,892
2015	81	11,454,479	7	5,036,654	1,017	12,114,908	53	1,310,922	1,158	29,916,963
2014	16	5,605,482	9	518,778	1,043	12,194,592	151	26,327,580	1,219	44,646,432

SOURCE: City Building Inspector.

(1) Reflects Wynn casino project to date.

**Labor Force, Employment and Unemployment**

According to the Massachusetts Division of Employment and Training preliminary data, in October 2018 the City had a total labor force of 27,449 of which 26,772 were employed and 677 or 2.5% were unemployed as compared with 2.9% for the Commonwealth. The following table sets forth the City's average labor force and unemployment rates for calendar years 2013 through 2017 and the unemployment rates for the Commonwealth and the United States as a whole for the same period.

Year	City of Everett			Unemployment Rates	
	Labor Force	Employment	Unemployment Rate	Massachusetts Unemployment Rate	U.S. Unemployment Rate
2017	26,151	25,313	3.2%	3.7%	4.4%
2016	25,465	24,599	3.4	3.9	4.9
2015	24,540	23,407	4.6	5.0	5.3
2014	24,066	22,739	5.5	5.8	6.2
2013	21,453	19,890	7.3	7.1	7.4

SOURCE: Massachusetts Department of Employment and Training.

## Population

	<u>Total</u>	<u>% Change from Previous Census</u>
2010	41,667	9.5 %
2000	38,037	6.5
1995(1)	34,089	(4.5)
1990	35,701	(4.0)
1985(2)	35,773	(3.8)

SOURCE: U.S. Department of Commerce, Bureau of the Census.

(1) Source: Massachusetts Institute for Social & Economic Research.

(2) Massachusetts Department of the State Secretary-Census Division.

## Per Capita Income

	<u>Everett</u>		<u>Massachusetts</u>	
	<u>Total</u>	<u>% Change from Previous Census</u>	<u>Total</u>	<u>% Change from Previous Census</u>
2010	\$ 23,876	20.3 %	\$ 33,966	30.9 %
2000	19,845	39.6	25,952	50.6
1990	14,220	17.9	17,224	19.7

SOURCE: U.S. Department of Commerce, Bureau of the Census.

## Median Family Income

	<u>Everett</u>		<u>Massachusetts</u>	
2010	\$	59,942	\$	81,165
2000		49,876		61,644
1990		37,397		44,367

SOURCE: U.S. Department of Commerce, Bureau of the Census.



## PROPERTY TAXATION

### Tax Levy Computation

The principal revenue source of the City is the tax on real and personal property. The amount to be levied in each year is the amount appropriated or required by law to be raised for municipal expenditures less estimated receipts from other sources and less appropriations voted from funds on hand. The total amount levied is subject to certain limits prescribed by law; for a description of those limits, see "Tax Limitations" below. The estimated receipts for a fiscal year from sources other than the property tax may not exceed the actual receipts during the preceding fiscal year from the same sources unless approved by the State Commissioner of Revenue. Excepting special funds the use of which is otherwise provided for by law, the deduction for appropriations voted from funds on hand for a fiscal year cannot exceed the "free cash" as of the beginning of the prior fiscal year as certified by the State Director of Accounts plus up to nine months' collections and receipts on account of earlier years' taxes after that date. See "Free Cash" herein. Although an allowance is made in the tax levy for abatements (see "Abatements and Overlay" below) no reserve is generally provided for uncollectible real property taxes. Since some of the levy is inevitably not collected, this creates a cash deficiency which may or may not be offset by other items (see "Taxation to Meet Deficits").

The following table sets forth the trend in tax levy calculations.

	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019
<b>Gross Amount to be Raised:</b>					
Appropriations	\$ 177,693,357	\$ 182,385,170	\$ 198,314,725	\$ 208,905,472	\$ 230,828,776
Other Local Expenditures	782,418	1,012,313	922,416	1,666,886	354,687
State and County Assessments	10,945,809	11,595,310	12,933,097	14,233,182	14,740,648
Overlay Reserve	2,479,882	1,984,858	1,995,635	2,001,145	23,742,602
<b>Total Gross Amount to be Raised(1)</b>	<b>\$ 191,901,466</b>	<b>\$ 196,977,651</b>	<b>\$ 214,165,873</b>	<b>\$ 226,806,684</b>	<b>\$ 269,666,713</b>
<b>Offsets:</b>					
Estimated Receipts from State(2)	\$ 69,888,727	\$ 73,428,413	\$ 75,071,929	\$ 75,566,869	\$ 77,513,803
Estimated Receipts - Local	22,924,866	24,401,607	26,654,707	28,041,112	29,964,241
<b>Available Funds Appropriated:</b>					
Free Cash	7,817,917	2,384,415	3,837,071	4,482,363	6,107,145
Other Available Funds(3)	250,000	1,310,000	3,695,095	3,650,000	7,014,000
Free Cash & Other Revenue Used to Reduce the Tax Rate	650,000	1,800,000	8,000,000	12,500,000	16,500,000
<b>Total Estimated Receipts</b>	<b>\$ 101,531,510</b>	<b>\$ 103,324,435</b>	<b>\$ 117,258,802</b>	<b>\$ 124,240,344</b>	<b>\$ 137,099,189</b>
<b>Net Amount to be Raised (Tax Levy)</b>	<b>\$ 90,369,956</b>	<b>\$ 93,653,216</b>	<b>\$ 96,907,071</b>	<b>\$ 102,566,340</b>	<b>\$ 132,567,524</b>
<b>Assessed Valuation</b>	<b>\$ 4,009,259,197</b>	<b>\$ 4,314,767,780</b>	<b>\$ 4,752,184,510</b>	<b>\$ 5,320,428,070</b>	<b>\$ 6,560,521,555</b>
<b>Tax Rate per \$1,000:</b>					
Residential	\$ 14.61	\$ 14.45	\$ 14.44	\$ 13.78	\$ 12.38
Commercial/Industrial/Personal	\$ 39.45	\$ 37.98	\$ 35.69	\$ 33.74	\$ 35.27

(1) Includes additional appropriations from taxation voted subsequent to adoption of the annual budget but prior to setting of the tax rate.

(2) Estimated by the State Department of Revenue and required by law to be used in setting the tax rate. Actual state aid payments may vary upward or downward from said estimates, and the state may withhold payments pending receipt of state and county assessments.

(3) Primarily includes transfers between existing appropriations.

## Assessed Valuations and Tax Levies

Property is classified for the purpose of taxation according to its use. The legislature has in substance created three classes of taxable property: (1) residential real property, (2) open space land, and (3) all other (commercial, industrial and personal property). Within limits, cities and towns are given the option of determining the share of the annual levy to be borne by each of the three categories. The share required to be borne by residential real property is at least 50 percent of its share of the total taxable valuation; the effective rate for open space must be at least 75 percent of the effective rate for residential real property; and the share of commercial, industrial and personal property must not exceed 175 percent of their share of the total valuation. A city or town may also exempt up to 20 percent of the valuation of residential real property (where used as the taxpayer's principal residence) and up to 10 percent of the valuation of commercial real property (where occupied by certain small businesses). Property may not be classified in a city or town until the State Commissioner of Revenue certifies that all property in the city or town has been assessed at its fair cash value. Such certification must take place every three years, or pursuant to a revised schedule as may be issued by the Commissioner. The City most recently completed a revaluation for fiscal year 2016.

Related statutes provide that certain forest land, agricultural or horticultural land (assessed at the value it has for these purposes) and recreational land (assessed on the basis of its use at a maximum of 25 percent of its fair cash value) are all to be taxed at the rate applicable to commercial property. Land classified as forest land is valued for this purpose at five percent of fair cash value but not less than ten dollars per acre.

### Classification of Properties

The following table sets forth the trend in the City's assessed valuations.

For Fiscal Year	Real Property	Personal Property	Total
2019	\$ 6,136,395,655	\$ 424,125,900	\$ 6,560,521,555
2018	4,911,355,370	409,072,700	5,320,428,070
2017	4,389,175,310	363,009,200	4,752,184,510
2016 (1)	3,970,041,330	344,726,450	4,314,767,780
2015	3,648,572,197	360,687,000	4,009,259,197

(1) Revaluation year.

The following table sets forth the trend in the City's tax rates.

Fiscal Year	Tax Rate Per \$1,000 Valuation	
	Residential	Commercial/Industrial
2019	\$ 12.38	\$ 35.27
2018	13.78	33.74
2017	14.44	35.69
2016 (1)	14.45	37.98
2015	14.61	39.45

(1) Revaluation year.

Local assessed valuations are determined annually as of January 1 and used for the fiscal year beginning on the next July 1.

## Largest Taxpayers

The following is a list of the 20 largest taxpayers in the City based upon assessed valuations for fiscal 2019. All taxpayers listed are current in their tax payments except as footnoted below.

Name	Nature of Business	Amount of Tax	Fiscal 2019 Assessed Valuation	% of Total Fiscal 2019 Valuation
Wynn MA LLC	Resort Casino	\$ 22,789,721	\$ 646,150,300	9.85 %
Exelon - Mystic Power Station	Power Plant	15,000,000	425,290,615	6.48
Exelon	LNG Terminal (Personal)	4,937,796	139,999,900	2.13
DDRC Gateway LLC	Gateway Mall	4,592,493	130,209,600	1.98
NSTAR Electric Company (1)	Utility	2,865,793	81,253,000	1.24
Massachusetts Electric Co.	Utility	2,349,536	66,615,700	1.02
Boston Gas Co.	Utility	2,187,015	62,007,800	0.95
Exelon	LNG Terminal (Real Estate)	1,564,203	44,349,400	0.68
MFREVF II - Batch Yard LLC	Class A Apartments	1,454,591	117,495,200	1.79
GP Portland Investment	Office Building	1,166,756	33,080,700	0.50
Exxon Corporation	Fuel Distribution	883,894	25,060,800	0.38
Prolerized New England	Scrap Exporter	783,893	22,225,500	0.34
Every Bear Investments LLC	Cold Storage & Processing	666,152	18,887,200	0.29
TAURUS CD 189 Wellington EV	Class A Apartments	634,673	51,266,000	0.78
New England Power Company	Utility	622,159	17,639,900	0.27
Exxon Mobile Corporation	Fuel Distribution	531,935	15,081,800	0.23
Everett Property LLC	Office / Maintenance	523,516	14,843,100	0.23
201 Rover St LLC	Road Salt Importing	492,136	13,953,400	0.21
Beacham Street Realty LLC	Warehouse	485,657	13,769,700	0.21
Exxon Corporation	Fuel Distribution	456,210	12,934,800	0.20
<b>Totals</b>		<b>\$ 64,988,130</b>	<b>\$ 1,952,114,415</b>	<b>29.76 %</b>

(1) Currently at the Appellate Tax Board with the City in connection with approximately \$3 million in tax liens relating to unpaid personal property taxes from fiscal 2015-2018.

## Exelon Generating

The City is seeking to increase recurring revenues from Exelon Generating ("Exelon"). Exelon owns and operates two electric generating plants in the City, Mystic 8 and Mystic 9. The Everett City Council, at the request of the Mayor, voted unanimously to decertify and strip Exelon of its 20-year tax increment financing ("TIF") agreement that has been in place since 2000.

This is the subject of pending litigation, but it has been reported that "a significant amount of construction activities at Exelon have added a great deal of new value to the property – and all of this without any recognition of such increased value under the TIF agreement."

According to Exelon's most recent 10-k filing "...it is reasonably possible that property taxes assessed in future periods, including those following the expiration of the current TIF Agreement in 2019, could be material to [Exelon's] result of operations and cash flows."

As a result of the pending litigation the City could see a significant increase in recurring revenues on or before the expiration of the current TIF in 2020.

The City expects that the Exelon plants will remain in operation in the long term as a result of the critical importance of this facility to the region's fuel security. ISO New England recently released a memo, stating, "Our recent operational experiences during the cold spell, the projected state of the power system in 2022 through 2024, and the future trends identified in our Operational Fuel Security Analysis highlights the critical importance of this facility to the region's fuel security....Given the reliability impacts identified in this analysis and the limited time to address this issue, the ISO will ask FERC to waive the requirements of the ISO Tariff to allow Mystic 8 and 9 to maintain fuel security on the system- an option not currently contained in the ISO Tariff." FERC granted "must run" status to Mystic through the winter of 2024 and as such, the City will receive tax revenue from the plant through fiscal 2025. The lack of viable economic alternatives to

bringing electrical capacity to the distribution system located adjacent to the plant combined with the importance of that supply to the Boston market makes it highly unlikely the plant would cease operations in the foreseeable future.

Exelon closed the purchase of ENGIE North America's LNG import terminal in October 2018 ensuring a continued reliable supply of fuel to its Mystic Station generating facility. The Everett Marine Terminal is the longest-operating LNG import facility of its kind in the United States and has been substantially updated within the past decade. The facility is the fuel source to Mystic 8 and 9 and also provides gas to two interstate pipeline systems, as well as a local gas utility's distribution system. There are also 10,000 truckloads of LNG shipped from the facility annually.

### State Equalized Valuations

In order to determine appropriate relative values for the purposes of certain distributions to and assessments upon cities and towns, the Commissioner of Revenue biennially makes a redetermination of the fair cash value of the taxable property in each municipality as of January 1 of even numbered years. This is known as the "equalized value."

The following table sets forth the trend in equalized valuations of the City.

<u>January 1,</u>	<u>State Equalized Valuation</u>	<u>Percent Change</u>
2018	\$ 5,767,100,400	25.8 %
2016	4,584,699,100	20.8
2014	3,794,616,400	3.9
2012	3,653,316,400	(9.0)
2010	4,013,223,400	(20.3)

### Abatements and Overlay

The City is authorized to increase each tax levy by an amount approved by the State Commissioner of Revenue as an "overlay" to provide for tax abatements. If abatements are granted in excess of the applicable overlay, the excess is required to be added to the next tax levy. Abatements are granted where exempt real or personal property has been assessed or where taxable real or personal property has been overvalued or disproportionately valued. The assessors may also abate uncollectible personal property taxes. The City may abate real and personal property taxes on broad grounds (including inability to pay) with the approval of the State Commissioner of Revenue. The following table sets forth the amount of the overlay reserve for the following fiscal years and abatements granted through June 30, 2018 against each levy.

<u>Fiscal Year</u>	<u>Net Tax Levy (1)</u>	<u>Overlay Reserve</u>		<u>Abatements and Exemptions Granted Through June 30, 2018</u>
		<u>Dollar Amount</u>	<u>as a % of Levy</u>	
2018	\$ 100,565,196	\$ 2,001,145	1.99 %	\$ 1,506,174 (2)
2017	94,911,436	1,995,635	2.10	375,402
2016	91,668,358	1,984,858	2.17	457,044
2015	87,890,074	2,479,882	2.82	672,997
2014	82,523,404	2,479,882	3.01	887,495

(1) Tax levy prior to addition of overlay reserve.

(2) The fiscal year 2018 abatements and exemptions granted include an abatement for \$599,435 to two ground lease tenants which in turn was reassessed to the owner of the property for fiscal year 2018 resulting in no revenue loss to the City.

## Tax Levies and Collections

Property tax bills are payable quarterly on August 1, November 1, February 1, and March 1 of each fiscal year. Interest accrues on delinquent taxes currently at the rate of 14 percent per annum. (In addition, real property is subject to a lien for certain unpaid municipal charges or fees). Real property (land and buildings) is subject to a lien for the taxes assessed upon it (subject to any paramount federal lien and subject to bankruptcy and insolvency laws). If the property has been transferred, an unenforced lien expires on the fourth December 31 after the fiscal year to which the tax relates. If the property has not been transferred by the fourth December 31, an unenforced lien expires upon a later transfer of the property. Provision is made, however, for continuation of the lien where it could not be enforced because of a legal impediment. The persons against whom real or personal property taxes are assessed are personally liable for the tax (subject to bankruptcy and insolvency laws). In the case of real property, this personal liability is effectively extinguished by sale or taking of the property as described below. The following table compares the City's net tax collections with its net (gross tax levy less overlay reserve for abatements) tax levies for the shown fiscal years.

For Fiscal Year End	Tax Rates		Total Tax Levy	Net Tax Levy (1)	Collected During Fiscal Year Payable(2)		Collections as of June 30, 2018	
	Res.	Other			\$	% of Net	\$	% of Net
2018	\$ 13.78	\$ 33.74	\$ 102,566,340	\$ 100,565,196	\$ 100,569,895	100.0 %	\$ 100,569,895	100.0 %
2017	14.44	35.69	96,907,071	94,911,436	95,092,690	100.2	95,505,765	100.6
2016	14.45	37.98	93,653,216	91,668,358	92,221,182	100.6	92,497,520	100.9
2015	14.61	39.45	90,369,956	87,890,074	87,785,774	99.9	87,894,346	100.0
2014	15.04	40.95	84,594,327	82,523,404	83,315,128	101.0	84,081,631	101.9

(1) Net after deduction of overlay for abatements.

(2) Actual dollar collections, net of refunds. Does not include abatements or other non-cash credits.

## Tax Titles and Possessions

Massachusetts law permits a municipality either to sell by public sale (at which the municipality may become the purchaser) or to take real property for nonpayment of taxes. In either case the property owner can redeem the property by paying the unpaid taxes, with interest and other charges, but if the right of redemption is not exercised within six months (which may be extended an additional year in the case of certain installment payments), it can be foreclosed by petition to the Land Court. Upon foreclosure, a tax title purchased or taken by the municipality becomes a "tax possession" and may be held and disposed of in the same manner as other land held for municipal purposes. Uncollected real property taxes are not ordinarily written off until they become municipal "tax titles" by purchase at public sale or by taking, at which time the tax is written off in full by reserving the amount of the tax and charging surplus. Cities and towns are authorized to sell delinquent property tax receivables by public sale or auction, either individually or in bulk.

The following table sets forth the amount of tax titles and possessions outstanding at the end of each of the last five fiscal years.

Fiscal Year	Total Tax Titles and Possessions
2018	\$ 2,307,210
2017	2,226,933
2016	2,358,950
2015	2,249,997
2014	4,377,402

## **Taxation to Meet Deficits**

Overlay deficits, i.e., tax abatements (or refunds made) in excess of the overlay included in the tax levy to cover abatements, are required to be added to the next tax levy. It is generally understood that revenue deficits, i.e., those resulting from non-property tax revenues being less than anticipated, are also required to be added to the next tax levy (at least to the extent not covered by surplus revenue).

Amounts lawfully expended since the prior tax levy and not included therein are also required to be included in the annual tax levy. The circumstances under which this can arise are limited since municipal departments are generally prohibited from incurring liabilities in excess of appropriations except for major disasters, mandated items, contracts in aid of housing and renewal projects, and other long-term contracts. In addition, utilities must be paid at established rates and certain established salaries, e.g., civil service, must legally be paid for work actually performed, whether or not covered by appropriations.

Cities and towns are authorized to appropriate sums, and thus to levy taxes, to cover deficits arising from other causes, such as "free cash" deficits arising from a failure to collect taxes. This is not generally understood, however, and it has not been the practice to levy taxes to cover free cash deficits. Except to the extent that such deficits have been reduced or eliminated by subsequent collections of uncollected taxes (including sales of tax titles and tax possessions), lapsed appropriations, non-property tax revenues in excess of estimates, other miscellaneous items or funding loans authorized by special act, they remain in existence. See "CITY FINANCES - Free Cash."

## **Tax Limitations**

Chapter 59, Section 21C of the General Laws, also known as Proposition 2½, imposes two separate limits on the annual tax levy of a city or town.

The primary limitation is that the tax levy cannot exceed 2½ percent of the full and fair cash value. If a city or town exceeds the primary limitation, it must reduce its tax levy by at least 15 percent annually until it is in compliance, provided that the reduction can be reduced in any year to not less than 7½ percent by majority vote of the voters, or to less than 7½ percent by two-thirds vote of the voters.

For cities and towns at or below the primary limit, a secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding fiscal year as determined by the State Commissioner of Revenue by more than 2½ percent, subject to exceptions for property added to the tax rolls or property which has had an increase, other than as part of a general revaluation, in its assessed valuation over the prior year's valuation.

This "growth" limit on the tax levy may be exceeded in any year by a majority vote of the voters, but an increase in the secondary or growth limit under this procedure does not permit a tax levy in excess of the primary limitation, since the two limitations apply independently. In addition, if the voters vote to approve taxes in excess of the "growth" limit for the purpose of funding a stabilization fund, such increased amount may only be taken into account for purposes of calculating the maximum levy limit in each subsequent year if the board of selectmen of a town or the city council of a city votes by a two-thirds vote to appropriate such increased amount in such subsequent year to the stabilization fund.

The applicable tax limits may also be reduced in any year by a majority vote of the voters.

The State Commissioner of Revenue may adjust any tax limit "to counterbalance the effects of extraordinary, non-recurring events which occurred during the base year".

The statute further provides that the voters may exclude from the taxes subject to the tax limits and from the calculation of the maximum tax levy (a) the amount required to pay debt service on bonds and notes issued before November 4, 1980, if the exclusion is approved by a majority vote of the voters, and (b) the amount required to pay debt service on any specific subsequent issue for which similar approval is obtained. Even with voter approval, the holders of the obligations for which unlimited taxes may be assessed do not have a statutory priority or security interest in the portion of the tax levy attributable to such obligations. It should be noted that Massachusetts General Laws Chapter 44, Section 20 requires that the taxes excluded from the levy limit to pay debt service on any such bonds and notes be calculated based on the true interest cost of the issue. Accordingly, the Department of Revenue limits the amount of taxes which may be levied in each year to pay debt service on any such bonds and notes to the amount of such debt service, less a pro rata portion of any original issue premium received by the city or town that was not applied to pay costs of issuance.

Voters may also exclude from the Proposition 2½ limits the amount required to pay specified capital outlay expenditures or for the city or town's apportioned share for certain capital outlay expenditures by a regional governmental unit. In addition, the city council of a city, with the approval of the mayor if required, or the board of selectmen or the town council of a town may vote to exclude from the Proposition 2½ limits taxes raised in lieu of sewer or water charges to pay debt service on bonds or notes issued by the municipality (or by an independent authority, commission or district) for water or sewer purposes, provided that the municipality's sewer or water charges are reduced accordingly.

In addition, Proposition 2½ limits the annual increase in the total assessments on cities and towns by any county, district, authority, the Commonwealth or any other governmental entity (except regional school districts, the MWRA and certain districts for which special legislation provides otherwise) to the sum of (a) 2½ percent of the prior year's assessments and (b) "any increases in costs, charges or fees for services customarily provided locally or for services subscribed to at local option". Regional water districts, regional sewerage districts and regional veterans districts may exceed these limitations under statutory procedures requiring a two-thirds vote of the district's governing body and either approval of the local appropriating authorities (by two-thirds vote in districts with more than two members or by majority vote in two-member districts) or approval of the registered voters in a local election (in the case of two-member districts). Under Proposition 2½ any State law to take effect on or after January 1, 1981 imposing a direct service or cost obligation on a city or town will become effective only if accepted or voluntarily funded by the city or town or if State funding is provided. Similarly, State rules or regulations imposing additional costs on a city or town or laws granting or increasing local tax exemptions are to take effect only if adequate State appropriations are provided. These statutory provisions do not apply to costs resulting from judicial decisions.

### Tax Levies and Levy Limits

The following table sets forth the trend in the City's tax levies and levy limits under Proposition 2 ½.

Fiscal Year	Estimated Full Valuation (1)	Primary Levy Limit	Maximum Levy Limit	Actual Tax Levy	Under(Over) Primary Levy Limit (1)	Under(Over) Maximum Levy Limit
2019	\$ 6,560,521,555	\$ 164,013,039	\$ 136,743,488	\$ 132,567,524	\$ 31,445,515	\$ 4,175,964
2018	5,320,428,070	133,010,702	110,457,822	102,566,340	30,444,362	7,891,482
2017	4,752,184,510	118,804,613	104,642,418	96,907,071	21,897,542	7,735,347
2016	4,314,767,780	107,869,195	99,542,806	93,653,216	14,215,979	5,889,590
2015	4,009,259,197	100,231,480	94,510,401	90,369,956	9,861,524	4,140,445

(1) Local assessed valuations. Valuations are believed to be artificially deflated due to a 20-year tax agreement with Constellation Mystic Power LLC, the City's largest taxpayer (see "Largest Taxpayers" above), which valuation will be assessed at full value upon the expiration of the agreement in fiscal 2020.

### Sale of Tax Receivables

Cities and towns are authorized to sell delinquent property tax receivables by public sale or auction, either individually or in bulk.

### Pledged Taxes

Taxes on certain property in designated development districts may be pledged for the payment of costs of economic development projects within such districts and may therefore be unavailable for other municipal purposes. (See "Tax Increment Financing for Development Districts" below).

### Community Preservation Act

The Massachusetts Community Preservation Act (the "CPA") permits cities and towns that accept its provisions to levy a surcharge on its real property tax levy, dedicate revenue (other than state or federal funds), and to receive state matching funds for (i) the acquisition, creation, preservation, rehabilitation and restoration of land for recreational use, open space, and affordable housing and (ii) the acquisition, preservation, rehabilitation and restoration of historic resources. The provisions of the CPA must be accepted by the voters of the city or town at an election after such provisions have first been accepted by either a vote of the legislative body of the city or town or an initiative petition signed by 5% of its registered voters.

The City has not adopted the Community Preservation Act.

## CITY FINANCES

### Budget and Appropriation Process

In the City of Everett, within 170 days after the annual organization of the city government (which is ordinarily in early January), the Mayor is required to submit a budget of proposed expenditures for the fiscal year beginning on the next July 1. The city council may make appropriations for the recommended purposes and may reduce or reject any item. Without a recommendation of the Mayor, the council may not make any appropriation for a purpose not included in the proposed budget, except by a 2/3 vote in the case of a failure of the Mayor to recommend an appropriation for such purpose within seven days after request from the city council. The council may not increase any item without the recommendation of the Mayor (except as provided by legislation, subject to local acceptance, under which the school budget or regional school district assessment can be increased upon recommendation of the school committee or regional district school committee and by two-thirds vote of the council, provided that such increase does not cause the total annual budget to exceed property tax limitations). If the council fails to act on any item of the proposed budget within 45 days, that item takes effect.

City department heads are generally required to submit their budget requests to the Mayor between December 1 and January 15. This does not apply to the school department, which must submit its requests in time for the Mayor to include them in his submission to the council.

If the Mayor does not make a timely budget submission, provision is made for preparation of a budget by the council. Provision is also made for supplementary appropriations upon recommendation of the Mayor. Under certain circumstances and subject to certain limits and requirements, the city council of a city, upon the recommendation of the mayor, may transfer amounts appropriated for the use of one department (except for a municipal light department or a school department) to another appropriation for the same department or for the use of any other department. Water and sewer department expenditures are included in the budget adopted by the city council. Under certain legislation any city or town which accepts the legislation may provide that the appropriations for the operating costs of any department may be offset, in whole or in part, by estimated receipts from fees charged for services provided by the department. It is assumed that this general provision does not alter the pre-existing power of an electric or gas department to appropriate its own receipts. The school budget is limited to the total amount appropriated by the city council, but the school committee retains full power to allocate the funds appropriated. The Education Reform Act of 1993 as amended, imposes certain minimum expenditure requirements on municipalities with respect to funding for education. The requirements are determined on the basis of formulas affected by various measures of wealth and income, enrollments, prior levels of local spending and state aid, and other factors. The City of Everett has had to increase its local contribution to educational spending to meet the requirements of the Act; however, state aid for education has increased more rapidly.

State and county assessments, abatements in excess of overlays, principal and interest not otherwise provided for, and final judgments are included in the tax levy whether or not included in the budget. Revenues are not required to be set forth in the budget but estimated non-tax revenues are taken into account by the assessors in fixing the tax levy.

### Budget Trends

The following table sets forth the trend in general fund budgets as approved for the current and past four fiscal years. The budgets summarized below exclude expenditures for "non-operating" or extraordinary items.

#### Budget Comparison

	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019
General Government	\$ 5,048,774	\$ 5,028,678	\$ 6,609,938	\$ 7,013,839	\$ 7,283,662
Public Safety	22,662,333	24,990,294	29,317,429	32,126,331	33,404,990
Public Works	8,839,154	9,723,143	10,741,756	11,963,047	12,970,914
Human Services	2,439,596	2,711,204	3,275,093	3,825,173	3,710,394
Education	71,203,997	73,701,385	73,565,225	74,685,290	81,380,955
Culture & Recreation	1,344,465	1,691,457	1,806,179	2,008,419	1,930,452
Regional Assessments and Unclassified (1)	15,837,868	16,566,825	17,797,659	18,574,937	19,633,976
Health Insurance	18,235,944	18,999,885	19,731,384	20,453,473	21,712,777
Debt Service	8,751,634	9,150,528	10,930,176	12,660,488	14,399,802
Total	<u>\$ 154,363,765</u>	<u>\$ 162,563,399</u>	<u>\$ 173,774,839</u>	<u>\$ 183,310,997</u>	<u>\$ 196,427,922</u>

(1) Includes pension, property and liability insurance, workers' compensation and unemployment compensation.



## **State Aid**

In addition to grants for specified capital purposes (some of which are payable over the life of the bonds issued for the projects), the Commonwealth provides financial assistance to cities and towns for current purposes. Payments to cities and towns are derived primarily from a percentage of the State's personal income, sales and use, and corporate excise tax receipts, together with the net receipts from the State Lottery. A municipality's state aid entitlement is based on a number of different formulas, of which the "schools" and "lottery" formulas are the most important. Both of the major formulas tend to provide more state aid to poorer communities. The formulas for determining a municipality's state aid entitlement are subject to amendment by the state legislature and, while a formula might indicate that a particular amount of state aid is owed, the amount of state aid actually paid is limited to the amount appropriated by the state legislature. The state annually estimates state aid, but the actual state aid payments may vary from the estimate.

In the fall of 1986, both the State Legislature (by statute repealed as of July 1, 1999) and the voters (by initiative petition) placed limits on the growth of state tax revenues. Although somewhat different in detail, each measure essentially limited the annual growth in state tax revenues to an average rate of growth in wages and salaries in the Commonwealth over the three previous calendar years. If not amended, the remaining law could restrict the amount of state revenues available for state aid to local communities.

## **State School Building Assistance Program**

Under its school building assistance program, the Commonwealth of Massachusetts provides grants to cities, towns and regional school districts for school construction projects. Until July 26, 2004, the State Board of Education was responsible for approving grants for school projects and otherwise administering the program. Grant amounts ranged from 50% to 90% of approved project costs. Municipalities generally issued bonds to finance the entire project cost, and the Commonwealth disbursed the grants in equal annual installments over the term of the related bonds. Approved projects costs included the interest expense incurred on debt issued by a municipality to finance the school project. In recent years, demand for school building assistance grants far exceeded available funds. As of July 1, 2004, a total of 425 school projects for which completed grant applications had been submitted were still on the Department of Education's project priority list awaiting approval of a grant.

Pursuant to legislation which became effective on July 26, 2004, the state legislature created the Massachusetts School Building Authority (the "Authority") to finance and administer the school building assistance program. The Authority has assumed all powers and obligations of the Board of Education with respect to the program. In addition to certain other amounts, the legislation dedicates a portion of Commonwealth sales tax receipts to the Authority to finance the program. Projects previously approved for grants by the State Board of Education are entitled to receive grant payments from the Authority based on the approved project cost and reimbursement rate applicable under the prior law. The Authority has paid and is expected to continue to pay the remaining amounts of the grants for such projects in annual installments to reimburse debt service on bonds issued by the municipalities to finance such projects.

Projects on the priority waiting list as of July 1, 2004 are also entitled to receive grant payments from the Authority based on eligible project costs and reimbursement rates applicable under the prior law. With limited exceptions, the Authority is required to fund the grants for such projects in the order in which they appear on the waiting list. Grants for any such projects that have been completed or substantially completed have been paid and are expected to continue to be paid by the Authority in lump sum payments, thereby eliminating the need for the Authority to reimburse interest expenses that would otherwise be incurred by the municipalities to permanently finance the Authority's share of such project costs. Interest on debt issued by municipalities prior to July 1, 2004 to finance such project costs, and interest on temporary debt until receipt of the grant, shall be included in the approved costs of such projects. Grants for any such projects that have not yet commenced or that are underway, have been and are expected to continue to be paid by the Authority as project costs are incurred by the municipality pursuant to a project funding agreement between the Authority and the municipality. In most cases, the receipt of these progress payments from the Authority eliminates the need for the municipality to borrow even on a temporary basis to finance the Authority's share of the project costs.

The maximum of reimbursement rate for new project grant applications submitted to the Authority on or after July 1, 2007 is 80% of approved project costs. The Authority recently promulgated new regulations with respect to the application and approval process for new projects. The Authority expects to pay grants for such projects as project costs are incurred pursuant to project funding agreements between the Authority and the municipalities. None of the interest expense incurred on debt issued by municipalities to finance their portion of the costs of new projects will be included in the approved project costs eligible for reimbursement.

### **Local Option Meals Tax**

On August 26, 2009, the City adopted the local meals excise tax to be effective October 1, 2009. The local meals excise tax is a 0.75% tax on the gross receipts of a vendor from the sale of restaurant meals. The tax is paid by the vendor to the State Commissioner of Revenue, who in turn pays the tax to the municipality in which the meal was sold. Revenues from this tax totaled \$550,625, \$549,969, and \$622,963, in fiscal 2016, 2017 and 2018, respectively.

### **Motor Vehicle Excise**

An excise is imposed on the registration of motor vehicles (subject to exemptions) at a uniform rate of \$25 per \$1,000 of valuation. The excise is collected by and at the benefit of the municipality in which the motor vehicle is customarily kept. Valuations are determined by a statutory formula based on manufacturer's list price and year of manufacture. Bills not paid when due bear interest at 12 percent per annum. Provision is also made, after notice to the owner, for the suspension of the owner's operating license or registration by the registrar of motor vehicles. Revenues from this tax totaled \$4,013,284, \$3,154,822 and \$4,445,870, in fiscal 2016, 2017 and 2018, respectively.

### **Investment of City Funds**

Investments of funds of cities and towns, except for trust funds, are generally restricted by Section 55 of the General Laws. That statute permits investments of available revenue funds and bond and note proceeds in term deposits and certificates of deposits of banks and trust companies, in obligations issued or unconditionally guaranteed by the federal government or an agency thereof with a maturity of not more than one year, in repurchase agreements with a maturity of not more than 90 days secured by federal or federal agency securities, in participation units in the Massachusetts Municipal Depository Trust ("MMDT"), or in shares in SEC-registered money market funds with the highest possible rating from at least one nationally recognized rating organization.

MMDT is an investment pool created by the Commonwealth. The State Treasurer is the sole trustee, and the funds are managed under contract by an investment firm under the supervision of the State Treasurer's office. According to the State Treasurer the Trust's investment policy is designed to maintain an average weighted maturity of 90 days or less and is limited to high-quality, readily marketable fixed income instruments, including U.S. Government obligations and highly-rated corporate securities with maturities of one year or less.

Trust funds, unless otherwise provided by the donor, may be invested in accordance with Section 54 of the General Laws, which permits a broader range of investments than Section 55 of said Chapter, including any bonds or notes that are legal investments for savings banks in the Commonwealth. The restrictions imposed by Chapter 44, Sections 54 and 55 of the General Laws do not apply to city and town retirement systems.

A breakdown of such investments may be obtained from the City Treasurer.

### **Basis of Accounting**

(See the City's audited financial statements attached hereto as Appendix A).

### **Annual Audits**

The City's most recent annual audits have been performed by Powers and Sullivan. The City's most recent audit was completed for fiscal 2018, a copy of which is attached hereto as Appendix A. Copies of previous years' audits are available upon request.

The attached report speaks only as of its date and only to the matters expressly set forth therein. The auditors have not been engaged to review this Official Statement or to perform audit procedures regarding the post-audit period, nor have the auditors been requested to give their consent to the inclusion of their report in Appendix A. Except as stated in their report, the auditors have not been engaged to verify the financial information set out in Appendix A and are not passing upon and do not assume responsibility for the sufficiency, accuracy or completeness of the financial information presented in Appendix A.

### **Financial Statements**

Set forth on the following pages are Governmental Funds Balance Sheets for the fiscal years ended June 30, 2018, June 30, 2017 and June 30, 2016, and Governmental Funds Statements of Revenues, Expenditures and Changes in Fund Balances for the years ended June 30, 2018, June 30, 2017, June 30, 2016, June 30, 2015 and June 30, 2014. Such statements have been extracted from the City's audited financial statements.

**CITY OF EVERETT, MASSACHUSETTS**

**GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2018 (1)**

	General	City Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 53,650,576	\$ 19,860,030	\$ 11,337,665	\$ 84,848,271
Investments	1,274,495	-	432,682	1,707,177
Receivables, net of uncollectibles:				
Real estate and personal property taxes	3,318,159	-	-	3,318,159
Tax liens	2,307,210	-	-	2,307,210
Motor vehicle and other excise taxes	990,054	-	-	990,054
Departmental and other	821,180	-	1,126	822,306
Intergovernmental	3,386,672	-	5,096,304	8,482,976
Due from other funds	841,703	1,096,400	-	1,938,103
	<u>\$ 66,590,049</u>	<u>\$ 20,956,430</u>	<u>\$ 16,867,777</u>	<u>\$ 104,414,256</u>
<b>LIABILITIES</b>				
Warrants payable	\$2,399,558	\$1,143,800	\$1,724,947	\$5,268,305
Accrued payroll	8,866,247	-	269	8,866,516
Tax refunds payable	573,000	-	-	573,000
Due to other funds	-	-	381,502	381,502
Other liabilities	529,561	-	-	529,561
TOTAL LIABILITIES	12,368,366	1,143,800	2,106,718	15,618,884
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	9,325,606	0	2,112,292	11,437,898
<b>FUND BALANCES</b>				
Nonspendable	-	-	1,048,919	1,048,919
Restricted	-	19,812,630	11,599,848	31,412,478
Committed	1,506,076	-	-	1,506,076
Assigned	6,103,838	-	-	6,103,838
Unassigned	37,286,163	-	-	37,286,163
TOTAL FUND BALANCES	<u>44,896,077</u>	<u>19,812,630</u>	<u>12,648,767</u>	<u>77,357,474</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 66,590,049</u>	<u>\$ 20,956,430</u>	<u>\$ 16,867,777</u>	<u>\$ 104,414,256</u>

(1) Extracted from the City's audited financial statements.

**CITY OF EVERETT, MASSACHUSETTS**

**GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2017 (1)**

	General	City Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 53,920,844	\$ 16,778,277	\$ 12,958,173	\$ 83,657,294
Investments	1,231,692	-	418,151	1,649,843
Receivables, net of uncollectibles:				
Real estate and personal property taxes	3,489,659	-	-	3,489,659
Tax liens	2,226,933	-	-	2,226,933
Motor vehicle and other excise taxes	932,268	-	-	932,268
Departmental and other	33,859	-	-	33,859
Intergovernmental	5,007,584	-	3,064,468	8,072,052
Loans	-	-	3,901	3,901
Host agreement - Community enhancement fee	12,500,000	-	-	12,500,000
Due from other funds	802,123	-	-	802,123
<b>TOTAL ASSETS</b>	<b>\$ 80,144,962</b>	<b>\$ 16,778,277</b>	<b>\$ 16,444,693</b>	<b>\$ 113,367,932</b>
<b>LIABILITIES</b>				
Warrants payable	\$ 3,406,626	\$ 1,216,232	\$ 1,908,719	\$ 6,531,577
Accrued payroll	7,842,407	-	-	7,842,407
Tax refunds payable	1,349,324	-	-	1,349,324
Other liabilities	1,055,746	-	-	1,055,746
Due to other funds	-	-	340,805	340,805
<b>TOTAL LIABILITIES</b>	<b>13,654,103</b>	<b>1,216,232</b>	<b>2,249,524</b>	<b>17,119,859</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	23,634,941	-	1,861,409	25,496,350
<b>FUND BALANCES</b>				
Nonspendable	-	-	1,228,999	1,228,999
Restricted	-	15,562,045	11,104,761	26,666,806
Committed	1,376,311	-	-	1,376,311
Assigned	5,262,019	-	-	5,262,019
Unassigned	36,217,588	-	-	36,217,588
<b>TOTAL FUND BALANCES</b>	<b>42,855,918</b>	<b>15,562,045</b>	<b>12,333,760</b>	<b>70,751,723</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 80,144,962</b>	<b>\$ 16,778,277</b>	<b>\$ 16,444,693</b>	<b>\$ 113,367,932</b>

(1) Extracted from the City's audited financial statements.

**CITY OF EVERETT, MASSACHUSETTS**

**GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2016 (1)**

	General	City Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 43,981,880	\$ 13,011,946	\$ 11,561,753	\$ 68,555,579
Investments	1,162,250	-	394,576	1,556,826
Receivables, net of uncollectibles:				
Real estate and personal property taxes	2,738,419	-	-	2,738,419
Tax liens	2,358,950	-	-	2,358,950
Motor vehicle and other excise taxes	902,045	-	-	902,045
Departmental and other excise taxes	332,319	-	-	332,319
Intergovernmental	6,793,137	-	1,956,087	8,749,224
Loans	-	-	8,652	8,652
Host agreement - Community enhancement fee	25,000,000	-	-	25,000,000
Due to other funds	20,089	-	-	20,089
<b>TOTAL ASSETS</b>	<b>\$ 83,289,089</b>	<b>\$ 13,011,946</b>	<b>\$ 13,921,068</b>	<b>\$ 110,222,103</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Warrants payable	\$ 1,906,754	\$ 1,755,042	\$ 1,797,845	\$ 5,459,641
Accrued payroll	8,124,686	-	5,996	8,130,682
Tax refunds payable	854,728	-	-	854,728
Other liabilities	611,303	-	-	611,303
<b>TOTAL LIABILITIES</b>	<b>11,497,471</b>	<b>1,755,042</b>	<b>1,803,841</b>	<b>15,056,354</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	37,621,654	-	1,617,113	39,238,767
Fund Balances:				
Nonspendable	-	-	1,228,569	1,228,569
Restricted	-	11,256,904	9,271,545	20,528,449
Committed	2,792,988	-	-	2,792,988
Assigned	2,307,963	-	-	2,307,963
Unassigned	29,069,013	-	-	29,069,013
<b>TOTAL FUND BALANCES</b>	<b>34,169,964</b>	<b>11,256,904</b>	<b>10,500,114</b>	<b>55,926,982</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 83,289,089</b>	<b>\$ 13,011,946</b>	<b>\$ 13,921,068</b>	<b>\$ 110,222,103</b>

(1) Extracted from the City's audited financial statements.

**CITY OF EVERETT, MASSACHUSETTS**

**Governmental Funds**

**Statement of Revenues, Expenditures and Changes in Fund Balances**

**Fiscal Year Ended June 30, 2018 (1)**

	General Fund	City Capital Projects Funds	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Real estate and personal property taxes, net of tax refunds	\$102,010,368	\$ -	\$ -	\$ 102,010,368
Tax liens	533,003	-	-	533,003
Motor vehicle excise taxes	4,529,689	-	-	4,529,689
Meals tax	622,963	-	-	622,963
Charges for services	-	-	983,777	983,777
Penalties and interest on taxes	389,436	-	-	389,436
Payments in lieu of taxes	14,112	-	-	14,112
Licenses and permits	1,897,721	-	-	1,897,721
Fines and forfeitures	1,412,090	-	-	1,412,090
Intergovernmental - Teachers Retirement	17,471,774	-	-	17,471,774
Intergovernmental	77,287,150	256,337	16,472,425	94,015,912
Departmental and other	4,066,542	-	1,261,202	5,327,744
Contributions and donations	-	-	1,542,796	1,542,796
Investment income	353,508	-	5,417	358,925
Miscellaneous	-	-	213,605	213,605
<b>Total Revenues</b>	<b>\$ 210,588,356</b>	<b>\$ 256,337</b>	<b>\$ 20,479,222</b>	<b>\$ 231,323,915</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	7,568,703	-	828,841	8,397,544
Public safety	30,641,525	2,782,119	1,292,748	34,716,392
Education	81,742,964	38,585	15,481,366	97,262,915
City services and facilities	11,510,446	3,550,805	846,604	15,907,855
Community development	-	-	1,343,347	1,343,347
Human services	3,500,253	289,069	533,731	4,323,053
Libraries and recreation	1,774,926	4,022,333	652,251	6,449,510
Pension benefits	14,407,132	-	-	14,407,132
Pension benefits - Teachers Retirement	17,471,774	-	-	17,471,774
Property and liability insurance	2,331,885	-	-	2,331,885
Employee benefits	23,146,974	-	-	23,146,974
Claims and judgments	14,465	-	-	14,465
State and county charges	14,222,816	-	-	14,222,816
Debt service				
Principal	10,062,416	-	-	10,062,416
Interest	2,491,194	-	-	2,491,194
<b>Total Expenditures</b>	<b>220,887,473</b>	<b>10,682,911</b>	<b>20,978,888</b>	<b>252,549,272</b>
 Excess (deficiency) of revenues over expenditures	 (10,299,117)	 (10,426,574)	 (499,666)	 (21,225,357)
<b>Other Financing Sources (Uses):</b>				
Issuance of bonds	-	12,969,500	555,950	13,525,450
Premium from issuance of bonds	-	1,096,400	44,050	1,140,450
Transfers in	665,208	825,932	214,673	1,705,813
Transfers out	(825,932)	(214,673)	-	(1,040,605)
<b>Total Other Financing Sources (Uses)</b>	<b>(160,724)</b>	<b>14,677,159</b>	<b>814,673</b>	<b>15,331,108</b>
<b>Net Change in Fund Balances Before Special Item</b>	<b>(10,459,841)</b>	<b>4,250,585</b>	<b>315,007</b>	<b>(5,894,249)</b>
<b>Special Item</b>				
Host agreement revenue	12,500,000	-	-	12,500,000
<b>Net Change in Fund Balances</b>	<b>2,040,159</b>	<b>4,250,585</b>	<b>315,007</b>	<b>6,605,751</b>
Fund Balances at Beginning of Year	42,855,918	15,562,045	12,333,760	70,751,723
<b>Fund Balances at End of Year</b>	<b>\$ 44,896,077</b>	<b>\$ 19,812,630</b>	<b>\$ 12,648,767</b>	<b>\$ 77,357,474</b>

(1) Extracted from the City's audited financial statements.

**CITY OF EVERETT, MASSACHUSETTS**

**Governmental Funds**

**Statement of Revenues, Expenditures and Changes in Fund Balances**

**Fiscal Year Ended June 30, 2017 (1)**

	<u>General Fund</u>	<u>City Capital Projects Funds</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
Real estate and personal property taxes, net of tax refunds	\$94,687,299	\$ -	\$ -	\$ 94,687,299
Tax liens	329,151	-	-	329,151
Motor vehicle excise taxes	4,352,191	-	-	4,352,191
Local options meals tax	545,969	-	-	545,969
Charges for services	-	-	1,079,426	1,079,426
Penalties and interest on taxes	351,992	-	-	351,992
Payments in lieu of taxes	14,112	-	-	14,112
Licenses and permits	1,337,627	-	-	1,337,627
Fines and forfeitures	1,697,985	-	-	1,697,985
Intergovernmental	95,162,516	-	16,274,250	111,436,766
Departmental and other	3,207,803	-	1,609,775	4,817,578
Contributions	-	146,312	1,064,954	1,211,266
Investment income	207,605	-	9,607	217,212
Miscellaneous	-	-	159,460	159,460
<b>Total Revenues</b>	<u>\$ 201,894,250</u>	<u>\$ 146,312</u>	<u>\$ 20,197,472</u>	<u>\$ 222,238,034</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	6,252,282	-	993,395	7,245,677
Public safety	28,313,238	220,004	1,297,780	29,831,022
Education	75,716,039	-	16,971,108	92,687,147
City services and facilities	10,017,147	2,788,368	1,365,077	14,170,592
Community development	-	-	619,302	619,302
Human services	2,820,822	-	245,264	3,066,086
Libraries and recreation	1,794,078	3,104,224	540,139	5,438,441
Pension benefits	31,555,542	-	-	31,555,542
Property and liability insurance	2,176,093	-	-	2,176,093
Employee benefits	22,630,843	-	-	22,630,843
Claims and judgments	251,692	-	-	251,692
State and county charges	13,511,625	-	-	13,511,625
Debt service				
Principal	8,544,416	-	-	8,544,416
Interest	2,285,758	-	-	2,285,758
<b>Total Expenditures</b>	<u>205,869,575</u>	<u>6,112,596</u>	<u>22,032,065</u>	<u>234,014,236</u>
Excess (deficiency) of revenues over expenditures	(3,975,325)	(5,966,284)	(1,834,593)	(11,776,202)
<b>Other Financing Sources (Uses):</b>				
Issuance of debt	-	8,317,000	4,100,000	12,417,000
Premium from issuance of debt	-	1,072,664	-	1,072,664
Transfers in	611,279	881,761	-	1,493,040
Transfers out	(450,000)	-	(431,761)	(881,761)
<b>Total Other Financing Sources (Uses)</b>	<u>161,279</u>	<u>10,271,425</u>	<u>3,668,239</u>	<u>14,100,943</u>
Net Change in Fund Balances Before Special Item	(3,814,046)	4,305,141	1,833,646	2,324,741
Special Item				
Host agreement revenue	12,500,000	-	-	12,500,000
Net Change in Fund Balances	8,685,954	4,305,141	1,833,646	14,824,741
Fund Balances at Beginning of Year	34,169,964	11,256,904	10,500,114	55,926,982
Fund Balances at End of Year	<u>\$ 42,855,918</u>	<u>\$ 15,562,045</u>	<u>\$ 12,333,760</u>	<u>\$ 70,751,723</u>

(1) Extracted from the City's audited financial statements.

**CITY OF EVERETT, MASSACHUSETTS**

**Governmental Funds**

**Statement of Revenues, Expenditures and Changes in Fund Balances**

**Fiscal Year Ended June 30, 2016 (1)**

	General Fund	City Capital Projects Funds	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Real estate and personal property taxes, net of tax refunds	\$ 92,604,668	\$ -	\$ -	\$ 92,604,668
Tax liens	670,234	-	-	670,234
Motor vehicle excise taxes	4,013,283	-	-	4,013,283
Local options meals tax	550,625	-	-	550,625
Charges for services	-	-	1,106,605	1,106,605
Penalties and interest on taxes	513,731	-	-	513,731
Payments in lieu of taxes	14,112	-	-	14,112
Licenses and permits	1,212,658	-	-	1,212,658
Fines and forfeitures	1,666,292	-	-	1,666,292
Intergovernmental	87,137,262	299,650	15,731,731	103,168,643
Departmental and other	1,904,473	-	1,015,055	2,919,528
Contributions	-	-	856,519	856,519
Investment income	195,677	6,690	28,637	231,004
Miscellaneous	-	-	33,727	33,727
Total Revenues	<u>\$ 190,483,015</u>	<u>\$ 306,340</u>	<u>\$ 18,772,274</u>	<u>\$ 209,561,629</u>
<b>Expenditures:</b>				
Current:				
General government	5,864,460	-	923,260	6,787,720
Public safety	26,174,860	30,892	1,229,632	27,435,384
Education	74,774,720	-	15,679,066	90,453,786
City services and facilities	9,416,437	5,550,518	129,313	15,096,268
Community development	-	-	888,658	888,658
Human services	2,943,399	-	296,659	3,240,058
Libraries and recreation	1,350,831	1,383,648	412,763	3,147,242
Pension benefits	25,272,172	-	-	25,272,172
Property and liability insurance	1,924,506	-	-	1,924,506
Employee benefits	21,218,548	-	-	21,218,548
State and county charges	11,599,413	-	-	11,599,413
Debt service				
Principal	7,159,415	-	-	7,159,415
Principal - current refunding	14,623,490	-	-	14,623,490
Interest	1,736,113	-	-	1,736,113
Total Expenditures	<u>204,058,364</u>	<u>6,965,058</u>	<u>19,559,351</u>	<u>230,582,773</u>
Excess (deficiency) of revenues over expenditures	(13,575,349)	(6,658,718)	(787,077)	(21,021,144)
<b>Other Financing Sources (Uses):</b>				
Issuance of debt	-	13,607,000	4,250,000	17,857,000
Issuance of refunding bonds	13,805,000	-	-	13,805,000
Premium from issuance of debt	1,719,490	-	-	1,719,490
Premium from issuance of refunding bonds	938,681	-	-	938,681
Transfers in	1,065,246	193,242	-	1,258,488
Transfers out	(251,566)	-	(488,534)	(740,100)
Total Other Financing Sources (Uses)	<u>17,276,851</u>	<u>13,800,242</u>	<u>3,761,466</u>	<u>34,838,559</u>
Net Change in Fund Balances Before Special Item	3,701,502	7,141,524	2,974,389	13,817,415
Special Item				
Host agreement revenue	5,000,000	-	-	5,000,000
Fund Balances at Beginning of Year	25,468,462	4,115,380	7,525,725	37,109,567
Fund Balances at End of Year	<u>\$ 34,169,964</u>	<u>\$ 11,256,904</u>	<u>\$ 10,500,114</u>	<u>\$ 55,926,982</u>

(1) Extracted from the City's audited financial statements.



**CITY OF EVERETT, MASSACHUSETTS**

**Governmental Funds**

**Statement of Revenues, Expenditures and Changes in Fund Balances**

**Fiscal Year Ended June 30, 2015 (1)**

	General Fund	City Capital Projects Funds	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Real estate and personal property taxes, net of tax refunds	\$ 88,644,890	\$ -	\$ -	\$ 88,644,890
Tax liens	676,286	-	-	676,286
Motor vehicle excise taxes	3,556,578	-	-	3,556,578
Local options meals tax	501,327	-	-	501,327
Charges for services	-	-	1,156,783	1,156,783
Penalties and interest on taxes	582,610	-	-	582,610
Payments in lieu of taxes	28,224	-	-	28,224
Licenses and permits	1,112,065	-	-	1,112,065
Fines and forfeitures	1,232,782	-	-	1,232,782
Intergovernmental	78,715,959	-	15,339,170	94,055,129
Departmental and other	753,157	-	606,773	1,359,930
Contributions	-	-	592,185	592,185
Investment income	107,138	893	2,685	110,716
Miscellaneous	-	-	59,308	59,308
<b>Total Revenues</b>	<b>\$ 175,911,016</b>	<b>\$ 893</b>	<b>\$ 17,756,904</b>	<b>\$ 193,668,813</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	5,451,638	28,300	694,563	6,174,501
Public safety	23,128,974	723,740	1,572,250	25,424,964
Education	72,279,840	-	15,278,584	87,558,424
City services and facilities	12,193,829	3,839,665	1,166,526	17,200,020
Community development	-	-	840,934	840,934
Human services	2,509,150	-	258,816	2,767,966
Libraries and recreation	1,329,910	2,056,183	586,203	3,972,296
Pension benefits	20,093,090	-	-	20,093,090
Property and liability insurance	2,043,298	-	-	2,043,298
Employee benefits	20,544,717	-	-	20,544,717
State and county charges	11,194,008	-	-	11,194,008
<b>Debt service</b>				
Principal	6,445,416	-	-	6,445,416
Interest	2,176,841	-	-	2,176,841
<b>Total Expenditures</b>	<b>179,390,711</b>	<b>6,647,888</b>	<b>20,397,876</b>	<b>206,436,475</b>
 Excess (deficiency) of revenues over expenditures	 (3,479,695)	 (6,646,995)	 (2,640,972)	 (12,767,662)
<b>Other Financing Sources (Uses):</b>				
Issuance of debt	-	4,925,000	1,100,000	6,025,000
Issuance of refunding bonds	6,190,000	-	-	6,190,000
Premium from issuance of debt	342,114	-	-	342,114
Premium from issuance of refunding bonds	716,132	-	-	716,132
Payments to refunded bond escrow agent	(6,810,161)	-	-	(6,810,161)
Transfers in	1,211,191	-	-	1,211,191
Transfers out	-	-	(650,000)	(650,000)
<b>Total Other Financing Sources (Uses)</b>	<b>1,649,276</b>	<b>4,925,000</b>	<b>450,000</b>	<b>7,024,276</b>
<b>Net Change in Fund Balances</b>	<b>(1,830,419)</b>	<b>(1,721,995)</b>	<b>(2,190,972)</b>	<b>(5,743,386)</b>
Fund Balances at Beginning of Year	27,298,881	5,837,375	9,716,697	42,852,953
Fund Balances at End of Year	<u>25,468,462</u>	<u>\$ 4,115,380</u>	<u>\$ 7,525,725</u>	<u>\$ 37,109,567</u>

(1) Extracted from the City's audited financial statements.

**CITY OF EVERETT, MASSACHUSETTS**

**Governmental Funds**

**Statement of Revenues, Expenditures and Changes in Fund Balances**

**Fiscal Year Ended June 30, 2014 (1)**

	<u>General Fund</u>	<u>City Capital Projects Funds</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
Real estate and personal property taxes, net of tax refunds	\$ 86,690,275	\$ -	\$ -	\$ 86,690,275
Tax liens	1,217,971	-	-	1,217,971
Motor vehicle excise taxes	3,397,069	-	-	3,397,069
Local options meals tax	488,112	-	-	488,112
Charges for services	971,820	-	1,547,993	2,519,813
Penalties and interest on taxes	878,084	-	-	878,084
Licenses and permits	1,030,195	-	-	1,030,195
Fines and forfeitures	880,428	-	-	880,428
Intergovernmental	76,858,683	671,679	17,149,600	94,679,962
Departmental and other	738,108	-	466,095	1,204,203
Contributions	-	-	692,386	692,386
Investment income	96,948	-	22,129	119,077
Miscellaneous	-	-	22,449	22,449
<b>Total Revenues</b>	<u>\$ 173,247,693</u>	<u>\$ 671,679</u>	<u>\$ 19,900,652</u>	<u>\$ 193,820,024</u>
<b>Expenditures:</b>				
Current:				
General government	5,580,622	6,284	1,047,178	6,634,084
Public safety	21,963,713	739,939	2,035,296	24,738,948
Education	65,853,458	-	14,794,191	80,647,649
City services and facilities	10,860,638	1,709,384	44,096	12,614,118
Community development	-	-	1,006,713	1,006,713
Human services	1,891,351	-	266,073	2,157,424
Libraries and recreation	1,152,168	2,660,228	308,593	4,120,989
Pension benefits	22,973,735	-	-	22,973,735
Property and liability insurance	1,996,230	-	-	1,996,230
Employee benefits	19,452,261	-	-	19,452,261
State and county charges	10,418,587	-	-	10,418,587
Debt service				
Principal	5,414,415	-	-	5,414,415
Interest	2,186,221	-	-	2,186,221
<b>Total Expenditures</b>	<u>169,743,399</u>	<u>5,115,835</u>	<u>19,502,140</u>	<u>194,361,374</u>
Excess (deficiency) of revenues over expenditures	3,504,294	(4,444,156)	398,512	(541,350)
<b>Other Financing Sources (Uses):</b>				
Issuance of debt	-	7,291,000	1,300,000	8,591,000
Premium from issuance of debt	641,248	-	-	641,248
Transfers in	1,178,544	-	-	1,178,544
Transfers out	(1,699,687)	-	(650,000)	(2,349,687)
<b>Total Other Financing Sources (Uses)</b>	<u>120,105</u>	<u>7,291,000</u>	<u>650,000</u>	<u>8,061,105</u>
Net Change in Fund Balances	3,624,399	2,846,844	1,048,512	7,519,755
Fund Balances at Beginning of Year	23,674,482	2,990,531	8,668,185	35,333,198
Fund Balances at End of Year	<u>\$ 27,298,881</u>	<u>\$ 5,837,375</u>	<u>\$ 9,716,697</u>	<u>\$ 42,852,953</u>

(1) Extracted from the City's audited financial statements.

**Free Cash and Unassigned General Fund Balance**

Under Massachusetts law an amount known as "free cash" is certified as of the beginning of each fiscal year by the State Bureau of Accounts and this, together with certain subsequent tax receipts, is used as the basis for subsequent appropriations from available funds, which are not required to be included in the annual tax levy.

Under the Uniform Municipal Accounting System (UMAS) prescribed by The Commonwealth of Massachusetts Department of Revenue, subject to certain adjustments free cash is surplus revenue less uncollected overdue property taxes from earlier years. Uncollected property taxes are fully reserved under UMAS.

The following table sets forth the trend in free cash as certified by the Bureau of Accounts and compares it with General Fund Equity and Unassigned General Fund Balance under GAAP.

Fiscal Year	GAAP		UMAS
	General Fund Equity	Unassigned General Fund Balance (1)	Free Cash (2) (July 1)
2018	\$ 44,896,077	\$ 37,286,163	\$ 9,995,301
2017	42,855,918	36,217,508	6,576,560
2016	34,169,964	29,069,013	6,705,227
2015	25,468,462	21,595,795	5,194,930
2014	27,298,881	17,324,226	5,435,464

(1) Unassigned General Fund Balance. Extracted from audited financials.

(2) Subject to certain adjustments, free cash is surplus revenue less uncollected and overdue property taxes from the year just ended and prior fiscal years. Surplus revenue and free cash are calculated without regard to any overlay deficit (from tax abatements in excess of the overlay) or revenue deficit (generally a result of non-property tax receipts being less than estimates), both of which are added to the next tax levy.

**Stabilization Fund**

Funded by appropriations from the General Fund, the Stabilization Fund, plus interest income, may be accumulated (within certain legal restrictions) and subsequently appropriated for any municipal purpose by a 2/3 majority vote of the City Council. It is accounted for as an "Expendable Trust Fund" within the City's Fiduciary Funds. The following table sets forth the aggregate stabilization fund balances for the last five fiscal years.

June 30	Stabilization Fund Balances
2018	\$ 17,585,661
2017	21,185,739
2016	15,378,002
2015	12,221,997
2014	11,354,748

**Tax Increment Financing for Development Districts**

Under recent legislation, cities and towns are authorized to establish development districts to encourage increased residential, industrial and commercial activity. All or a portion of the taxes on growth in assessed value in such districts may be pledged and used solely to finance economic development projects pursuant to the city or town's development program for the district. This includes pledging such "tax increments" for the payment of bonds issued to finance such projects. As a result of any such pledge, tax increments raised from new growth properties in development districts are not available for other municipal purposes. Tax increments are taken into account in determining the total taxes assessed for the purpose of calculating the maximum permitted tax levy under Proposition 2 ½ (see "Property Tax Limitation" under "PROPERTY TAXATION" above.)

The City has not established any development districts.

## INDEBTEDNESS

### Authorization Procedure and Limitations

Serial bonds and notes are authorized by vote of two-thirds of all the members of the city council, on the recommendation of the mayor. Provision is made for a referendum on the borrowing authorization if there is a timely filing of a petition bearing the requisite number of signatures. Refunding bonds and notes are authorized by the city council. Borrowings for some purposes require State administrative approval. When serial bonds or notes have been authorized, bond anticipation notes may be issued by the officers authorized to issue the serial bonds or notes. Temporary loans in anticipation of the revenue of the fiscal year in which the debt is incurred or in anticipation of authorized federal and state aid generally may be made by the treasurer with the approval of the Mayor.

### Debt Limits

General Debt Limits. The General Debt Limit of the City consists of a Normal Debt Limit and a Double Debt Limit. The Normal Debt Limit is 5 percent of the valuation of taxable property as last equalized by the State Department of Revenue. The City can authorize debt up to this amount without state approval. It can authorize debt up to twice this amount (the Double Debt Limit) with the approval of the State Municipal Finance Oversight Board consisting of the Attorney General, the State Treasurer, the State Auditor, and the Director of Accounts.

There are many categories of general obligation debt which are exempt from and do not count against the General Debt Limit. Among others, these exempt categories include revenue anticipation notes and grant anticipation notes, emergency loans, loans exempted by special laws, certain school bonds, sewer bonds, bonds for water, gas, electric and telecommunication systems, solid waste disposal facility bonds and economic development bonds supported by tax increment financing, and subject to special debt limits, bonds for housing, urban renewal, and economic development (subject to various debt limits). Revenue bonds are not subject to these debt limits. The General Debt Limit and the special debt limit for water bonds apply at the time debt is authorized. The other special debt limits generally apply at the time debt is incurred.

Revenue Anticipation Notes. The amount borrowed in each fiscal year by the issue of revenue anticipation notes is limited to the tax levy of the prior fiscal year, together with the net receipts in the prior fiscal year from the motor vehicle excise and certain payments made by the Commonwealth in lieu of taxes. The fiscal year ends on June 30. Notes may mature in the following fiscal year, and notes may be refunded into the following fiscal year to the extent of the uncollected, unabated current tax levy and certain other items, including revenue deficits, overlay deficits, final judgments and lawful unappropriated expenditures, which are to be added to the next tax levy, but excluding deficits arising from a failure to collect taxes of earlier years. (See "Taxation to Meet Deficits" under "PROPERTY TAX" above.) In any event, the period from an original borrowing to its final maturity cannot exceed one year.

### Types of Obligations

General Obligations. Massachusetts cities and towns are authorized to issue general obligation indebtedness of these types:

Serial Bonds and Notes. These are generally required to be payable in annual principal amounts beginning no later than the end of the next fiscal year commencing after the date of issue and ending within the terms permitted by law. A level debt service schedule, or a schedule that provides for a more rapid amortization of principal than level debt service, is permitted. The principal amounts of certain economic development bonds supported by tax increment financing may be payable in equal, diminishing or increasing amounts beginning within 5 years after the date of issue. The maximum terms of serial bonds and notes vary from one year to 40 years, depending on the purpose of the issue. The maximum terms permitted are set forth in the statutes. In addition, for many projects, the maximum term may be determined in accordance with useful life guidelines promulgated by the State Department of Revenue ("DOR"). Serial bonds and notes may be issued for the purposes set forth in the statutes. In addition, serial bonds and notes may be issued for any other public work improvement or asset not specifically listed in the Statutes that has a useful life of at least 5 years. Bonds or notes may be made callable and redeemed prior to their maturity, and a redemption premium may be paid. Refunding bonds or notes may be issued subject to the maximum applicable term measured from the date of the original bonds or notes and must produce present value savings over the debt service of the refunded bonds. Generally, the first required annual payment of principal of the refunding bonds cannot be later than the first principal payment of any of the bonds or notes being refunded thereby, however, principal payments made before the first principal payment of any of the bonds or notes being refunded thereby may be in any amount.

Serial bonds may be issued as "qualified bonds" with the approval of the state Municipal Finance Oversight Board composed of the State Treasurer, the State Auditor, the Attorney General and the Director of Accounts, subject to such conditions and limitations (including restrictions on future indebtedness) as may be required by the Board. Qualified bonds may mature not less than 10 nor more than 30 years from their dates and are not subject to the amortization requirements described above.

The State Treasurer is required to pay the debt service on qualified bonds and thereafter to withhold the amount of the debt service paid by the State from state aid or other state payments; administrative costs and any loss of interest income to the State are to be assessed upon the city or town.

Tax Credit Bonds or Notes. Subject to certain provisions and conditions, the officers authorized to issue bonds or notes may designate any duly authorized issue of bonds or notes as "tax credit bonds" to the extent such bonds and notes are otherwise permitted to be issued with federal tax credits or other similar subsidies for all or a portion of the borrowing costs. Tax credit bonds may be made payable without regard to the annual installments required by any other law, and a sinking fund may be established for the payment of such bonds. Any investment that is part of such a sinking fund may mature not later than the date fixed for payment or redemption of the applicable bonds.

Bond Anticipation Notes. These generally must mature within two years of their original dates of issuance but may be refunded from time to time for a period not to exceed ten years from their original dates of issuance, provided that for each year that the notes are refunded beyond the second year they must be paid in part from revenue funds in an amount at least equal to the minimum annual payment that would have been required if the bonds had been issued at the end of the second year. For certain school projects, however, notes may be refunded from time to time for a period not to exceed seven years without having to pay any portion of the principal of the notes from revenue funds. The maximum term of bonds issued to refund bond anticipation notes is measured (except for certain school projects) from the date of the original issue of the notes.

Revenue Anticipation Notes. These are issued to meet current expenses in anticipation of taxes and other revenues. They must mature within one year but, if payable in less than one year, may be refunded from time to time up to one year from the original date of issue.

Grant Anticipation Notes. These are issued for temporary financing in anticipation of federal grants and state and county reimbursements. Generally they must mature within two years but may be refunded from time to time as long as the municipality remains entitled to the grant or reimbursement.

Revenue Bonds. Cities and towns may issue revenue bonds for solid waste disposal facilities, for projects financed under the Commonwealth Clean Water Revolving Loan Programs and for certain economic development projects supported by tax increment financing. In addition to general obligation bonds and notes, cities and towns having electric departments may issue revenue bonds, and notes in anticipation of such bonds, subject to the approval of the State Department of Telecommunications and Energy.

**CITY OF EVERETT  
Direct Debt Summary (1)  
As of June 30, 2018,  
Including Subsequent Issues**

<b>General Obligation Bonds:</b>		
Schools (2)	\$ 31,338,380	
Sewer	507,000	
Water (3)	3,230,000	
MWRA Water (3)	4,763,895	
MWRA Sewer	1,008,765	
Water/Sewer Departmental Equipment	364,550	
MCWT (4)	3,644,347	
General (5)	45,147,300	
<b>Total Long-Term Debt Outstanding</b>		<b>\$ 90,004,236</b>
<b>This Issue of Bonds to be Dated April 4, 2019</b>		<b>18,010,000</b>
<b>Total Direct Debt after This Issue</b>		<b>\$ 108,014,236</b>

- (1) Principal amounts only. Excludes lease and installment purchase obligations, overlapping debt unfunded pension liability and other unfunded post-employment benefits liability.
- (2) Does not reflect reimbursement from the Massachusetts School Building Authority. See column entitled "MSBA Payments" in the table below. \$15,136,229 is not subject to the City's debt limit.
- (3) Not subject to the City's debt limit, subject to a separate water debt limit.
- (4) Massachusetts Clean Water Trust; the City expects to receive total subsidies from the trust in the amount of \$20,671 for the payment of principal and interest. Fully supported by user fees.
- (5) \$871,000 is not subject to the City's debt limit.

## Debt Service Requirements

The following table sets forth the required principal and interest payments on outstanding general obligation bonds of the City of Everett as of June 30, 2018, including subsequent issues.

### General Obligation Debt Debt Service Requirements as of June 30, 2018, Including Subsequent Issues – Excludes the Bonds

Fiscal Year	Outstanding		Total Principal and Interest	MSBA Payments (1)	MCWT Subsidy	Net Debt Service
	Principal	Interest				
2019	\$ 13,370,794	\$ 2,952,940	\$ 16,323,735	\$ (1,882,459)	\$ (4,391)	\$ 14,436,885
2020	13,029,101	2,468,444	15,497,544	(1,882,459)	(4,072)	13,611,013
2021	8,456,303	2,079,941	10,536,244	-	(3,731)	10,532,513
2022	7,359,916	1,789,628	9,149,544	-	(3,394)	9,146,150
2023	6,975,460	1,529,018	8,504,477	-	(2,995)	8,501,483
2024	5,788,597	1,285,679	7,074,276	-	(2,088)	7,072,188
2025	5,153,175	1,095,815	6,248,991	-	-	6,248,991
2026	4,956,852	917,497	5,874,350	-	-	5,874,350
2027	4,126,631	757,766	4,884,396	-	-	4,884,396
2028	3,897,986	619,370	4,517,356	-	-	4,517,356
2029	3,524,874	509,335	4,034,210	-	-	4,034,210
2030	3,039,969	399,548	3,439,517	-	-	3,439,517
2031	2,679,732	310,991	2,990,724	-	-	2,990,724
2032	2,078,570	232,528	2,311,099	-	-	2,311,099
2033	1,853,659	171,977	2,025,636	-	-	2,025,636
2034	1,052,962	117,761	1,170,723	-	-	1,170,723
2035	909,439	86,681	996,120	-	-	996,120
2036	814,784	58,061	872,845	-	-	872,845
2037	650,431	31,571	682,002	-	-	682,002
2038	285,000	9,619	294,619	-	-	294,619
<b>Total</b>	<b>\$ 90,004,236</b>	<b>\$ 17,424,170</b>	<b>\$ 107,428,406</b>	<b>\$ (3,764,918)</b>	<b>\$ (20,671)</b>	<b>\$ 103,642,817</b>

(1) See "State School Building Assistance" above.

## Principal Payments by Purpose

The following table sets forth the projected principal payments by purpose on outstanding general obligation bonds of the City of Everett as of June 30, 2018, including subsequent issues.

Fiscal Year	Schools (1)	Sewer	Water (2)	Water/Sewer Departmental Equipment	MWRA Water (2)	MWRA Sewer	General (3)	MCWT (4)	Total
2019	\$ 6,292,365	\$ 49,000	\$ 465,000	\$ 84,550	\$ 687,092	\$ 265,205	\$ 5,312,500	\$ 215,082	\$ 13,370,794
2020	6,232,415	49,000	470,000	80,000	632,286	265,205	5,081,000	219,194	13,029,101
2021	1,974,615	49,000	475,000	70,000	632,286	265,205	4,766,800	223,397	8,456,303
2022	1,904,415	44,000	490,000	65,000	582,286	35,525	4,011,000	227,690	7,359,916
2023	1,785,415	44,000	470,000	65,000	559,444	35,525	3,779,000	237,075	6,975,460
2024	1,731,415	44,000	360,000	-	394,100	35,525	2,982,000	241,556	5,788,597
2025	1,732,415	44,000	100,000	-	394,100	35,525	2,631,000	216,135	5,153,175
2026	1,723,415	44,000	100,000	-	294,100	35,525	2,539,000	220,812	4,956,852
2027	1,044,415	14,000	100,000	-	294,100	35,525	2,413,000	225,590	4,126,631
2028	1,037,415	13,000	100,000	-	194,100	-	2,323,000	230,471	3,897,986
2029	1,027,415	13,000	100,000	-	100,000	-	2,049,000	235,459	3,524,874
2030	1,022,415	13,000	-	-	-	-	1,764,000	240,553	3,039,969
2031	919,415	13,000	-	-	-	-	1,507,000	240,317	2,679,732
2032	870,415	13,000	-	-	-	-	961,000	234,155	2,078,570
2033	823,415	13,000	-	-	-	-	778,000	239,244	1,853,659
2034	375,000	12,000	-	-	-	-	598,000	67,962	1,052,962
2035	357,000	12,000	-	-	-	-	471,000	69,439	909,439
2036	307,000	12,000	-	-	-	-	466,000	29,784	814,784
2037	163,000	12,000	-	-	-	-	445,000	30,431	650,431
2038	15,000	-	-	-	-	-	270,000	-	285,000
<b>Total</b>	<b>\$ 31,338,380</b>	<b>\$ 507,000</b>	<b>\$ 3,230,000</b>	<b>\$ 364,550</b>	<b>\$ 4,763,895</b>	<b>\$ 1,008,765</b>	<b>\$ 45,147,300</b>	<b>\$ 3,644,347</b>	<b>\$ 90,004,236</b>

- (1) Does not reflect reimbursement from the Massachusetts School Building Authority. See column entitled "MSBA Payments" in the table below. \$15,136,229 is not subject to the City's debt limit.
- (2) Not subject to the City's debt limit, subject to a separate water debt limit.
- (3) \$871,000 is not subject to the City's debt limit.
- (4) Massachusetts Clean Water Trust; the City expects to receive total subsidies from the trust in the amount of \$20,671 for the payment of principal and interest. Fully supported by user fees.

## Authorized Unissued Debt and Prospective Financing

Following delivery of the Bonds, the City will have approximately \$12.7 million authorized unissued debt for various water and sewer projects.

## Debt Ratios

The following table sets forth the ratio of debt to equalized valuation and per capita debt ratios at the end of the five most recent fiscal years. The table considers the principal amount of general obligation bonds of the City of Everett only. The table does not deduct anticipated state grant payments applicable to the principal amount of outstanding bonds or debt that may be supported in whole, or part, by non-tax revenues. (See "Direct Debt Summary.")

Fiscal Year End	General Obligation Bonds Outstanding	Population (1)	Equalized Valuation (2)	Per Capita Debt	Ratio Debt To Equalized Valuation
2018	\$ 89,004,236	41,667	\$ 4,584,699,100	\$ 2,136	1.94 %
2017	85,856,303	41,667	4,584,699,100	2,061	1.87
2016	77,677,266	41,667	3,794,616,400	1,864	2.05
2015	71,030,103	41,667	3,794,616,400	1,705	1.87
2014	72,740,726	41,667	3,653,316,400	1,746	1.99

(1) Based on a population of 41,667 (2010 Census).

(2) 2012 equalized valuation is used for fiscal year 2014; 2014 equalized valuation is used for fiscal years 2015 and 2016; 2016 equalized valuation is used for fiscal years 2017 and 2018.

## Overlapping Debt

The City of Everett is located in Middlesex County and is a member of the Massachusetts Water Resources Authority (MWRA), the Massachusetts Bay Transportation Authority (MBTA), and the Boston Metropolitan District. The following table sets forth the outstanding bonded debt, exclusive of temporary loans in anticipation of bonds or current revenue, of the MWRA and the MBTA and the City of Everett's gross share of such debt and the fiscal 2019 dollar assessment for each.

<u>Overlapping Entity (1)</u>	<u>Outstanding Debt</u>	<u>Everett Estimated Share of Debt</u>	<u>Fiscal 2019 Dollar Assessment (Debt &amp; Operating Expenses)</u>
Massachusetts Water Resources Authority (2):			
Water	\$2,044,213,000	2.138%	\$ 3,214,036
Sewer	3,449,020,000	1.831%	6,039,132
Massachusetts Bay Transportation Authority (3)	5,728,840,000	1.477%	3,044,450

(1) Excludes debt of the Commonwealth.

(2) Source: Massachusetts Water Resources Authority ("MWRA"). Debt is as of June 30, 2018. Dollar assessment is based on 2019 fiscal year. The MWRA was established to succeed to the waterworks and sewer operations of the Metropolitan District Commission (the "MDC"). The MDC formerly administered the affairs of the Metropolitan Sewerage District, the Metropolitan Water District and the Metropolitan Parks District, each district consisting of the City of Boston and other cities and towns in the Boston area. The MWRA commenced operations on July 1, 1985. Under its enabling legislation, as amended, the aggregate amount of all bonds issued by the MWRA for its corporate purposes may not exceed \$6.1 billion outstanding at any time. Its obligations are secured by revenues of the MWRA. The MWRA assesses member cities and towns, which continue to provide direct retail water and sewer services to users. The cities and towns collect fees from the users to pay all or part of the assessments; some municipalities levy property taxes to pay part of the amounts assessed upon them.

(3) Source: Massachusetts Bay Transportation Authority. Debt is as of June 30, 2018. Dollar assessment is based on 2019 fiscal year. The MBTA was created in 1964 to finance and operate mass transportation facilities within the greater Boston metropolitan area. Under its enabling act, the MBTA is authorized to issue bonds for capital purposes, other than refunding bonds, and for certain specified purposes to an outstanding amount, which does not exceed the aggregate principal amount of \$3,556,300,000. In addition, pursuant to certain of the Commonwealth's transportation bond bills, the MBTA is authorized to issue additional bonds for particular capital projects. The MBTA also is authorized to issue bonds of the purpose of refunding bonds. Under the MBTA's enabling act as recently amended, debt service, as well as other operating expenses of the MBTA, are to be financed by a dedicated revenue stream consisting of the amounts assessed on the cities and towns of the MBTA and a dedicated portion of the statewide sales tax. The amount assessed to each city and town is based on its weighted percentage of the total population of the cities and towns in the MBTA as provided in the enabling act. The aggregate amount of such assessments is not permitted to increase by more than 2.5 percent per year.



## Contractual Obligations

Municipal contracts are generally limited to currently available appropriations. A city or town generally has authority to enter into contracts for the exercise of any of its corporate powers for any period of time deemed to serve its best interests, but generally only when funds are available for the first fiscal year; obligations for succeeding fiscal years generally are expressly subject to availability and appropriation of funds. Municipalities have specific authority in relatively few cases to enter long term contractual obligations not subject to annual appropriation, including contracts for refuse disposal and sewage treatment and disposal. Municipalities may also enter into long-term contracts in aid of housing and renewal projects. There may be implied authority to make other long-term contracts required to carry out authorized municipal functions, such as contracts to purchase water from private water companies.

Municipal contracts relating to solid waste disposal facilities may contain provisions requiring the delivery of minimum amounts of waste and payments based thereon and requiring payments in certain circumstances without regard to the operational status of the facilities. Municipal electric departments have statutory power to enter into long-term contracts for joint ownership and operation of generating and transmission facilities and for the purchase or sale of capacity, including contracts requiring payments without regard to the operational status of the facilities.

Pursuant to the Home Rule Amendment to the Massachusetts Constitution, cities and towns may also be empowered to make other contracts and leases.

The City has an agreement with Capital Waste Services, Inc. for refuse disposal and recyclables collection that expires June 30, 2019 with the option to renew for one year after this date. The following table sets forth current and recent costs under the contract.

<u>Fiscal Year</u>	<u>Cost</u>
2018	\$ 1,784,000
2017	1,649,244
2016	1,652,055
2015	1,631,305
2014	1,583,791

## RETIREMENT PLAN

The Massachusetts General Laws provide for the establishment of contributory retirement systems for state employees, for teachers and for county, city and town employees other than teachers. Teachers are assigned to a separate statewide teachers' system and not to the city and town systems. For all employees other than teachers, this law is subject to acceptance in each city and town. Substantially all employees of an accepting city or town are covered. In addition to the contributory systems, cities and towns provide non-contributory pensions to a limited number of employees, primarily persons who entered service prior to July 1, 1937 and their dependents. The Public Employee Retirement Administration Commission ("PERAC") provides oversight and guidance for and regulates all state and local retirement systems.

The obligations of a city or town, whether direct or through a county system, are contractual legal obligations and are required to be included in the annual tax levy. If a city or town, or the county system of which it is a member, has not established a retirement system funding schedule as described below, the city or town is required to provide for the payment of the portion of its current pension obligations which is not otherwise covered by employee contributions and investment income. "Excess earnings," or earnings on individual employees' retirement accounts in excess of a predetermined rate, are required to be set aside in a pension reserve fund for future, not current, pension liabilities. Cities and towns may voluntarily appropriate to their system's pension reserve fund in any given year up to five percent of the preceding year's tax levy. The aggregate amount in the fund may not exceed ten percent of the equalized valuation of the city or town.

If a city or town, or each member city and town of a county retirement system, has accepted the applicable law, it is required to annually appropriate an amount sufficient to pay not only its current pension obligations, but also a portion of its future pension liability. The portion of each such annual payment allocable to future pension obligations is required to be deposited in the pension reserve fund. The amount of the annual city or town appropriation for each such system is prescribed by a retirement system funding schedule which is periodically reviewed and approved by PERAC. Each system's retirement funding schedule is designed to reduce the unfunded actuarial pension liability of the system to zero by not later than June 30, 2030, with annual increases in the scheduled payment amounts of not more than 4.5 percent. The funding schedule must provide that payment in any year of the schedule is not less than 95 percent of the amount appropriated in the previous fiscal year. City, town and county systems which have an approved retirement funding schedule receive annual pension funding grants from the

Commonwealth for the first 16 years of such funding schedule. Pursuant to recent legislation, a system (other than the state employees' retirement system and the teachers' retirement system) which conducts an actuarial valuation as of January 1, 2009, or later, may establish a revised schedule which reduces the unfunded actuarial liability to zero by not later than June 30, 2040, subject to certain conditions. If the schedule is so extended under such provisions and a later updated valuation allows for the development of a revised schedule with reduced payments, the revised schedule shall be adjusted to provide that the appropriation for each year shall not be less than that for such year under the prior schedule, thus providing for a shorter schedule rather than reduced payments.

City, town and county systems may choose to participate in the Pension Reserves Investment Trust Fund (the "PRIT Fund"), which receives additional state funds to offset future pension costs of participating state and local systems. If a local system participates in the PRIT Fund, it must transfer ownership and control of all assets of its system to the Pension Reserves Investment Management Board, which manages the investment and reinvestment of the PRIT Fund. Cities and towns with systems participating in the PRIT Fund continue to be obligated to fund their pension obligations in the manner described above. The additional state appropriations to offset future pension liabilities of state and local systems participating in the PRIT Fund are required to total at least 1.3 percent of state payroll. Such additional state appropriations are deposited in the PRIT Fund and shared by all participating systems in proportion to their interests in the assets of the PRIT Fund as of July 1 for each fiscal year.

Cost-of-living increases for each local retirement system may be granted and funded only by the local system, and only if it has established a funding schedule. Those statutory provisions are subject to acceptance by the local retirement board and approval by the local legislative body, which acceptance may not be revoked.

The City contributes to the City of Everett Contributory Retirement System, established under Chapter 32 of the Massachusetts General Laws. Benefits paid under the plan include an annuity portion funded from amounts contributed by the participants, and a pension portion funded by the City. The participants contribute a percentage of their compensation annually (between 5%-11%), determined by their date of employment and annual compensation. The City pays the entire retirement allowance of certain retirees who are eligible for non-contributory benefits.

There are approximately 541 retired persons or surviving beneficiaries currently receiving pensions under the contributory and non-contributory plans, respectively. The following table lists the annual required contribution of the City to each retirement system for each of the shown fiscal years:

<u>Year Ending</u>	<u>Contributory</u>	<u>Non-Contributory</u>
June 30, 2019 (budgeted)	\$15,970,286	\$49,100
June 30, 2018	15,182,738	25,152
June 30, 2017	13,703,004	35,000
June 30, 2016	13,109,238	35,000
June 30, 2015	12,526,168	69,700
June 30, 2014	12,041,480	80,000

The estimated unfunded actuarial liability of the contributory retirement systems on January 1, 2018 was approximately \$107,246,256 assuming an actuarial value of assets of \$143,813,116 and a 7.50% investment rate of return. The City expects to fully fund this liability by 2030 as shown in the schedule below.

The foregoing data does not include the retirement system costs or liabilities of any larger entity, such as the county, of which the municipality is a constituent part and for which the municipality is assessed a share of expenses. Additional information regarding the Everett Contributory Retirement System can be found on: <http://www.mass.gov/perac>.

## Current Funding Schedule

Fiscal Year	Normal Cost	Net 3(8)(c)	Amort. of UAL	Amort. of 2002 ERIP	Amort. of 2003 ERIP	Amort. of 2010 ERIP	Total Cost	Unfunded Act. Liab.	Total Cost % Increase
2019	4,239,410	150,000	10,805,953	71,043	232,052	168,909	15,667,367	111,267,991	
2020	4,430,183	150,000	11,386,476	74,240	242,495	168,909	16,452,302	107,489,286	5.01%
2021	4,629,541	150,000	11,997,125	77,581	253,407	168,909	17,276,562	102,788,454	5.01%
2022	4,837,871	150,000	12,639,457	81,072	264,810	168,909	18,142,118	97,063,291	5.01%
2023	5,055,575	150,000	13,315,108	84,720	276,727	168,909	19,051,038	90,202,221	5.01%
2024	5,283,076	150,000	14,194,708	88,532	289,180		20,005,495	82,083,515	5.01%
2025	5,520,814	150,000	14,942,247	92,516	302,193		21,007,771	72,574,427	5.01%
2026	5,769,251	150,000	15,728,538	96,680	315,791		22,060,260	61,530,281	5.01%
2027	6,028,867	150,000	16,555,580	101,030	330,002		23,165,479	48,793,468	5.01%
2028	6,300,166	150,000	17,875,903				24,326,069	34,192,370	5.01%
2029	6,583,674	150,000	17,540,201				24,273,875	17,540,201	-0.21%
2030	6,879,939	150,000					7,029,939	0	-71.04%

All amounts assume payments will be made July 1 of each fiscal year.

Total appropriation assumed to increase 5.01% each year until FY28, with a final amortization payment in FY29.

FY19 normal cost includes assumed expenses of \$700,000 and is assumed to increase 4.5% per year.

FY19 appropriation was maintained at the same level as the prior schedule.

SOURCE: January 1, 2018 Everett Contributory Retirement System Actuarial Valuation, PERAC.

## Other Post-Employment Benefits

In addition to pension benefits, cities and towns may provide retired employees with health care and life insurance benefits. The portion of the cost of such benefits paid by cities or towns is generally provided on a pay-as-you-go basis. The recent trend in the City's annual contributions for its other post-employment benefits is as follows:

Fiscal Year Ended June 30,	Pay-As-You-Go Cost
2019 (Budgeted)	\$ 7,500,000
2018	7,401,157
2017	7,065,440
2016	6,551,000
2015	6,659,000
2014	7,371,000

The Governmental Accounting Standards Board ("GASB") Statement Nos. 43 and 45 require public sector entities to report the future costs of these non-pension, post-employment benefits in their financial statements. These accounting standards do not require pre-funding the payment of these costs as the liability for such costs accrues, but the basis applied by the standards for measurement of costs and liabilities for these benefits is conservative if they continue to be funded on a pay-as-you-go basis and will result in larger yearly cost and liability accruals than if the cost of such benefits were pre-funded in a trust fund in the same manner as traditional pension benefits. Cities and towns that choose to self-insure all or a portion of the cost of the health care benefits they provide to employees and retirees may establish a trust fund for the purpose of paying claims. In addition, cities and towns may establish a trust fund for the purpose of pre-funding other post-employment benefits liability in the same manner as traditional pension benefits.

The City performs actuarial valuations of its non-pension, post-employment benefits liability in accordance with GASB reporting requirements. The City most recently had an actuarial valuation performed as of June 30, 2017 by Odyssey Advisors, Colchester, Connecticut. As of July 1, 2016 the City's estimated unfunded actuarial accrued liability (JAAL) was \$225,053,506 and the annual required contribution (ARC) was approximately \$21,538,947 assuming an actuarial value of assets of \$1,602,550 and a 4.00% investment rate of return. The City established another post-employment benefits (OPEB) trust fund in 2014 and transferred \$815,320 into the fund in fiscal 2015. The City made a \$1,006,000 transfer to this fund in fiscal 2017 and expects to transfer approximately \$987,609 to the fund in fiscal 2018. The balance of the OBEB trust fund as of June 30, 2018 was \$3,575,073.

### EMPLOYEE RELATIONS

The City employs approximately 1,417 workers, 1066 of whom are employed by the education department, 286 are employed by public safety departments, 64 are employed by public works departments, and the balance of persons by various other departments of the City. City and school employees (other than managerial and confidential employees) are entitled to join unions and to bargain collectively on questions of wages, hours and other terms and conditions of employment.

The City has a total of 14 collective bargaining units, 6 of which relate to the School Department, with which the Mayor and his administration negotiate. These units represent the following collective bargaining groups:

Contract Expiration Dates (1)	Bargaining Union	Union
6/30/2019	Police - Patrolmen	New England Police Benevolent Association Local 94
6/30/2019	Police - Superior Officers	New England Police Benevolent Association Local 95
6/30/2019	Fire Fighters	International Association of Fire Fighters Local 143
6/30/2019	Library	Everett Library Staff Association, MLSA, Local 4928, AFT MA, AFL-CIO
6/30/2018	Civilian Parking Enforcement	Service Employees International Union Local 888
6/30/2020	City Services	Teamsters Local 25
6/30/2020	Clerical	Teamsters Local 25
6/30/2020	E-911	Teamsters Local 24
6/30/2018	School Custodians	SEIU Local 888 Custodians
6/30/2019	School Nurses	Nurses
8/14/2018	School Teachers	Everett Teachers Association
6/30/2018	School Administrators	Administrators Association
6/30/2018	School Paraprofessionals	Paraprofessional Association

(1) Successor agreements for expired contracts are currently in negotiations.

### LITIGATION

At present there are a number of lawsuits pending in various courts throughout the Commonwealth where the City is a defendant. In the opinion of the City Solicitor, there is no litigation, either pending or threatened, which is considered likely to result, either individually or in the aggregate, in final judgments against the City that would materially adversely affect its financial position.

CITY OF EVERETT, MASSACHUSETTS  
/s/ Domenico D'Angelo, Treasurer

March 19, 2019