



Finance Committee Report

City of Newton In City Council

Monday, March 23, 2020

Present: Councilors Grossman (Chair), Malakie, Humphrey, Kalis, Norton and Noel

Absent: Councilors Gentile and Ciccone

Also Present: Councilor Lipof

City staff present: Chief Financial Officer Maureen Lemieux, Comptroller Sue Dzikowski, Commissioner of Public Works Jim McGonagle, Assistant Superintendent Liam Hurley, Director of Planning & Sustainability for the School Department Stephanie Gilman, Director of Planning and Development Barney Heath, City Engineer Lou Taverna, Commissioner of Parks, Recreation and Culture Nicole Banks, CPA Program Manager Lara Kritzer and Women's Varsity Soccer Coach Doug McCarthy

#192-20 Authorization to expend a Massachusetts Clean Energy Center grant of \$8,500

HER HONOR THE MAYOR requesting authorization to accept and expend an eight thousand and five hundred dollars (\$8,500) grant from the Massachusetts Clean Energy Center (MassCEC) for marketing and technical advice for a "Heat Smart" program.

Action: **Finance Approved 6-0**

Note: Jonathan Yeo, Chief Operating Officer, presented the request to accept and expend a \$8,500 grant from the Massachusetts Clean Energy Center for the "Heat Smart Program". Mr. Yeo explained that Ann Berwick was able to get this for the City to promote the use of heat pumps across the City. The funds will be used to receive technical advice from consultants and to put together a brochure for residents. Additionally, Mr. Yeo explained that the technical consultants do has a marketing team that have thought about what homeowners' concerns are on this technology.

Councilor Kalis motioned to approve which passed unanimously.

#193-20 Authorization to expend MassDOT Workforce Transportation grant of \$250,000

HER HONOR THE MAYOR requesting authorization to accept and expend a two hundred and fifty thousand-dollar (\$250,000) MassDOT Workforce Transportation grant for a new technology-enabled ride share shuttle for Newton's thriving Wells Avenue innovation district and the new UMass Amherst Mount Ida campus.

Action: **Finance Approved 6-0**

Note: Barney Heath, Director of Planning and Development, presented the request to accept and expend a \$250,000 MassDOT Workforce Transportation grant. Mr. Heath explained that the purpose of the grant is to support shuttle service at Wells Avenue and the UMass Amherst Mount Ida

campus. Currently, the department is in the process of finalizing the Request for Proposal (RFP). The goal is to have a provider in place by the fall.

The Committee asked the following questions.

Q: Has it been determined which stations the shuttle will go to?

A: Mr. Heath explained that this is still to be determined and he will be discussing this with the Director of Transportation for Planning, Nicole Freedman. There is still discussion on whether the shuttle will go to Newton Centre or Newton Highlands.

Q: Can the start of this be delayed until social distancing is over?

A: Mr. Heath explained that the department is not anticipating starting the shuttle service until the fall.

Q: Is the \$80,000 from 180 Wells Avenue, for the shuttle service, a one-time payment?

A: Mr. Heath explained that is a one-time payment. Additionally, Mr. Heath explained that the grant does have the opportunity to be renewed, but this can only be renewed twice, and the City receives less funding each time. The department needs to make a financial plan to make this project sustainable long-term. The goal is to make this shuttle service successful enough for the businesses to want to invest in the service.

Q: Has the department spoken to the JCC or the developments on Nahanton Street about working together on this project or is this exclusive to Wells Avenue?

A: Mr. Heath explained that there are three entities that the department has spoken to; the Wells Avenue group, the JCC and UMass at Mount. Ida. All three expressed an interest in the project. Additionally, Mr. Heath explained that the City is also in the running for funding for a citywide shuttle service. Currently, NewMo services the JCC and the Coleman House.

Q: How would an employee at Wells Avenue use this service?

A: Mr. Heath explained that the shuttle service would be coordinated through the employers. The department would work with the employers on a schedule for the shuttle. This could be handled on a demand basis.

Q: How were the locations of Wells Avenue and UMass at Mount. Ida chosen?

A: Mr. Heath explained that Wells Avenue was chosen because of the volume of people and the number of employees that will be traveling at the same time. UMass at Mount. Ida was chosen because of the student traffic that could be alleviated by a shuttle service.

Q: Can the shuttle be used by anyone or just the businesses at Wells Avenue and the students and staff of UMass at Mount Ida?

A: Mr. Heath explained that this is still being determined.

Q: Will any of the vehicles be electric?

A: Mr. Heath explained that preference for electric vehicles will be listed in the RFP.

Q: What are the concerns with allowing the public to use the shuttle service?

A: Mr. Heath explained that the concern would be the capacity of the provider. The other grant that the City is applying for would be a shuttle service for the whole city.

Q: Does the funding plan commit the City to any funding?

A: Mr. Heath explained that the funding plan does not commit the City to any funding. In the future, the goal will be to raise funds from the surrounding businesses.

Councilor Kalis motioned to approve which passed unanimously.

#194-20 **Authorization to expend Executive Office of Elder Affairs grant of \$15,000**
HER HONOR THE MAYOR requesting authorization to accept and expend a fifteen-thousand-dollar (\$15,000) grant from the Executive Office of Elder Affairs to provide financial assistance for qualified seniors in the City of Newton to receive the services of Newton at Home Inc.

Action: **Finance Approved 6-0**

Note: Jayne Colino, Director of Senior Services, presented the request to accept and expend a \$15,000 grant from the Executive Office of Elder Affairs. Ms. Colino explained that they are working on the contract with the Law Department with Newton at Home. Newton at Home has had earmarks in the past, but this is the first year it is a cost reimbursement line item. Ms. Colino explained that Newton at Home will provide an invoice, the City will document that they have expended these costs and reimburse Newton at Home.

Councilor Norton motioned to approve which passed unanimously.

Referred to Public Facilities and Finance Committees**#198-20 Appropriate \$7,000,000 for Water Main Improvements in FY2021**

HER HONOR THE MAYOR requesting authorization to appropriate and expend seven million dollars (\$7,000,000) and authorize a general obligation borrowing of an equal amount for the estimated design and construction costs associated with Water Main Improvements in FY2021 and authorization to apply any premium received upon the sale of the bonds or notes, less the cost of preparing, issuing, and marketing them, and any accrued interest received upon the delivery of the bonds or notes to the costs of the project and to reduce the amount authorized to be borrowed for the project by like amount.

Public Facilities Approved 8-0

Action: **Finance Approved 6-0**

Note: Lou Taverna, City Engineer, presented the request to appropriate and expend \$7,000,000 and authorize a general obligation borrowing of an equal amount for the estimated design and construction costs associated with water main improvements in FY2021. Mr. Taverna explained that the water main runs down Winchester Street from Route 9 down to Needham Street and then all the way down Needham Street down to Tower Road. Additionally, Mr. Taverna explained the water main was installed in 1877 and is a 20" unlined cast iron main. There have been two major breaks in the water main. MassDOT is moving along with their final design and bidding of the Needham Street Corridor project, which means this would be a good time for the City to design a new water main for Winchester Street and Needham Street.

The Chestnut Street water main runs from Beacon Street to Commonwealth Avenue, where there has also been a break. The City is now cleaning and lining the portion from Chestnut Street (Rt. 9) to Beacon Street and the City would like to clean and line from Beacon Street to Commonwealth Avenue. This is a 12" water main installed in 1877 and is also an unlined cast iron pipe. The City is looking to do a milling and paving project on Chestnut Street, but the water main reconstruction would need to happen first, along with sidewalk, paving and ADA compliant ramp repairs.

Mr. Taverna explained that the City is asking for \$5,000,000 for Needham Street and \$2,000,000 for Chestnut Street.

Councilor Norton motioned to approve which passed unanimously.

Referred to Land Use and Finance Committees**#165-20 Requesting CPA funding be awarded to the Newton Housing Authority**

COMMUNITY PRESERVATION COMMITTEE requesting that one million one hundred and five thousand (\$1,105,000) in CPA funding for the support of Community Housing be awarded to the Newton Housing Authority for the acquisition of the CAN-DO Housing Portfolio.

Land Use Approved 7-0

Action: **Finance Approved Subject to Second Call 4-0-1 (Councilor Malakie abstaining and Councilor Noel recused)**

Note: Lara Kritzer, Community Preservation Program Manager, presented the request that \$1,105,000 in CPA funding be awarded to the Newton Housing Authority for the acquisition of the CAN-DO Housing Portfolio. Amy Zarechian, Executive Director of the Newton Housing Authority, explained that the Housing Authority was approached by CAN-DO over a year ago, for the potential of acquiring this portfolio. Additionally, Ms. Zarechian explained that they wanted to preserve these units of affordable housing in Newton. Newton Housing Authority worked closely with the City's Planning Department on the feasibility of the Housing Authority acquiring the portfolio. Ms. Zarechian added that the CAN-DO Portfolio is a good fit for the City's current portfolio of affordable housing.

The Committee asked the following questions.

Q: Is the Village Bank loan a fixed rate or variable loan?

A: Ms. Zarechian explained that this is a fixed rate at 4.75% for a 30 year term. The acquisition provides a \$250,000 grant from Village Bank over a period of 10 years that is going into the replacement reserve. Additionally, Ms. Zarechian explained that the Newton Housing Authority is comfortable with that rate.

Q: How was it decided that the City would be providing \$1,105,000 for the portfolio?

A: Ms. Zarechian explained that the Newton Housing Authority has worked closely with the Planning Department. The original proposal to the CPC had the City paying a lesser reduction of the current debt and the Newton Housing Authority would have been taking on more new debt. The City wanted the Housing Authority to change that balance and use the City funds for what they are designed for. Additionally, she explained that City wanted to leave the portfolio with the least amount of new debt as possible.

Q: What is the situation with Pearl Street, Eddy Street and Commonwealth Avenue, which as of 2017 were not on the Subsidizing Housing Inventory (SHI)?

A: Barney Heath, Director of Planning and Development, explained the original process to fulfill those units did not meet the Department of Housing and Community Development (DHCD) requirements, so those were not included in the City's SHI list. When MetroWest was looking to potentially acquire this portfolio, they put together a marketing and selection plan that the DHCD approved but it will only come into effect if and when those units turnover. At that point those units would follow the appropriate lottery procedure, which will then afford them the opportunity to get on the SHI.

Q: Is the net cash flow enough if there is a maintenance issue?

A: Mr. Heath explained that one of initial concerns was that there was not enough funding set aside in capital reserves for maintenance. The proposal was adjusted to provide more funding for maintenance to address the issue of sustainability long term.

Q: Is there any opportunity to lower the interest rate?

A: Ms. Zarechian explained she will discuss this with Village Bank.

Mark Armstrong, Chair of the CPC, explained that this an opportunity to save affordable housing. Mr. Armstrong noted this may be expensive, but it is worth it to keep these houses affordable.

The Committee discussed approving the item subject to second call, so that an inquiry can be made to Village Bank regarding the interest rate.

Councilor Kalis motioned to approve subject to second call which passed 4-0-1 with Councilor Malakie abstaining and Councilor Noel recused.

Referred to Public Facilities and Finance Committees

#196-20 Transfer of \$60,000 for HVAC system at Police Headquarters

HER HONOR THE MAYOR requesting authorization to transfer the sum of sixty thousand dollars (\$60,000) from Current Year Budget Reserve to a non-lapsing Public Buildings Department account for the evaluation and recommendations for the upgrade of the Police Headquarters HVAC System.

Public Facilities Approved 8-0

Action: **Finance Approved 6-0**

Note: Commissioner of Public Buildings Josh Morse presented the request to transfer \$60,000 for the evaluation and recommendations for the upgrade to the Police Headquarters HVAC System. Commissioner Morse explained that the existing HVAC system is 25 years old and is at the end of its useful life. Additionally, Commissioner Morse explained that the \$60,000 is for the design of the replacement system. The department is looking at a VRF system, which would provide both electric heating and cooling. Commissioner Morse explained that because the Police Headquarters is a critical facility there would need to be a generator capable of handling an all-electric heating and cooling system.

Maureen Lemieux, Chief Financial Officer, explained that due to current circumstances the administration is focusing on spending on essential items. Ms. Lemieux explained that the funds for the design of a new HVAC system at Police Headquarters is an essential item.

Councilor Kalis motioned to approve which passed unanimously.

Referred to Public Facilities and Finance Committees

#197-20 **Transfer of \$500,000 for improvements at Horace Mann at 225 Nevada Street**
HER HONOR THE MAYOR requesting authorization to appropriate five hundred thousand dollars (\$500,000) from June 30, 2019 Certified Free Cash for the purpose of providing interior and exterior improvements at the Horace Mann School at 225 Nevada Street.

Public Facilities Approved 8-0

Action: **Finance Approved as Amended to \$150,000 for improvements at Horace Mann at 225 Nevada Street 6-0**

Note: Commissioner of Public Buildings Josh Morse and Assistant Superintendent of Newton Public Schools Liam Hurley presented the request for funds for interior and exterior improvements to Horace Mann at 225 Nevada Street. Maureen Lemieux, Chief Financial Officer, explained that because of the current financial climate the administration does not want to move the full \$500,000 forward. Ms. Lemieux spoke with Commissioner Morse on which projects needed to move forward. Additionally, Ms. Lemieux explained that she would like the Committee to amend the docket item to \$150,000 so that the City is only spending money on essential projects. Mr. Hurley explained that the School Department understands why these changes need to be made.

Commissioner Morse explained that the department would like to install sinks on the second floor based on a plan that has been worked on with the school staff and Newton Public Schools. The department is still working on the design.

The Committee asked the following question.

Q: What projects are being put on hold?

A: Commissioner Morse explained the playground structures and interior wall relocations are being put on hold. Some of the interior walls have already been moved to right-size classrooms, but that was not a part of the \$500,000 request.

Q: Has there been any consideration to design changes to the sinks, given the current climate?

A: Commissioner Morse explained that the design of the project is not complete yet. Additionally, Commissioner Morse explained that they will probably end up with the standard single-unit stainless steel sinks.

Q: There is a concern that this reduction in appropriations is cutting someone's job or reducing their workload. How is the City making sure that they are not furthering financial distress in the community and making sure the City is not holding back projects that need to get done?

A: Ms. Lemieux explained that the City is focusing on funding essential items, trying to prevent lay-offs and do whatever the City needs to do to help people in need. The sinks are an essential item but

adding a play structure at the moment is not essential. The relocation of walls is also not an essential item. Additionally, Ms. Lemieux explained that the City also needs to consider what the revenue implications will look like going forward. The City does not want to throw other people into financial chaos but that is why these decisions need to be made. Ms. Lemieux explained that the administration has also labeled the processing of payroll and vendor payments essential work.

Q: Have these changes been communicated to the Horace Mann community?

A: Mr. Hurley explained that the Horace Mann community has not been informed yet but will be informed soon. Commissioner Morse noted that it is not that the projects won't happen. The projects are just not happening right now.

Councilor Noel motioned to approve as amended to \$150,000 for improvements at Horace Mann at 225 Nevada Street, which passed unanimously

Referred to Programs & Services and Finance Committees

#199-20 Transfer of \$250,000 to prepared for COVID-19

HER HONOR THE MAYOR requesting authorization to transfer the sum of two hundred and fifty thousand dollars (\$250,000) from June 30, 2019 Certified Free Cash to Acct #0121030-543500 Emergency Operations-Supplies account for the purpose of being prepared to act, should the need arise.

Programs & Services Approved 8-0

Action: **Finance Approved 6-0**

Note: Maureen Lemieux, Chief Financial Officer, presented the request to transfer \$250,000 from Free Cash to the Emergency Operations-Supplies account for the purpose of being prepared to act, should the need arise. Ms. Lemieux explained that two weeks ago when this was docketed, the administration thought this amount would give the City a buffer. But the circumstances have changed and at this point the City has already spent approximately \$100,000 on COVID-19. Additionally, Ms. Lemieux explained that the City has an incident command structure. Commissioner of Public Buildings Josh Morse oversees logistics and has secured N-95 masks, personal protective equipment, hand sanitizer and cleaning supplies. Ms. Lemieux explained that the City has spent money on computers to make sure they were able to supply laptops and other technology for many employees that are working remotely. There are also overtime costs. Additionally, Mr. Lemieux explained that the City may have to set-up other programs for residents. Ms. Lemieux explained that there are a few key City employees that have City credit cards with a limit of \$50,000, so that the City can act quickly if needed. These funds would still need to be approved by the City Council.

The Committee asked the following questions.

Q: Has the City been working with Newton-Wellesley Hospital?

A: Ms. Lemieux explained that the City has an Emergency Operation Committee that meets on a monthly basis, which Newton-Wellesley Hospital is a part of. The City has been working closely with the hospital throughout the COVID-19 outbreak.

Q: Will there be a need for additional funds? Is there a consideration to offer the property tax abatement to non-seniors?

A: Ms. Lemieux explained that she is unsure if more funds will be needed. Additionally, Ms. Lemieux explained that the State has control on many items. The administration has investigated if fees and interest could be waived.

Q: Is the City able to get the quantity of supplies that is needed?

A: Commissioner Morse explained that he is able to sustain levels of supplies needed for critical operations. At this point, N-95 masks, hand sanitizer and other personal protective equipment are harder to find.

Councilor Norton motioned to approve which passed unanimously.

Referred to Programs & Services, Public Facilities and Finance Committees

#200-20

Accept \$270,000 of lighting equipment for Winkler Stadium Field

HER HONOR THE MAYOR requesting authorization to accept \$270,000 of lighting equipment as well as authorization to accept more funds to be expended on the installation of a field light system for the Newton South High School Winkler Stadium Field which is on Newton Parks and Recreation property. The funds are being donated by the Newton South High School Booster Club.

Public Facilities Approved 6-0-1 (Councilor Kalis abstaining and Councilor Gentile recused)

Programs & Services Approved 8-0

Action: Finance Approved Subject to Second Call 4-0-2 (Councilors Kalis and Malakie abstaining)

Note: Commissioner of Parks, Recreation and Culture Nicole Banks presented the request to accept \$270,000 of lighting equipment as well as authorization to accept more funds to be expended on the installation of a field light system for the Newton South High School Winkler Stadium Field. The funds are being donated by the Newton South High School Booster Club. The project has gone before the Parks & Recreation Commission and they are in support of the project. Commissioner Banks explained the lighting system and installation are all being paid for by donated funds and the Parks, Recreation and Culture staff will be overseeing the installation of the equipment. Additionally, Commissioner Banks explained that the department would like to install the lights this summer and this project would be a benefit for the community. Commissioner Banks explained she has meeting set up with the neighborhood group later this week.

The Committee asked the following questions.

Q: What will the whole project cost?

A: Commissioner Banks explained that the project will cost approximately \$400,000 and the rest of the funds were also donated. Additionally, Commissioner Banks explained that the Booster Club is continuing to fundraise.

Q: Will there be an issue if the item is held until there is an understanding with the neighborhood?

A: Doug McCarthy, Women's Varsity Soccer Coach at Newton South and Community Liaison, explained the timing issue has to do with placing an order with the lightning manufacturer. The leads time for this equipment is extended for summer projects. The goal is to order the equipment at the beginning of April, so that the equipment comes in early to mid-June.

Q: How long does the installation of the lights take?

A: Mr. McCarthy explained that it would be approximately a 6 week installation and the goal is to do this during the summer.

The Committee made the following comments.

The neighborhood needs to be heard and there needs to be an understanding of what the impact will be on the neighborhood.

The neighborhood knows the lighting equipment is a good thing for the school and the community, but they are just looking for protection. The Memorandum of Understanding was something that the neighborhood was excited about and when the former Commissioner left this was not finished. The neighborhood feels the funds should not be accepted until that memorandum of understanding is complete.

Regarding the above comment, Commissioner Banks explained she has been brought up to speed on some of the history. Additionally, she is committed to having this conversation with the neighborhood. The department is working on some terms of use for the lighting equipment. Commissioner Banks explained accepting the funds in Committee tonight is important for the timing of the installation. Maureen Lemieux, Chief Financial Officer, explained that she, Commissioner Banks and the Law Department met on whether or not it would be appropriate to sign a formal Memorandum of Understanding regarding this project. The Law Department explained to them that City can't sign a Memorandum of Understanding because there is not another entity that the City can enter into the agreement with. But the Commissioner has been working on putting together a policy that the neighborhood can discuss and agree to.

Former Councilor John Rice explained that he has been working on this project for the past few years and agreed with Mr. McCarthy on the importance of the timing of the project. Additionally, he agreed that there also needs to be another conversation with the neighborhood and suggested the Committee approve the item subject to second call. This way the full City Council can have further discussion if needed once the conversation with the neighborhood happens.

Committee members agreed that approving this item subject to second call is a good compromise instead of holding the item in committee.

The Chair noted that the representatives from the neighborhood should be notified so that there can be a conversation between them and Commissioner Banks before April 6th.

Councilor Humphrey motioned to approve subject to second call which passed 4-0-2 with Councilors Kalis and Malakie abstaining.

Referred to Public Facilities and Finance Committees

#201-20 Transfer of \$650,000 for the purpose of reimbursing Newton Public Schools

HER HONOR THE MAYOR requesting authorization to transfer the sum of six hundred and fifty thousand dollars (\$650,000) from June 30, 2019 Certified Free Cash to the Newton Public Schools for the purpose of reimbursing Newton Public Schools for one-time costs associated with several projects that were necessary to accomplish the move of the Horace Mann Elementary School community to the former Carr School on Nevada Street.

Public Facilities Approved 6-0-2 (Councilors Laredo and Gentile abstaining)

Action: **Finance Approved 6-0**

Note: Liam Hurley, Assistant Superintendent of Newton Public Schools, and Josh Morse, Commissioner of Public Buildings, presented the request to transfer \$650,000 for the purpose of reimbursing Newton Public Schools for one-time costs associated with several projects that were necessary to accomplish the move of the Horace Mann Elementary School community to 225 Nevada Street.

Maureen Lemieux, Chief Financial Officer explained that the administration would still like to move forward on this item because these funds that have already been spent.

Mr. Hurley explained that there has been a significant amount of work done at Horace Mann, which includes the addition of modulars and acoustic panels. Additionally, Mr. Hurley explained that these funds have already been spent out of the School Department's operating budget.

Councilor Noel motioned approval which passed unanimously.

#195-20 Approve settlement of \$62,500 for Workers' Compensation Claim

HER HONOR THE MAYOR requesting authorization to approve the settlement of Workers' Compensation Claim #003554 in the amount of sixty-two thousand five hundred thousand dollars (\$62,500). The funds will be appropriated from Acct# 67A109A-515201-Municipal Workers' Compensation.

Action: **Finance Approved 6-0**

Note: The Committee voted unanimously to go into Executive Session on item #195-20.

The Committee adjourned at 10:16 p.m.

Respectfully submitted,

Rebecca Walker Grossman, Chair



Ruthanne Fuller
Mayor

City of Newton, Massachusetts

Department of Planning and Development
1000 Commonwealth Avenue Newton, Massachusetts 02459

165-20

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Barney S. Heath
Director

Community Preservation Committee

DATE: April 1, 2020
FROM: Lara Kritzer, Community Preservation Program Manager
TO: City Council
RE: Finance Committee's request for additional information on the Newton Housing Authority's acquisition of the CAN-DO Housing portfolio

On March 23, the Finance Committee reviewed the Community Preservation Committee's recommendation to provide \$1,105,000 in CPA funding to the Newton Housing Authority (NHA) for the acquisition of CAN-DO's affordable housing portfolio. As a condition of the approval of that funding, the Finance Committee had requested that the Housing Authority reach out to their lender, the Village Bank, to check on the rate of their new loan given the recent changes in the economy.

The NHA's Executive Director Amy Zarechian contacted the Village Bank following the Finance Committee meeting and has submitted the attached letter confirming the interest rate on their commercial loan. The loan rate has been lowered to 4.625% from their previous rate of 4.75%. The CPC has reviewed this information and their affordable housing representative Peter Sargent has confirmed that some banks are requiring an interest rate "floor" to their loan proposals in the current interest rate and economic environment.

The CPC enthusiastically supports this project and believes that it is vitally important to protecting and supporting Newton's existing affordable housing stock.

website: www.newtonma.gov/cpa

Lara Kritzer, Community Preservation Program Manager

Email: lkritzer@newtonma.gov phone: 617.796.1144

Newton City Hall, 1000 Commonwealth Avenue, Newton Centre, MA 02459



NEWTON HOUSING AUTHORITY
82 Lincoln Street
Newton Highlands, Massachusetts 02461

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Telecopier: (617) 964-8387
TD: (617) 332-3802

Amy Zarechian
Executive Director

March 30, 2020

Community Preservation Committee
Lara Kritzer, Community Preservation Program Manager
Planning and Development Department
City of Newton
1000 Commonwealth Avenue
Newton, MA 02459

Re: NHA Acquisition of CAN-DO Portfolio

Dear Ms. Kritzer,

Following its presentation to the City of Newton's Finance Committee on March 23, 2020, the Newton Housing Authority (NHA) has reached out to the Village Bank regarding the interest rate for the new loan in connection to the NHA's acquisition of the CANDO portfolio. Bearing in mind the loan is set at a commercial rate, rather than a residential rate, the Village Bank was able to reduce the interest rate to 4.625% as reflected in the attached updated term sheet.

The NHA believes this is a fair rate for a commercial loan and has benefited from the Village Bank's generosity and community spirit in this and other transactions for many years.

Please let us know if there are any remaining questions. Thank you for all your help through this process.

Sincerely,

Amy Zarechian
Executive Director
Newton Housing Authority
82 Lincoln Street
Newton Highlands, MA 02461



March 26, 2020

Amy Zarechian
Executive Director
Newton Housing Authority
82 Lincoln Street
Newton, MA 02461

Amy:

I am pleased to submit this Term Sheet for your consideration. The Village Bank (the "Bank") will provide Newton Housing Authority with financing and a grant for the CAN-DO properties as detailed below.

1) Borrower:

Newton Housing Authority

2) Purpose:

To provide partial financing for the purchase of the CAN-DO properties.+

3) Loan Amount:

\$650,000

4) Terms:

Thirty (30) year maturity and thirty (30) year amortization

5) Interest Rates:

Fixed at 4.625%

6) Fees:

Whether or not the Loans close, the Borrower is responsible for paying all closing costs, including, but not limited to, legal, appraisal, recording, flood certification and tax service fees incurred by the Bank.

**7) Repayment:**

The loan will amortize over thirty (30) years. Monthly principal and interest payments will be approximately \$3,368. Payments will be made in arrears and interest on the unpaid balance shall be computed on a 365/360 basis; that is, by applying the ratio of the annual interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding.

8) Security:

First real estate mortgage and assignment of rents on:

12-13 Cambria Road, Newton

18-20 Cambria Road, Newton

163 Jackson Road, Newton

20-22 Falmouth Road, Newton

54 Eddy Street, Newton

2148 Commonwealth Avenue, Newton a/k/a Veterans House

9) Guarantors:

None

10) Depository Account(s):

The Borrower must maintain its main operating checking account(s) at the Bank.

11) Prepayment

There is no prepayment penalty

12) Grant:

The Bank will provide Newton Housing Authority with a \$250,000 grant payable \$25,000 annually for ten years. The first grant payment will be made in 2020. The use of the grant will be restricted to funding replacement reserves for the properties securing the subject loans.

Sincerely,

Andrew Franklin
Senior Vice President