

PRELIMINARY OFFICIAL STATEMENT AND NOTICE OF SALE DATED APRIL 4, 2018

Ratings: See "Ratings" herein.
S&P Global Ratings:
Moody's Investors Service:

New Issue

In the opinion of Locke Lord LLP, 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 (the "Code"). Interest on the Bonds will not be included in computing the alternative minimum taxable income of individuals or, except as described herein, corporations. 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. The Bonds will not be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. See "Tax Exemption" herein.

**CITY OF NEW BEDFORD, MASSACHUSETTS
\$22,160,000* STATE QUALIFIED
GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2018 BONDS**

DATED
Date of Delivery

DUE
March 1
(as shown below)

The Bonds are issuable only in fully registered form, without coupons, 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 payable March 1 of the years in which the Bonds mature. Interest on the Bonds will be payable March 1 and September 1, commencing September 1, 2018. Principal and semiannual interest on the Bonds will be paid by the Treasurer and Receiver-General of The Commonwealth of 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 New Bedford, 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, PRICES OR YIELDS AND CUSIPS

Due March	Principal Amount*	Interest Rate	Yield/or Price	CUSIP # 642170	Due March	Principal Amount*	Interest Rate	Yield/or Price	CUSIP # 642170
2019	\$ 25,000	%	%		2033	\$ 760,000	%	%	
2020	245,000				2034	775,000			
2021	850,000				2035	805,000			
2022	640,000				2036	835,000			
2023	625,000				2037	865,000			
2024	655,000				2038	900,000			
2025	680,000				2039	945,000			
2026	695,000				2040	960,000			
2027	650,000				2041	1,005,000			
2028	675,000				2042	1,045,000			
2029	700,000				2043	1,085,000			
2030	735,000				2044	1,135,000			
2031	760,000				2045	1,175,000			
2032	725,000				2046	1,210,000			

THE BONDS ARE OFFERED FOR SALE AT 11:00 A.M. EASTERN TIME ON THURSDAY, APRIL 12, 2018, AT HILLTOP SECURITIES INC., 54 CANAL STREET 3RD FLOOR, BOSTON, MASSACHUSETTS IN THE CASE OF SEALED PROPOSALS AND IN THE CASE OF ELECTRONIC PROPOSALS, VIA PARITY, IN THE MANNER SET FORTH IN THE NOTICE OF SALE. REFERENCE IS MADE TO THE NOTICE OF SALE DATED APRIL 4, 2018 FOR THE CONDITIONS OF SUCH SALE.

The Bonds are offered subject to the final approving opinion of Locke Lord LLP, 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 May 2, 2018 for settlement in federal funds.

*Preliminary, subject to change.

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The Preliminary 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 Preliminary 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 Preliminary 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 New Bedford, 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:	Thursday, April 12, 2018, 11:00 A.M. (E.T.).
Location of Sale:	Hilltop Securities Inc., 54 Canal Street, 3rd Floor, Boston, Massachusetts 02114.
Issuer:	City of New Bedford, Massachusetts.
Issue:	\$22,160,000* State Qualified General Obligation Municipal Purpose Loan of 2018 Bonds, see "THE BONDS - Book-Entry Transfer System" herein.
Preliminary Official Statement Dated:	April 4, 2018.
Dated Date of the Bonds:	May 2, 2018.
Principal Due:	Serially March 1, 2019 through March 1, 2046, as detailed herein.
Interest Payable:	Semiannually March 1 and September 1, commencing September 1, 2018.
Redemption:	The Bonds are subject to redemption prior to their stated maturity dates, as described herein.
Security:	The Bonds will be valid general obligations of the City 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.
State Qualified Bonds:	The Bonds will be State Qualified Bonds pursuant to Chapter 44A of the Massachusetts General Laws ("Chapter 44A"). Pursuant to Chapter 44A the State Treasurer shall pay such debt service on State Qualified Bonds and after payment shall withhold from distributable aid (as defined in Chapter 44A) payable to the City an amount which will be sufficient to pay the debt service on such State Qualified Bonds or, if the amount of such distributable aid in any year is insufficient for the purpose, from any other amounts payable by The Commonwealth of Massachusetts (the "Commonwealth") to the City under any provision of law. From the time withheld by the State Treasurer, all such distributable aid or amounts so withheld and paid shall be exempt from being levied upon, taken, sequestered, or applied toward paying the debts of the City other than for payment of debt service on such State Qualified Bonds. Nothing in Chapter 44A shall be construed to pledge the credit and assets of the Commonwealth to the support of any State Qualified Bonds or to guarantee payment or stand as surety to the payment of any State Qualified Bonds. See "THE BONDS – State Qualified Bonds" herein.
Credit Ratings:	The City has applied to S&P Global Ratings and Moody's Investors Service for a rating on 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. BIDS MUST INCLUDE A PREMIUM OF AT LEAST \$TBD2.
Tax Exemption:	Refer to "THE BONDS - Tax Exemption" herein and Appendix B, "Proposed Form of Legal Opinion".
Continuing Disclosure:	Refer to "THE BONDS - Continuing Disclosure" herein and Appendix C, "Proposed Form of Continuing Disclosure Certificate".
Bank Qualification:	The Bonds <u>WILL NOT BE</u> 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:	Treasurer and Receiver-General of The Commonwealth of Massachusetts.
Bond Counsel:	Locke Lord LLP, 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 May 2, 2018 against payment in federal funds.
Additional Information:	Questions concerning the Official Statement should be addressed to: Ms. R. Renee Fernandes, Treasurer, City of New Bedford, Massachusetts telephone: (508) 979-1430 or Cinder McNerney, Managing Director, Hilltop Securities Inc., Boston, Massachusetts telephone (617) 619-4408.

*Preliminary, subject to change.

The New Bedford Way

New Bedford City Government STATEMENT OF VALUES

As public servants, we pride ourselves on our efforts to earn and maintain the public's trust by ensuring that our actions represent the highest standards of integrity and professional ethics.

Integrity: We hold ourselves to the highest ethical and performance standards and are professional and honest in our working relationships. We strive for equity and fairness in our decision making and in our treatment of one another. We honor our commitments and are committed to a transparent process that ensures the highest level of trust in our decisions and methods.

Accountability: We accomplish with integrity, honesty, and conscientiousness, our defined and assigned tasks within a reasonable time in order to fulfill our goals.

Innovation: In pursuit of continuous improvement, we take bold action with a shared sense of purpose and a creative approach to problem-solving. We are proactive visionaries who will use our knowledge, skills and abilities to seize opportunities and confront challenges to ensure the highest level of service to the community.

Teamwork: Our success depends upon a cooperative effort and the ability to perform as one highly effective team. We value an atmosphere of mutual respect, support and cooperation that provides a positive work environment for our employees, encourages individual creativity, and produces the highest quality of services for our residents.

Respect: We value and celebrate the diversity of our community, appreciate differing viewpoints, respond with empathy to the concerns of our residents and encourage active civic engagement as we work to provide a welcoming environment in which to conduct the People's business. We are committed to the respectful and dignified treatment of all people and to the development of meaningful and productive working relationships with our colleagues and the residents we serve.

NOTICE OF SALE
CITY OF NEW BEDFORD, MASSACHUSETTS
\$22,160,000*
STATE QUALIFIED
GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2018 BONDS

The City of New Bedford, Massachusetts (the "City") will receive sealed and electronic (as described herein) proposals until 11:00 a.m., Eastern Time, Thursday, April 12, 2018, for the purchase of the following described State Qualified General Obligation Municipal Purpose Loan of 2018 Bonds of the City (the "Bonds"):

\$22,160,000* State Qualified General Obligation Municipal Purpose Loan of 2018 Bonds payable March 1 of the years and in the amounts as follows:

Due March 1	Principal Amount	Due March 1	Principal Amount
2019	\$ 25,000	2033 **	\$ 760,000
2020	245,000	2034 **	775,000
2021	850,000	2035 **	805,000
2022	640,000	2036 **	835,000
2023	625,000	2037 **	865,000
2024	655,000	2038 **	900,000
2025	680,000	2039 **	945,000
2026	695,000	2040 **	960,000
2027	650,000	2041 **	1,005,000
2028 **	675,000	2042 **	1,045,000
2029 **	700,000	2043 **	1,085,000
2030 **	735,000	2044 **	1,135,000
2031 **	760,000	2045 **	1,175,000
2032 **	725,000	2046 **	1,210,000

*Preliminary, subject to change.

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

The Bonds will be dated their date of delivery. Principal of the Bonds will be payable on March 1 of the years in which the Bonds mature. Interest will be payable on March 1 and September 1, commencing September 1, 2018.

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., Boston Massachusetts and their legality will be approved by Locke Lord LLP, Boston, Massachusetts, whose opinion will be furnished to the purchaser without charge.

Principal of and semi-annual interest on the Bonds will be paid by the Treasurer and Receiver-General of The Commonwealth of Massachusetts, as Paying Agent.

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

Bonds maturing on or prior to March 1, 2028 shall not be subject to redemption prior to their stated maturity dates. Bonds maturing on and after March 1, 2029 shall be subject to redemption prior to maturity, at the option of the City, on or after March 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.

*Preliminary, subject to change.

Bidding Parameters

For Bonds maturing on March 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 a 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.

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 May 2, 2018, 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.

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 in excess of 5.0%.** No bid of less than par and accrued interest to date of delivery, **plus a premium of at least \$TBD2 will be considered.**

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 by such amounts as may be necessary to (a) produce sufficient funds for which the Bonds are being issued to reflect the amount of the net premium to be received by the City and (b) to structure the debt service to be as close to equal on an annual basis as practicable for each purpose of the Bonds. 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 R. Renee Fernandes, City Treasurer, City of New Bedford, Massachusetts c/o Hilltop Securities Inc., 54 Canal Street, 3rd Floor, Boston, Massachusetts 02114. 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., at (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. Any bidder who submits a winning bid by telephone in accordance with this Notice of Sale shall be required to provide written confirmation of the terms of the bid by faxing or e-mailing a completed, signed bid form to Hilltop Securities Inc. by not later than 12:30 p.m. on the date of sale. 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; or
- (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 City Treasurer, the Mayor, and the Committee on Finance.

The right is reserved to reject all bids and to reject any bid 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.

It shall be a condition to the obligation of a successful bidder to accept delivery of and pay for the Bonds that it shall be furnished, without cost, with (a) the approving opinion of the firm of Locke Lord, LLP, Boston, Massachusetts, substantially in the form appearing as Appendix B of the Preliminary Official Statement dated April 4, 2018, (b) a certificate in the form satisfactory to Bond Counsel 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 signers thereof, threatened which affects 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 her knowledge and belief, as of its date and the date of sale the Preliminary Official Statement did not, and as of its date and the date of the delivery of the Bonds, the Final Official Statement did not and does not, contain any untrue statement of a material fact and did not and does not omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, and (d) a Continuing Disclosure Certificate in the form appearing as Appendix C of the Preliminary Official Statement.

Establishment of Issue Price

A 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 contacting the Financial Advisor 617.619.4411, and affirming in writing via email or facsimile, 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 Successful Bidder 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.

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 uses Option A the Successful Bidder shall provide to the City on or before the closing date, the certificate 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 any 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 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 Maturities of Bonds for Which the 10% Test in Option A is Not Met as of the Sale Date. The successful bidder shall 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 Date and ending on the earlier 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 applicable 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, 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

reoffering price certificate will recite such facts and identify the price or prices at which the purchase of the Bonds was made.

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 therefore, 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 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 bidder, except for the fees paid to S&P Global Ratings and Moody's Investors Service for ratings on the Bonds. Any such fees paid to S&P Global Ratings and Moody's Investors Service would be borne by the City.

Additional information concerning the City and the Bonds is contained in the Preliminary Official Statement dated April 4, 2018, 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, 25 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.

It is anticipated that CUSIP identification numbers will be printed on the Bonds. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid for by the City, provided, however, that the City assumes no responsibility for any CUSIP Service Bureau or other charge that may be imposed for the assignment of such numbers.

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 its custodial agent on or about May 2, 2018 for settlement in federal funds.

CITY OF NEW BEDFORD, MASSACHUSETTS
/s/ R. Renee Fernandes, City Treasurer

April 4, 2018

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

City of New Bedford, Massachusetts
\$22,160,000* General Obligation Municipal Purpose Loan of 2018 Bonds dated May 2, 2018

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 New Bedford, 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 April 12, 2018.

(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 Locke Lord LLP 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: _____, 2018

[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 New Bedford, Massachusetts
\$22,160,000* General Obligation Municipal Purpose Loan of 2018 Bonds dated May 2, 2018**

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 New Bedford, 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 State 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 Locke Lord LLP 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: _____, 2018

[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 New Bedford, Massachusetts
\$22,160,000* General Obligation Municipal Purpose Loan of 2018 Bonds dated May 2, 2018**

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 New Bedford, 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) _____, 2018 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 Locke Lord LLP 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: _____, 2018

[SUCCESSFUL BIDDER][REPRESENTATIVE]

By: _____
Name:
Title:

*Preliminary, subject to change.

SCHEDULE A
SALE PRICES
(To be Attached)

PRELIMINARY OFFICIAL STATEMENT

CITY OF NEW BEDFORD, MASSACHUSETTS

\$22,160,000* STATE QUALIFIED GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2018 BONDS

This Official Statement is provided for the purpose of presenting certain information relating to the City of New Bedford, Massachusetts (the "City"), in connection with the sale of \$22,160,000* aggregate principal amount of its State Qualified General Obligation Municipal Purpose Loan of 2018 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 their date of delivery and will bear interest payable semiannually on March 1 and September 1, commencing September 1, 2018. The Bonds shall mature on March 1 of the years and in the principal amounts as set forth on the first 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 interest 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 and semiannual interest on the Bonds will be paid by The Treasurer and Receiver-General of The Commonwealth of Massachusetts as Paying Agent. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made directly to DTC. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of the DTC Participants and the Indirect Participants, as more fully described herein.

State Qualified Bonds

The Bonds constitute "qualified bonds" pursuant to Chapter 44A of the General Laws. Pursuant to Chapter 44A the City Treasurer shall at the delivery date of the Bonds certify to the State Treasurer the maturity schedule, interest rates, and dates of payment of debt service on qualified bonds. The State Treasurer shall pay the debt service on qualified bonds and after payment shall withhold from the distributable aid (as defined in Chapter 44A) payable to the City an amount which will be sufficient to pay the debt service on the qualified bonds or, if the amount of such distributable aid in any year is insufficient for the purpose, from any other amounts payable by The Commonwealth of Massachusetts (the "Commonwealth") to the City under any provision of law. From the time withheld by the State Treasurer, all such distributable aid or amounts so withheld and paid shall be exempt from being levied upon, taken, sequestered, or applied toward paying the debts of the City other than for payment of debt service on such qualified bonds.

The Commonwealth covenants in Section 8 of Chapter 44A with the purchasers, holders and owners, from time to time, of qualified bonds that it will not repeal, revoke, rescind, modify, or amend the above described provisions so as to create any lien or charge on or pledge, assignment, diversion, withholding of payment, or other use of or deduction from any distributable aid or other amounts to be paid to any holder of qualified bonds which is prior in time or superior in right to the payment required by said provisions; provided, however, that nothing therein contained shall be deemed or construed to require the Commonwealth to continue to make payments of distributable aid or other amounts or to limit or prohibit the Commonwealth from repealing or amending any law heretofore or hereafter enacted for the payment or apportionment of such aid or other amounts, or of the manner, time, or amount thereof.

Chapter 44A also provides that the certification to the State Treasurer as to the amount payable in any year for debt service on qualified bonds shall be fully conclusive as to such qualified bonds from and after the time of issuance of such qualified bonds, notwithstanding any irregularity, omission, or failure as to compliance with any of the provisions of Chapter 44A with respect to such qualified bonds.

*Preliminary, subject to change.

Chapter 44A further provides that nothing therein shall be construed to relieve the City of the obligation imposed on it by law to appropriate and to include in its annual tax levy amounts necessary to pay, in each year, the principal and interest maturing and becoming due on any qualified bonds issued by the City; provided, however, that to the extent of the amounts of distributable aid or other amounts payable to the City which have been or are to be applied to the payment of such qualified bonds, the State Treasurer shall certify to the City Auditor the amounts so withheld and thereafter such amounts shall be credited to the appropriations of the City for the current fiscal year; and provided, further that to the extent to which distributable aid is not appropriated by the Commonwealth in any fiscal year, such appropriated amounts of the City shall be used to pay the debt service maturing and becoming due in such year on such qualified bonds of the City.

Nothing in Chapter 44A shall be construed to pledge the credit and assets of the Commonwealth to the support of any qualified bonds or to guarantee payment or stand as surety for the payment of any qualified bonds.

See "INDEBTEDNESS--Coverage of Qualified Debt Service" for a discussion of the projected coverage of qualified debt service by state aid.

Redemption Provisions

Optional Redemption

Bonds maturing on or prior to March 1, 2028 shall not be subject to redemption prior to their stated maturity dates. Bonds maturing on and after March 1, 2029 shall be subject to redemption prior to maturity, at the option of the City, on or after March 1, 2027, 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.

Mandatory Redemption

Term Bonds, if any, shall be subject to mandatory redemption commencing on March 1 of the first year which has been combined to form such Term Bonds and continuing on March 1 in each year thereafter until the stated maturity date of any such Term Bonds. The amount redeemed or paid at maturity in any years shall be equal to the principal amount for that year set forth in the schedule contained in the Notice of Sale dated April 4, 2018 relating to the Bonds. Principal amounts to be redeemed in any year by mandatory redemption shall be redeemed at par (without premium), plus accrued interest to the redemption date, and shall be selected by lot from among the Bonds then subject to redemption. The City Treasurer may credit against any mandatory redemption requirement Term Bonds which have been purchased and cancelled by the City or have been redeemed and not theretofore applied as a credit against any mandatory redemption requirement.

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, NY, 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 each series of the Bonds, each in the aggregate principal amount of such maturity and series, and 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 subsidiaries. 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 and www.dtc.org.

Purchases of securities under the DTC system 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.

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 the 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 City 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 City 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 City 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 securities held by it at any time by giving reasonable notice to the City 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 table sets forth the principal amounts, purposes, bond anticipation notes outstanding, amounts originally approved, statutory references, and dates of approval for the current offering of Bonds.

This Issue	Purpose	BANs Outstanding (1)	Total Authorization	Statutory Reference	Dates of Mayoral Approval
\$ 345,000	Keith School	\$ -	\$ 34,564,165	Ch. 44 s. 8(21) & Ch. 70B	12/1/2006
1,500,000	Taylor School at SeaLab Construction (2)	4,831,000	12,500,000	Ch. 70B	10/14/2014
7,000,000	Hannigan School Demolition & PreK-5 Construction (3)	13,000,000	35,247,197	Ch. 70B	9/18/2015
2,000,000	School Repair Projects (4)	2,850,000	17,628,896	Ch. 70B	3/25/2016
3,170,000	Elm Street Parking Garage Reconstruction (Phase I)	3,170,000	3,179,088	Ch. 44, s. 7(1)	12/23/2015
5,509,000	City-Owned Building Repairs	5,509,000	5,509,000	Ch. 44, s. 7(1)	3/25/2016
2,500,000	Parker Elementary School (5)	6,336,514	8,336,514	Ch. 70B	1/20/2017
136,000	Hazelwood Park Improvements	-	520,000	Ch. 44, s. 7(1)	3/25/2016
<u>\$ 22,160,000</u>		<u>\$ 35,696,514</u>			

*Preliminary, subject to change.

(1) Payable May 3, 2018. To be retired with the Bond proceeds.

(2) To be retired with \$1,269,174 MSBA grant proceeds and \$2,061,826 bond anticipation notes to be issued concurrent with the Bonds.

(3) To be retired with \$6,000,000 bond anticipation notes to be issued concurrent with the Bonds.

(4) To be retired with \$850,000 bond anticipation notes to be issued concurrent with the Bonds.

(5) To be retired with \$3,836,514 bond anticipation notes to be issued concurrent with the Bonds.

Principal Payments by Purpose*

Year	School*	General*	Parking*	Total*
2019	\$ 5,000	\$ 17,000	\$ 3,000	\$ 25,000
2020	-	245,000	-	245,000
2021	300,000	483,000	67,000	850,000
2022	315,000	250,000	75,000	640,000
2023	325,000	225,000	75,000	625,000
2024	345,000	230,000	80,000	655,000
2025	355,000	240,000	85,000	680,000
2026	365,000	245,000	85,000	695,000
2027	385,000	175,000	90,000	650,000
2028	395,000	185,000	95,000	675,000
2029	405,000	195,000	100,000	700,000
2030	430,000	205,000	100,000	735,000
2031	445,000	210,000	105,000	760,000
2032	460,000	155,000	110,000	725,000
2033	480,000	165,000	115,000	760,000
2034	505,000	150,000	120,000	775,000
2035	525,000	155,000	125,000	805,000
2036	540,000	165,000	130,000	835,000
2037	565,000	165,000	135,000	865,000
2038	585,000	175,000	140,000	900,000
2039	610,000	190,000	145,000	945,000
2040	630,000	180,000	150,000	960,000
2041	660,000	190,000	155,000	1,005,000
2042	685,000	195,000	165,000	1,045,000
2043	715,000	200,000	170,000	1,085,000
2044	745,000	215,000	175,000	1,135,000
2045	770,000	220,000	185,000	1,175,000
2046	800,000	220,000	190,000	1,210,000
Total	<u>\$ 13,345,000</u>	<u>\$ 5,645,000</u>	<u>\$ 3,170,000</u>	<u>\$ 22,160,000</u>

*Preliminary, subject to change.

Tax Exemption

In the opinion of Locke Lord LLP, 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 or, except as described herein, corporations. 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.

For taxable years that began before January 1, 2018, interest on the Bonds owned by a corporation (other than an S corporation, a qualified mutual fund, a real estate investment trust, a real estate mortgage investment conduit, or a financial asset securitization investment trust) will be included in such corporation's adjusted current earnings for purposes of computing the alternative minimum taxable income of such corporation. The alternative minimum tax on corporations has been repealed for taxable years beginning on or after January 1, 2018.

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.

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 payments 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 moneys 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" 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 Water Pollution Abatement 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, 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.

Ratings

The City has applied to S&P Global Ratings and Moody’s Investors Service for ratings on the Bonds. Such ratings, if obtained, will only reflect the respective rating agency’s views and will be subject to revision or withdrawal, which could affect the market price of the Bonds. If the Bonds are insured, the rating will be printed on the cover and described in an additional appendix of the Final Official Statement.

Opinion of Bond Counsel

The purchaser will be furnished the legal opinion of the firm of Locke Lord LLP, Boston, Massachusetts. The opinion will be dated and given on and will speak only as of the date of original delivery of the Bonds to the successful bidder. The opinion will be substantially in the form presented in Appendix B.

Other than as to matters expressly set forth herein as the opinion of Bond Counsel, Bond Counsel is not passing upon and does not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and make no representation that they have independently verified the same.

Financial Advisory Services of Hilltop Securities Inc.

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

Continuing Disclosure

In order to assist the Underwriters 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 the 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 it has complied, in all material respects, with its previous undertakings to provide annual reports or notices of significant events in accordance with the Rule.

CITY OF NEW BEDFORD, MASSACHUSETTS

General

The City of New Bedford is located in Southern Massachusetts, approximately 56 miles from Boston. It is bordered by Dartmouth on the west, Freetown on the north, Acushnet and Fairhaven on the east and Buzzard's Bay on the south. The City has a population of 95,072 (2010 U.S. Bureau Census estimate) and occupies a land area of 30.1 square miles. Established in 1787, New Bedford was incorporated as a City in 1847. The City is governed by an elected Mayor and an eleven member City Council.

The following table sets forth the principal executive officers of the City.

Principal Executive Officers

<u>Title</u>	<u>Name</u>	<u>First Took Office</u>	<u>Term Expires</u>
Mayor	Jonathan F. Mitchell	January 2012	January 2020
Chief Financial Officer	Ari J. Sky	March 2013	March 2019
Treasurer/Tax Collector	R. Renee Fernandes	April 2007	---
City Clerk	Dennis Farias	August 2014	---
City Auditor	Robert Ekstrom	September 2016	---

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, including vocational-technical education at the high school level, water and sewer services, parking, street maintenance, parks, recreational and historical and cultural facilities.

The principal services provided by the county are a jail and house of correction, a registry of deeds, and an agricultural extension service.

Education

The City's school facilities include 19 elementary schools, 3 middle schools, 1 high school, and 2 alternate high schools (grades 11-12), one of which is located at the administration building.

All three middle schools were originally junior high schools (grades 7 and 8), and were replaced as middle schools (grades 6-7). In September 2001, Roosevelt Junior High School was replaced by Roosevelt Middle School. In September 2003, Normandin Junior High School was replaced by Normandin Middle School. In December 2006, Keith Junior High School was replaced by Keith Middle School. The Massachusetts School Building Authority (MSBA) increased the 90% funding for the Keith Middle School to include the additional costs associated with the contamination at the Keith Middle School site and surrounding area.

The MSBA also supported the John Hannigan elementary school construction project, which is expected to be completed in July 2018, and partially funded the construction project for William H. Taylor School at Sea Lab, which was completed in December 2016. Additionally, the City expects to receive MSBA partial funding for accelerated repairs to several elementary schools.

The City also has 3 charter schools: Alma del Mar Charter School, City on a Hill Charter Public School, and Global Learning Charter Public School. Charter school enrollment for the school year beginning October 1, 2017 was 1,008 students.

Public School Enrollments – October 1

	Actual				
	2013	2014	2015	2016	2017
Pre-School	575	531	543	475	565
Elementary	6,982	7,086	7,135	7,176	6,969
Middle School (6-8)	2,645	2,692	2,809	2,802	2,951
High School (9-12)	2,543	2,256	2,194	2,187	2,141
Total	<u>12,745</u>	<u>12,565</u>	<u>12,681</u>	<u>12,640</u>	<u>12,626</u>

Economic Overview

New Bedford's beautiful coastal setting has been gradually shaped over 200 years by land use patterns tied to the whaling, fishing, and textile industries. In the mid-1850s, New Bedford's whaling fleet launched more whaling voyages than all other American ports combined and was the wealthiest city per-capita in the United States. At the same time investment in the textile industry had already begun. When the whale fishery declined, the looms in the mills continued to drive the City's economy. However, by the mid-20th century, New Bedford, like many mid-size American cities, struggled to meet daunting challenges in adapting its largely textile based economy in a post-industrial and post-war era.

While the past 40 years have witnessed a steady contraction in the traditional manufacturing base, New Bedford has proven resilient. Today, the City remains the number one commercial fishing port in America and is home to 3,600 businesses that support more than 45,000 jobs in the manufacturing, healthcare, service, and emerging sectors such as medical device manufacturing and renewable energy. New Bedford is home to such companies as Southcoast Health Systems, Titleist, Joseph Abboud, Precix, HTP Solutions, Ahead Head Gear and many more.

The past decade has seen a continuation of positive trends. Highlights from 2017 include:

- 1,399 new jobs created, bringing the total jobs in the New Bedford labor market to 45,236. This is an increase of 6,133 jobs since 2010. It is also important to note that from November of 2015 to November of 2016 the unemployment rate in New Bedford saw a decline of 2.8 percentage points to 3.7%, the greatest decrease in the nation.
- The total investment value of the three expansion projects approved by the City Council as part of the Tax Increment Financing Program totaled \$11.7 million. These projects will ensure the retention of 38 jobs and the creation of at least 51 new jobs over the next several years.
- 200 new loft style residential units are part of the proposed re-use for the historic Kilburn Mill #2 at the gateway to the south end peninsula on Rodney French Boulevard. The proposed \$30 million project is fully permitted and would transform the classic red-brick mill structure into market rate housing with breathtaking views of Clark's Cove.
- Mayor Mitchell led a 23-member delegation to the United Kingdom to visit offshore wind ports, training organizations and to participate in a major international offshore wind conference. The delegation included key stakeholders from the region's political leadership and its offshore wind supply chain.
- A proposed MassDevelopment and City partnership to convert the upland section of the 275-acre City-owned public golf course to a business park was announced. Early stage planning work has shown that the site can support more than 1.3 million square feet of new construction, lead to the creation of more than 1,000 new jobs, and would generate \$ 2 million in new commercial property tax revenue.
- This past year two new brewpubs opened in historic downtown New Bedford—the Greasy Luck and the Moby Dick Brewing Company.
- New Bedford was ranked as the most creative city in the Commonwealth, as awarded by the Massachusetts Cultural Council.

The City has accomplished this by employing a balanced and aggressive strategy that builds on assets that include a diverse waterfront industry, a vibrant downtown, significant infrastructure capacity, wonderful historic buildings and neighborhoods, and a hard-working and culturally diverse citizenry. The City's strategic approach is to support existing business, attract emerging industries, communicate a positive message, develop strategic sites, prepare a ready workforce, and capture long-term catalytic opportunities for growth.

New Bedford has also developed a successful business assistance program through its economic development council that offers a variety of loan programs and incentives to aid businesses in their decisions to relocate, maintain or expand their operations. Funded with a combination of Community Development Block Grants, U.S. Department of Commerce Economic Development Administration funds and participation agreements with local and regional banks, these programs provide more than \$1 million annually in loans to new and existing businesses for working capital, inventory, equipment, façade and building improvements, vessel rehabilitation and general economic development needs for those enterprises not able to gain traditional financing.

New Bedford receives in excess of \$5 million in U.S. Department of Housing and Urban Development Community Development Block Grants and Federal HOME Investment Partnership Program funds. These programs are used, in part, to support a master development plan of the City to revitalize its infrastructure, housing stock and public facilities.

Tourism

The City of New Bedford tracks visitation data at the City's major attractions consisting of museums, ferries, theatres, arts & culture, visitor centers including venues within and adjacent to the New Bedford Whaling National Historical Park. The data below is indicative of the growing popularity of New Bedford as a tourism destination:

<u>Year</u>	<u>Number of Visits</u>
2017	625,948
2016	567,862
2015	499,663
2014	485,036
2013	467,862

Population, Income and Wealth Levels

According to the 2010 federal census, median family income for the City of New Bedford was \$45,347 compared with \$81,165 for the state as a whole. The median age for the City was 36.6 years as compared to 39.1 for the state as a whole. The following table compares the 2010, 2000, 1990, and 1980 averages for New Bedford, the state and the country.

	<u>City of New Bedford</u>	<u>Massachusetts</u>	<u>U.S.</u>
Median Age			
2010	36.6	39.1	36.8
2000	35.9	36.5	35.3
1990	35.3	35.1	33.3
1980	33.2	31.2	30.0
Median Family Income			
2010	\$45,347	\$81,165	\$63,331
2000	35,708	61,664	50,046
1990	28,373	44,367	35,225
1980	14,930	21,166	19,908
Per Capita Income			
2010	\$20,447	\$33,966	\$27,270
2000	15,602	25,952	21,587
1990	10,923	17,224	14,420
1980	5,431	7,457	7,313

SOURCE: Federal Census.

Population Trends

<u>2010</u>	<u>2000</u>	<u>1990</u>	<u>1980</u>	<u>1970</u>
95,072	93,768	99,922	98,478	101,770

SOURCE: Federal Census.

Industry and Commerce

Due to the reclassification of economic data by industry, 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.

Industry	Calendar Year Average				
	2012	2013	2014	2015	2016
Natural Resources and Mining	977	776	754	812	822
Construction	880	946	1,008	1,081	1,170
Manufacturing	6,328	5,760	5,921	5,907	6,026
Trade, Transportation and Utilities	5,749	6,117	6,007	6,000	6,034
Information	475	446	304	249	210
Financial Activities	1,120	1,148	1,182	1,115	1,035
Professional and Business Services	3,344	3,058	3,339	4,195	3,766
Education and Health Services	10,821	12,656	12,779	13,099	13,351
Leisure and Hospitality	2,888	2,852	2,845	2,843	2,885
Other Services	2,468	1,277	1,243	1,193	1,191
Public Administration	1,854	1,758	1,786	1,788	1,837
Total Employment	<u>36,904</u>	<u>36,793</u>	<u>37,168</u>	<u>38,283</u>	<u>38,325</u>
Number of Establishments	3,121	3,203	3,268	3,443	3,617
Average Weekly Wages	\$ 820	\$ 835	\$ 855	\$ 869	\$ 899
Total Wages	<u>\$ 1,572,753,727</u>	<u>\$ 1,598,058,316</u>	<u>\$ 1,652,711,636</u>	<u>\$ 1,729,699,840</u>	<u>\$ 1,791,858,154</u>

SOURCE: Massachusetts Department of Labor and Workforce Development. Data based upon place of employment, not place of residence.

The following table lists the largest employers in New Bedford, exclusive of federal, state and City employees.

Largest Employers

<u>Name</u>	<u>Product/Function</u>	<u>Number of Employees</u>
St. Luke's Hospital	Hospital	5,000 - 9,999
Southcoast Hospital Radiology	Hospital	1,000 - 4,999
Acushnet Company	Manufacturing	500 - 999
Community Health Center	Hospital	500 - 999
Joseph Abboud	Manufacturing	500 - 999
Market Basket	Supermarket	500 - 999
Ahead Inc.	Apparel	250 - 499
Brittany Dyeing & Printing Co.	Printing	250 - 499
Sacred Heart Home	Nursing Home	250 - 499
Shaw's Supermarket	Supermarket	250 - 499
Sid Wainer & Son Specialty	Specialty Foods	250 - 499
New Bedford Rehab Hospital	Hospital	250 - 499
Standard-Times	Newspaper	250 - 499
Symmetry Medical	Medical	250 - 499
Tremblay Bus Co. LLC	Busing	250 - 499
ABC Disposal Services Inc.	Disposal	100 - 249
Aerovox Corp.	Manufacturing	100 - 249
Allegheny Ludlum Corp.	Steel	100 - 249
America Cable Systems	Cable	100 - 249
American Seafoods International	Seafood	100 - 249
Brandon Woods	Nursing Home	100 - 249
Commercial Drywall and Construction	Construction	100 - 249
Five Star MFG	Manufacturing	100 - 249
Morgan Advanced Ceramics	Medical	100 - 249
Precix Inc.	Manufacturing	100 - 249
Mar-Lees Seafood	Seafood	50 - 99

SOURCE: Massachusetts Department of Labor and Workforce Development, January 2015.

Labor Force, Employment and Unemployment Rate

The Massachusetts Executive Office of Labor and Workforce Development reported that, in January 2018, the City had a total labor force of 47,378, of which 43,493 were employed and 3,885, or 8.2% were unemployed, as compared with 4.0% for the Commonwealth (unadjusted). According to the U.S. Bureau of Labor Statistics, New Bedford had the largest decline in unemployment of any metropolitan area in the country from November 2015 to 2016.

<u>Year</u>	<u>City of New Bedford</u>		<u>Massachusetts</u>	<u>U.S.</u>
	<u>Labor Force</u>	<u>Unemployment Rate</u>	<u>Unemployment Rate</u>	<u>Unemployment Rate</u>
2017	46,916	6.5%	3.7%	4.4%
2016	46,697	6.6	3.8	4.8
2015	46,974	8.8	4.9	5.0
2014	47,091	10.2	5.8	6.2
2013	44,560	13.5	7.1	7.4

SOURCE: Massachusetts Executive Office of Labor and Workforce Development. Data based upon place of residence, not place of employment. All data is unadjusted.

Building Permits

The following table sets forth the trend in total number and value of building permits issued for new construction as well as additions and alterations for residential and non-residential public and private projects in the City.

Building Permits Issued		
Fiscal Year	No.	Value
2017	2,929	\$79,167,598
2016	3,035	69,321,238
2015	2,691	59,852,478
2014	2,402	46,194,372
2013	2,440	46,428,068

Transportation

New Bedford is located 56 miles south of Boston and 33 miles east of Providence, Rhode Island. Major roadways serving the City are State Route 140 and Interstate Route I-195 connecting with State Route 24 and Interstate 95. Rail freight service is provided by the CSX Railroad. Commuter bus service is available to Boston. Regional bus service is provided by the South Eastern Regional Transit Authority ("SRTA"). Commuter flights to Martha's Vineyard and Nantucket are available from the New Bedford Municipal Airport and full scheduled commercial flights are available 40 miles from New Bedford in Warwick, Rhode Island at T. F. Green Airport. New Bedford Harbor is an international deep water port and home to a fishing fleet of over 250 vessels. Ferry service is available from New Bedford to Martha's Vineyard and Cuttyhunk year round. Service from New Bedford to Martha's Vineyard began in May 2000 from a new \$4.7 million ferry terminal.

Economic Development Initiatives

Development and Job Creation in Targeted Growth Districts

From groundbreakings to ribbon cuttings, this past year continued to showcase an active roster of development projects across the City. These projects are critical beyond the investment and job creation, as they demonstrate the changing face of New Bedford's built environment. In 2017 the City's role continued to be focused on helping create the environment to build investor confidence in New Bedford, help mitigate risk, and move good projects towards their completion as efficiently as possible.

Kilburn Mill Redevelopment Takes First Steps

The towering historic Kilburn Mill #2 at the gateway to the south end peninsula on Rodney French Boulevard took its first important steps towards redevelopment in 2017. The proposed \$30 million project would transform the classic red brick mill structure into 195 units of market rate housing, many with breathtaking views of Clark's Cove. During the past year the City has guided the proposal from design concept to full city permitting. The City worked closely (and continues to do so) with the developer, architects, engineers, and WHALE on the project's feasibility, funding, and nomination to the National Register of Historic Places.

The City has also begun assisting the same development team on other mill redevelopment projects across the City, and the total value of the combined projects exceeds \$50 million.

Sid Wainer & Son Expansion

In the summer of 2017 the construction of Sid Wainer & Son's 55,000 square foot expansion came to a close. This investment has a value of more than \$11 million and not only adds state of the art space and equipment in the addition, but also enhances the existing facility to increase the company's efficiency and allows them to stay ahead in a competitive marketplace. To help get the project off the ground, the City Council gave unanimous approval to a ten-year TIF agreement that will ensure all of Sid Wainer & Son's 370 employs are retained while new hires come on board, now that the project is complete.

Boutique Hotel in Downtown

This project broke ground in April, 2017 and construction remains in full swing. The boutique hotel planned for the former yellow-brick office building at the corner of Union and Pleasant Streets will consist of a complete exterior restoration and full interior build-out of the 46,600 square foot building. The hotel will have 68 rooms, a 3,300 square foot restaurant, and a 5,100 square foot banquet space. The project is being developed by New Bedford Urban Renaissance II and will be managed by the Waterford Hotel Group as an Ascend Collection Hotel by Choice Hotels.

The project proposes the creation of 24 permanent full time jobs for hotel and restaurant operations and is also expected to create 34 jobs during the design and construction phase of the project. This signature downtown project represents an investment of \$10 million for acquisition, improvements, equipment, furnishings, and associated soft costs. The project is funded by a combination of private equity utilizing the USCIS EB-5 program and private financing with a MassDevelopment loan guarantee and a TIF agreement with the City of New Bedford. Construction is expected to be complete in the early summer of 2018.

Darn It! Expands at Hatch Street

Work continued at 88-90 Hatch Street, an underutilized office and artist workspace building in the Upper Harbor District. Darn It! began to build out the currently vacant 30,000 square feet on the second floor to create at least 15 more units for artist studios and small business tenants, to complement the existing community of 30 artists whose studios have been at Hatch Street for a decade. By the summer of 2017 an amazing 50 studio units had been built out and rented to 70 artists.

SMAST2 Expansion by UMass Dartmouth

The UMass Dartmouth School for Marine and Science Technology (SMAST) cut the ribbon on its new \$55 million research facility in the fall of 2017. The Clark's Point project adds a state-of-the-art research facility on South Rodney French Boulevard and also includes renovations to the adjacent existing facility. Beyond the investment and expansion of research capacity, the 76,000 square foot project represents meaningful job creation opportunities. The 68 UMass Dartmouth employees on site already will be increased when more than 50 employees from other locations move to the new space, and 56 new jobs are also expected to be created – in addition to the hundreds of construction jobs that are associated with a project of this scale.

WHALE Co-Creative Center

In 2015 the City assisted in the early planning work for its partners at WHALE as they explored the possibilities of transforming two historic structures in the center of the downtown with the support of the Massachusetts Cultural Council. In 2017 construction of a \$2.3 million project at 139 Union and 141 Union Street, called the Co-Creative Center, was in full swing. The project is made up of abutting vacant historic commercial buildings, circa 1840, on Union Street in downtown New Bedford that will house a 10,000 square foot maker-space, collaborative learning center, arts gallery and market as well as co-work space, two new eateries, and four apartments.

Moby Dick Brewing Company

Opening days before the New Bedford Half Marathon on St. Patrick's Day, the Moby Dick Brewing Company continued a trend in new development taking shape in the downtown. The completed project showcases an amazing transformation of the historic building at 52 Union Street, located at the "four corners" intersection of the Whaling National Historical Park. It is a full service brewpub of 4,000 square feet on the main floor and additional space in the basement area. The total investment to transform the vacant space is more than \$1.3 million, and the brewpub employs more than 15 people with an estimated annual payroll of more than \$420,000.

Construction Begins for Big Upgrades at the Elm Street Garage

The long-awaited first phase of the project kicked-off in April of 2017 and will include a series of improvements, including structural repairs and stabilization, enhancing the curb appeal and appearance of the facade, redesigning and installing new lighting and security for all interior spaces, and installing auto-pay units. The second phase will include resurfacing the concrete deck, replacing deteriorating parking stops and installing a fire prevention system. The \$5 million project will address long standing maintenance needs while making the facility safer and more appealing to users. The project is funded by a Federal Lands Access Program grant of more than \$500,000 and the downtown parking enterprise fund.

New Bedford Business Park

The New Bedford Business Park covers 1,300 acres and has 39 companies employing more than 3,200 people. All manners of goods are manufactured in the park, from the world's #1 golf ball, to medical devices and textile products. The park continues to be one of New Bedford's greatest economic development assets. 2017 proved to be another active year in the Business Park, with millions being invested in construction, environmental challenges met, and relocations and expansions set in motion. Highlights for the year included:

- Construction was in full swing this year for the 200,000 square foot Eversource facility (on a portion of the former Polaroid campus) that will meet the needs of the 180 employees serving the area, while also making a critical waterfront site available for new development opportunities.
- The Commonwealth completed their expansion of several agency locations in the park including the Registry of Motor Vehicles, which is at the gateway to the Park.
- Planning for the new Parallel Products facility advanced on the former Polaroid campus as well. Plans for the updated 100 Duchaine Boulevard building include a 15,000 square foot addition, new landscaping and signage, and a new solar canopy parking for the reconfigured parking areas.
- Under the leadership of the City's Office of Environmental Stewardship the remediation of the former Polyply site took a major step forward with the demolition of the long-vacant building. In 2018 the City, MassDevelopment, and GNBIF will work closely together to ensure the site is put back to productive use supporting job growth and investment in the park.
- The acquisition of the Areovox site on Vertente Boulevard by ARL gained all local approvals in 2017. This acquisition would keep Areovox and their nearly 100 employees in the park while adding another 50 jobs with ARL.
- Construction was nearly completed on the MDT Tours facility—a project that will bring 45 new jobs to the park.

New Bedford Wind Energy Center

The NBWEC works collaboratively with a range of partners to establish New Bedford as the central cluster of offshore wind for the East Coast that includes all major facets of the industry such as port services, construction, training, research, engineering, and manufacturing to fully capture all of the opportunities possible for local job creation, investments, and positive impact from the development of the offshore wind industry in America. This past year the City continued to lay the groundwork necessary to have the greatest competitive advantage possible when this new American industry begins to put steel in the water.

Legislative Advocacy

The NBWEC and its industry partner OffshoreWind:MA built tremendous statewide support for passage of a comprehensive energy bill, alongside Mayor Mitchell, Speaker Pro Tempore Patricia Haddad, and the entire New Bedford and SouthCoast legislative delegation.

On August 8, 2016, Massachusetts Governor Charlie Baker signed *An Act Relative to Energy Diversity* to stabilize electric rates, ensure a diversified energy portfolio for the Commonwealth, and embrace advanced technologies. This legislation requires the electric utilities to procure 1,600 megawatts of electricity generated from offshore wind over the next decade.

In June of 2017, the Massachusetts electric utilities issued a Request for Proposals with a December 20, 2017 submission deadline; the process to select developers will conclude in April 2018. This represents the first step in the competitive process for offshore project development that will stage and deploy out of the New Bedford Marine Commerce Terminal.

Business Development

The NBWEC actively promoted the Port of New Bedford at several major national and international OSW conferences and hosted numerous site visits to New Bedford by OSW businesses seeking market entry into the United States.

On September 6, 2016, the Massachusetts Clean Energy Center signed a "Letter of Intent" with DONG Energy/BayState Wind, Deepwater Wind and Vineyard Power/Copenhagen Infrastructure Partners to lease the New Bedford Marine Commerce Terminal as a staging and deployment location for future wind projects.

In May of 2017, Mayor Mitchell led a trade 23-person delegation to the United Kingdom to visit offshore wind ports, training organizations and to participate in a major international offshore wind conference. The delegation included key stakeholders from the region's political leadership and its offshore wind supply chain. Delegates represented shipbuilding, fisheries, the OSW developers, education, organized labor and design engineering. During the trade mission, Mayor Mitchell executed a "Sister City" agreement with the North Lincolnshire Council representing Grimsby; in addition, the NBWEC executed a "Strategic Alliance" with the Team Humber Marine Alliance (THMA), our host organization. The itinerary included site visits to several technical and safety training facilities, the Grimsby Fish Auction, two different OSW operations and maintenance facilities, the University of Hull and Green Port Hull, including the Siemens blade manufacturing and deployment facility. In addition, the delegation participated in the THMA international offshore wind conference, at which Mayor Mitchell was a feature speaker and at which the NBWEC Managing Director delivered a keynote presentation regarding the emerging OSW industry in the United States and the Port of New Bedford's competitive advantages.

Community Outreach and Communications

The NBWEC implemented a community outreach, marketing and media campaign to increase awareness about the emerging "commercial-scale" offshore wind industry in the Massachusetts Wind Energy Area (MAWEA). The MAWEA has the potential to provide vast quantities of offshore wind energy at a reasonable cost while stimulating the economy of New Bedford and surrounding communities.

During the year, the NBWEC developed and issued several "op-ed" editorials published in regional, statewide and national publications. The campaign successfully raised awareness about proposed energy legislation that required Massachusetts utilities to purchase electricity generated from offshore wind.

The communications strategy also included the creation of new print collateral and the migration of the new NBWEC website from NBEDC domain to its own domain. The new NBWEC website is designed as fully functional resource and promotional tool for the Port of New Bedford at newbedfordwindenergycenter.org.

Other Key Developments

The Massachusetts Clean Energy Center awarded a \$248,000 research grant to Bristol Community College and the NBWEC to assess the workforce requirements of the three BOEM leaseholders and align those needs with the existing workforce pipeline. Other research partners in this effort include UMass Dartmouth and Massachusetts Maritime Academy.

Assisting Existing & Small Business

The core of the City's economic strategy is assisting existing businesses and small business start-ups. Every neighborhood of the City, from the Business Park in the far north end, to the small businesses along County and Rivet Streets in the south end. Cities across the county see most of their new growth and job creation from companies that are already rooted in those communities. New Bedford is no exception, and the City continues to see investment and job creation coming from homegrown and family owned companies. As the small businesses the City assists continue to gain strength, expand, and hire new employees, the community becomes an ever- improving place for its citizens to call home.

Tax Increment Financing Program

Since the inception of the Tax Increment Financing (TIF) Program in New Bedford in 1996 a total of 109 projects have been certified. These projects ensure a certain level of investment and job creation by the private sector while the Commonwealth and the City have provided a measure of incentive on new short-term taxes.

In 2017, 18 such agreements remained active and compliant with the program's reporting requirements. These projects have added more than \$90 million in new private sector investment, have created more than 324 new jobs, and have ensured that more than 1,283 jobs have been retained in New Bedford.

In 2017 the TIF Board, City Council, and the Commonwealth have approved three expansion projects:

- Freedom Restoration for a 5-year STA
- New Bedford Urban Renaissance II for a 15-year TIF
- Quality Custom Packing for a 5-year STA

These projects have a combined value of more than \$11.7 million and will result in the creation of at least 51 jobs and the retention of 38 jobs.

At the close of 2017 there were six additional projects in the pipeline at various stages of the application process. Also in 2017, the following projects have concluded their terms of activity and are now at full share of municipal property tax:

- Parallel Products of New England
- Plumber's Supply Company
- AFC Cable – New Facility
- Titleist and FootJoy Worldwide (Ball Plant III) Phase II
- Aerovox
- Riverside Manufacturing Company
- AFC Cabel 1
- Acushnet Rubber Company

Business Assistance and District Development Programs

The City strives to support local small and family-owned businesses. This past year the City put great energy in ramping up its partnerships with business associations: Downtown New Bedford, Inc. (DNB, Inc.), Community Economic Development Center (CEDC), and the South End Business Association (SEBA). Each association is geographically located within an active business district or districts and all are involved in larger strategic initiatives supported by the MassDevelopment Transformative Development Initiative, MA Smart Growth Alliance (MSGa) and the United Way of Southeastern MA—respectively.

Downtown

DNB Inc. continues to be one of our key partners in the Transformative Development Initiative (TDI) district located in the central downtown. The mission of DNB, Inc. is to make the heart of the City an economically healthy, welcoming, vibrant place to work, live, shop, dine and visit. Support to DNB, Inc. provided the organization with the ability to execute a sophisticated online and print marketing campaign to attract businesses and visitors to the district.

In addition to a lending program, the City was also successful this spring in securing MassDevelopment grant funding for the Wicked Nice Places (WNP) program. WNP brings together willing property/business owners, design and preservation experts from the Waterfront Historic Area League (WHALE), and business development experts from the NBEDC, to enhance the public realm and create a heightened sense of place making through façade enhancements in the downtown TDI District.

WNP is a pilot effort funded through the MassDevelopment Local Lift program, and is a way for us to cement a high-level design ethic in the district. Indeed, our district vision includes “exceptional design exhibited in art, infrastructure, and architecture.”

Acushnet Avenue International Market Place

The City's partners at the Community Economic Development Center (CEDC) are located in a prime storefront on Acushnet Avenue and serve as the lead for small business development and technical assistance in a low-income and culturally diverse district. The CEDC continues to achieve remarkable results with a small, dedicated staff. As the City's partner in business development, the CEDC is able to leverage resources, local, state and federal resources to complement our small business lending program and technical assistance services for that district.

The CEDC continues to work closely with the City in sharing a leadership role in the Love the Ave initiative brought to the City by the team at the MA Smart Growth Alliance (MSGa) in 2013. After 4 years, the MSGa initiative in the district has seen over \$3 million in new public and private investments, multiple community-driven murals, enhanced focus on public safety, development of the International Marketplace Merchants Association, design of the Love the Ave logo and continued investment in infrastructure to make the district more walk-able and safe for residents and visitors.

In the summer of 2017 the NBEDC participated in an intersection mural project on Belleville Avenue at Bullard Street and organized the Love the Ave logo mural near the Phillips Ave pocket park—a past project of Love the Ave! at the close of the year the committee was actively planning future projects as the City continues to meet as an active Love the Ave Steering Committee on a quarterly basis.

The mission of Love the Ave is to cultivate a safe and thriving neighborhood in the Acushnet Avenue corridor and strengthen its identity as the International Marketplace.

South End

The City's partners at the South End Business Association (SEBA) are located in the center of a large south end area of the City with multiple business districts. SEBA and the NBEDC are partners in the South End Engaged (SEE) initiative, managed by the United Way – a project that is hyper-focused on a south end district surrounded by 2 business districts.

The business districts in SEE's target area are places the in which the City continues to invest time to understand the needs of the businesses and the community members of that district. In 2017 the City continued working towards bringing small business training programs and educational opportunities to the south end residents and businesses with the Greater New Bedford Workforce Investment Board (GNBWIB) and Entrepreneurship for All (EforAll) SouthCoast.

A district as large as the south end needs multiple state, city and non-profit partners to band together and offer diverse and applicable services to the businesses and residents in the target area. That is the goal of SEE and its partners as the City continued in year-two, under the leadership of the United Way. The mission of the SEE initiative is that all residents of the South End of New Bedford are safe, healthy, and have the knowledge and skills to thrive.

Small Business Lending Program

The City's Lending Program is often the best way to have a tangible and quantifiable effect in the continued growth of small business and new development in all neighborhoods of New Bedford.

For the past several years, the City's Lending and Business Development Programs have expanded its technical assistance services to small business through expanded partnership activities targeted to minority and women owned businesses. Working with local and state partners in 2017, enhanced efforts have included increased outreach through the Massachusetts Supplier Diversity Office, specialized workshops tailored by the MSBDC, grass roots outreach, and one-on-one technical assistance.

While the City has taken proactive steps to increase the business skills of current and future lending clients through its technical assistance services, it has remained committed to providing small businesses the capital necessary to start, grow, and seize opportunities to expand their businesses. The City continues to recognize that this funding is not always available from traditional sources, and it remains cognizant of the fact that this capital, that is unavailable elsewhere, is necessary for small businesses to create and retain jobs.

In addition to providing technical assistance and capital to the City's small businesses, the Lending Program has remained engaged in seeking out opportunities to provide gap financing, bridge loans, and pre-development soft cost loans to accelerate small and large scale development projects that not only create jobs and leverage investment but also grow the City's tax base. Outreach efforts to target populations, helps ensure that the lending and support services that the City provides are known and understood by those whom it is their mission to serve. Of particular note this year is the engagement with urban/community planning work that takes place in targeted growth districts, such as the Acushnet Avenue International Market Place or the south end County Street district.

At year-end, the loan portfolio consisted of 66 loans totaling over \$3.8 million. In 2017 the City continued to generate robust activity and has closed 18 loans totaling \$996,500. This is an increase of nearly three times the previous year's total value. Eleven have been funded by SBA Microloan Loan Fund, one from CELF RLF, one loan has been funded by Citizens Bank LOC, and five loans were funded by an EDA grant. These loans have leveraged over \$1.7 million in new investment and have helped create 36 jobs. Most loans have been \$50,000 or less with 45% of the loans being less than \$10,000, highlighting the important role the program plays in providing capital to small businesses at levels traditional commercial lenders are not primarily engaged.

Even with this level of activity, all compliance requirements for CDBG, SBA, EDA, and all private funding sources have been met. Financial and procedural audits have also found no issues with the program's operations or management.

Quest Center Collaborative Workspace

The New Bedford Quest Center for Innovation is an initiative by the City to provide a focus for entrepreneurial training and a supportive environment for startup activity. Throughout 2017, the Quest Center was brimming with activity and at functional full capacity. There are 11 paying tenants occupying the building including the Groundwork! co-working partnership. There are 6 start-ups with 16 private sector employees, 3 interns, and 70 entrepreneurs that associated with the “incubator program.” There are also 16 employees of workforce/economic development agencies, and 47 Division of Marine Fisheries employees located at the Center. All of this activity at the Center has generated \$108,895 in annual rental income to the City.

In the spring of 2017 the new co-working space operated by Groundwork! celebrated its first year of operation—starting life in vacant space on the second floor with just a handful of members before moving to the newly finished spaces on the first floor.

Small Business Workshop Series

In 2017, on behalf of the City, the NBEDC continued to reach out to the small business community by offering free workshops focusing on the particular needs of both existing and start up small businesses. These workshops could not be offered without the continued collaboration with the Massachusetts Small Business Development Center and the Mass Growth Capital Corporation, whose grant funds assist in making these workshops possible. The City once again was able to host six workshops at the Quest Center for Innovation, with an average of 14 attendees per session—with a majority of those attending being women and minorities. Workshop topics were geared towards varying levels of business expertise and included:

- Starting a Business in New Bedford
- Cash Flow
- Insurance and Benefits
- Marketing and Social Media
- Quickbooks I
- Quickbooks II

Economic Development Planning

Everyday experience continues to show evidence that good planning is the first step towards greatly improving the chances of successful outcomes. Visionary, data-driven, and community based planning has been a cornerstone of the New Bedford economic development agenda for more than a decade. The City continues to advocate, partner, and lead progressive policy development and land-use strategies that reflect its shared values, strengthens its connections to the water, and bolsters the community's vision for City-wide sustainable development activity.

Waterfront Development District & Municipal Harbor Planning

In 2016 the City's efforts were focused on the completion of the *Waterfront Framework Plan/Draft Urban Renewal Plan*—a process that was managed by the Harbor Development Commission (HDC) in collaboration with the New Bedford Redevelopment Authority. This work engaged a wide range of waterfront stakeholders and provided a framework for the long-term development of the north terminal, the south terminal, and the central waterfront – specifically the State Pier site within the central waterfront. The project was led by the internationally renowned firm, Sasaki Associates, and was made possible through an Economic Development Administration (EDA) land-use planning grant that was matched by the City and the NBEDC.

In 2017 this work took its next logical step, with a new planning effort that aims to implement steps outlined in the 2016 framework plan to build the capacity of the New Bedford Redevelopment Authority, and ultimately pave the way for the City to undertake specific planning projects in two of the identified subareas of the recently completed framework plan. This effort has the NBEDC and the City Planning Office in supporting roles with its partners at the HDC leading the charge. The steering committee established by Mayor Mitchell for the original framework planning work has continued to serve in the same capacity for this work as well.

This project has four major tasks:

1. The creation of two subareas plans for the Eversource/Sprague site in the Central Waterfront, and the Hicks Logan area.
2. The development of subarea regulations and review process.
3. State and local approvals for the subareas to become urban renewal districts.
4. The Municipal Harbor Plan notice to proceed.

At the close of 2017 this work was nearly complete with public hearings and completion of the technical planning tasks. The New Bedford HDC is completing the \$250,000 project with funds from the Seaport Economic Council. The array of technical professionals tasked with this work is led by the planning and design firm of Harriman.

A Potential New Business Park

In the spring of 2017, City and State officials announced that MassDevelopment, the state's leading economic development agency, will work with the City to undertake comprehensive planning and site analysis towards the goal of transforming a portion of the Whaling City Golf Course to a modern business park.

The proposed MassDevelopment and City partnership would convert a 100-acre upland section of the 275-acre City-owned public golf course for development, leaving at least 175 acres for golf. Early stage planning work has shown that this 100-acre section of the site can support more than 1.3 million square feet of new construction in targeted industries such as life science manufacturing, distribution and logistics, and research and development offices. At full build-out such development would result in the creation of more than 1,000 new jobs and would generate \$2 million in new commercial property tax revenue.

The existing New Bedford Business Park has nearly reached full capacity, leaving the City without large "greenfield" land sites available for new development. The location of the new business park has the size to accommodate major new development, as well as easy access to highways, freight rail, and the New Bedford Regional Airport. Recognizing the challenges and potential of this project, MassDevelopment awarded the City a \$300,000 Site Readiness Program grant to engage a planning and engineering team to advance the development of the site by providing environmental and geotechnical investigations; master planning, local and state-level permitting; and the design and reconfiguration of the remaining 175 acre golf course.

The NBEDC began its involvement in this project in 2014 when Mayor Mitchell asked the staff of the NBEDC to explore the possibility of converting a portion of the existing City-owned course to commercial development given its size, transportation access, visibility, and the declining golf market in the area. In 2017 the NBEDC has coordinated conceptual planning efforts with MassDevelopment and City departments, managed the application process for the Site Readiness Program, and began a series of public meetings to engage the community about the next steps in the planning and due-diligence process.

At the conclusion of 2017, due-diligence efforts were focused on gaining a more complete understanding of soil and environmental conditions at the site. More detailed traffic analysis and planning work is planned for early 2018. Should due diligence and planning demonstrate a viable pathway for the project, construction for the needed access infrastructure is anticipated to begin in 2019.

Union Street Infrastructure Enhancement Project

In 2016 the Mayor and the City's legislative delegation were joined by Lt. Governor Polito to celebrate the award of a \$2.5 million infrastructure grant awarded to the City through the State's MassWorks program.

When applying for this grant the City crafted a proposal that highlighted downtown New Bedford not only as the center of the City, but also a critical hinge that connects the heart of the working waterfront to the City's most historic residential neighborhoods, and to access points that lead beyond the City. The intersection of Union and Purchase Street serve as the crossroad of not just City streets, but as the physical connection between higher-education, performing and visual art, engaging public programming, residential uses, and some of downtown's most vibrant retail.

The goal of this project is to marry the programmatic and development vision of the downtown to these two most important streets. These streets serve as the cords that bind this activity and in this project we seek to enact a plan that makes the physical changes needed to maximize development and programmatic potential for those that live in, work in, and visit this area of the City.

Stakeholder and public outreach was a big part of the project design efforts in 2017, and Jim McKeag, the MassDevelopment TDI fellow, played an important role in helping to ensure that all voices were heard. Phase one construction work began with the underground utilities in 2017 and will be completed in the summer of 2018, under the leadership of the Department of Public Infrastructure.

Arts and Culture

The City views the creative economy not as a separate arts and culture initiative, but as the leading edge growth sector that not only represents significant potential for job creation and revitalization, but also as the most effective way to tell the stories of the City's past, present, and future through art, culture, and emerging creative enterprises. In 2017 the NBEDC submitted a comprehensive proposal in response to the City's RFP to manage the newly created Arts, Culture, and Tourism Fund. Before the close of fiscal year 2017, the City accepted the NBEDC proposal for a three-year management plan (beginning in fiscal year 2018) intended to meet the specific goals, objectives, and deliverables of the RFP and the home rule petition that established the art, culture, and tourism promotion fund. A summary of the tasks and deliverables outlined in the proposal include:

1. Cultural Plan Development and Execution

The central focus of activity for year-one will be the development of a Cultural Plan for the City of New Bedford. This planning effort will link together the wide range of arts and cultural activities already underway in the City and develop a sound roadmap to achieve community objectives for the near-term future (3-5 years) while being aspirational about longer-term goals. The City anticipates the completion of the cultural plan by June of 2018, allowing for year-two efforts to be focused on the early action deliverables of the plan.

2. Expand Recruitment and Opportunities for Creative Enterprises

Beginning in year-two, implementation of a program to expand recruitment efforts to attract creative enterprises located in the City will begin. As part of this effort the NBEDC will develop a marketing plan, business assistance tools, and lending products for this targeted audience.

3. Support Community Based Arts Programing

The program will provide matching funds for arts based programing to catalyze the quality of life impacts the arts have on the City's citizens and visitors. The goals and objectives of the Seaport Cultural District call for the expansion and collaborative support of special events and public art. The City intends to utilize program funds to leverage additional matching resources for collaborative programming for the purpose of expanding proposed programmatic offerings.

4. Coordinating Seaport Cultural District Activities

The NBEDC will have a resource dedicated to the coordination of the activities and programs of (and relating to) the Seaport Cultural District. This includes the preparation and staffing of the executive committee's quarterly meetings, the annual meeting of the full partnership, supporting the work of sub-committees, and serving as a resource to the co-chairs.

5. Point of Contact for Arts and Culture

The NBEDC will also appoint a resource to serve as City liaison and chief advocate for arts and culture in New Bedford. This resource will serve as the single point of contact for artists or entities wishing to undertake arts focused project(s) in public spaces/buildings—coordinating with all relevant departments and agencies who will require approval or cooperation.

PROPERTY TAXATION

Tax Levy Computation

Aside from state aid, 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. As to the inclusion of debt service and final judgments, see "Security and Remedies" above.

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. Subject to certain adjustments, free cash is surplus revenue less uncollected overdue property taxes from earlier years.

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," below).

The following table illustrates the manner in which the tax levy is determined.

	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018
Total Appropriations (1)	\$ 297,659,756	\$ 307,065,056	\$ 315,260,694	\$ 326,879,579	\$ 345,160,569
Other Local Expenses	230,434	318,528	1,495,855	1,039,004	260,138
State & County Assessments	10,445,873	12,231,590	14,015,277	15,937,501	17,622,274
Overlay for Current Year	2,151,685	1,168,709	1,207,507	1,191,316	1,184,701
Gross Amount to be Raised	<u>310,487,748</u>	<u>320,783,883</u>	<u>331,979,333</u>	<u>345,047,400</u>	<u>364,227,682</u>
Offsets:					
Estimated Receipts from State (2)	146,986,825	151,944,662	153,995,329	162,699,225	168,625,403
Local Estimated Receipts	59,025,408	62,384,211	65,207,154	67,349,449	71,774,961
Free Cash	7,561,187	3,944,500	2,645,414	700,000	3,872,174
Other	230,400	914,400	891,817	241,708	-
Total Offsets	<u>213,803,820</u>	<u>219,187,773</u>	<u>222,739,714</u>	<u>230,990,382</u>	<u>244,272,538</u>
Tax Levy	<u>\$ 96,683,928</u>	<u>\$ 101,596,110</u>	<u>\$ 109,239,619</u>	<u>\$ 114,057,018</u>	<u>\$ 119,955,144</u>

(1) Includes water and sewer department budgets, each of which is self-supporting.

(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 deducts from semi-annual distributions the State assessments, which are appropriated automatically as a component of the gross amount to be raised.

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.

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.

The City has used multiple tax rates under classifications since fiscal 1986 when it revalued all real and personal property in the City to full value. Professional updates of the valuation were completed for use most recently in fiscal years 2004, 2007, 2010 and 2014. The next professional update of the valuation is scheduled to take place in fiscal year 2020.

The following table sets forth the trend in the City's assessed valuations, tax levies and tax rates.

Fiscal Year	Real Estate Valuation	Personal Property Valuation	Total Assessed Valuation	Tax Levy	Tax Rates	
					Residential	Other (1)
2018	\$ 5,658,944,850	\$ 229,731,170	\$ 5,888,676,020	\$ 119,955,144	\$ 16.63	\$ 35.65
2017	5,333,885,300	206,010,660	5,539,895,960	114,057,018	16.69	36.03
2016	5,141,614,100	193,375,530	5,334,989,630	109,239,619	16.49	35.83
2015	5,049,130,480	188,082,010	5,237,212,490	101,596,110	15.73	33.56
2014 (2)	5,029,498,650	196,935,110	5,226,433,760	96,683,928	15.16	31.08

(1) Commercial, industrial and personal property.

(2) Revaluation year.

Classification of Property

The following is a breakdown of the City's total assessed valuation in fiscal years 2018, 2017, and 2016.

Classification	Assessed Valuation		Assessed Valuation		Assessed Valuation	
	Fiscal 2018		Fiscal 2017	%	Fiscal 2016	%
Real Estate:						
Residential	\$ 4,730,607,557	80.3 %	\$ 4,423,238,525	79.8 %	\$ 4,235,421,917	79.4 %
Commercial	639,662,193	10.9	632,504,675	11.4	632,951,083	11.9
Industrial	288,675,100	4.9	278,142,100	5.0	273,241,100	5.1
Total Real Estate	5,658,944,850	96.1	5,333,885,300	96.3	5,141,614,100	96.4
Personal Property	229,731,170	3.9	206,010,660	3.7	193,375,530	3.6
Valuation	\$ 5,888,676,020	100.0 %	\$ 5,539,895,960	100.0 %	\$ 5,334,989,630	100.0 %

Largest Taxpayers

The following table sets forth the ten largest taxpayers in the City of New Bedford based on assessed valuations for fiscal 2018. All of the taxpayers listed are current with their payments, except as noted below.

Name	Nature of Business	Fiscal 2018 Assessed Valuation	% of Total Assessed Value
Acorn Management Company	Retail Properties	\$ 36,778,900	0.6 %
Cedar Realty Trust Inc.	Retail Properties	30,554,700	0.5
Patrick Carney/Clement Corp. (1)	Real Estate Developer	30,182,300	0.5
Melville HSG Association	Housing Development	14,855,200	0.3
AFC Cable Systems Inc.	Manufacturing	13,081,700	0.2
Oliveira, Ronald "Trustee" (2)	Individual	12,228,400	0.2
Demoulas Supermarkets	Supermarket	11,019,000	0.2
Acushnet Company	Rubber Products	10,773,200	0.2
Nstar	Utility	10,317,000	0.2
Blue Harvest Real Estate Holding LLC	Seafood Processing	9,330,900	0.2
Total		<u>\$ 179,121,300</u>	<u>3.0 %</u>

(1) Includes the following properties: Bayberry at New Bedford, Car Barn Associates and Buttonwood Park LLC.

(2) Some properties in tax repayment agreements.

State Equalized Valuation

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 of New Bedford.

<u>January 1,</u>	<u>State Equalized Valuation</u>
2016	\$5,618,295,200
2014	5,366,953,500
2012	5,818,718,300
2010	6,474,455,300
2008	7,140,048,800
2006	6,311,715,700

Local assessed valuations are determined annually as of January 1 and used for the fiscal year beginning on the next July 1. The City's most recent revaluation was completed for use in setting the 2014 fiscal year's tax rate and levy. The most recent prior reevaluations were completed for use in setting the fiscal 2001, 2004, 2007 and 2010 tax rates and levies. On the basis of said revaluations, the City's local tax rates for fiscal years 2001, 2004, 2007, 2010 and 2014 are believed to have approximated "full value" tax rates.

Abatements and Overlay

A city or town 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 either required to be either added to the next tax levy or to be transferred from available overlay reserves from other years.

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. They may abate real and personal property taxes on broad grounds (including inability to pay) with the approval of the State Commissioner of Revenue. But uncollected real property taxes are ordinarily not written off until they become municipal "tax titles" by purchase at the 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.

The following table sets forth the trend in the overlay reserve and exemption and abatement activity.

Fiscal Year	Overlay Reserve		As a % of Net Levy	Exemptions and Abatements Granted Through June 30, 2017
	Net Tax Levy (1)	Dollar Amount		
2017	\$ 112,865,702	\$ 1,191,316	1.06 %	\$ 729,430
2016	108,032,112	1,207,507	1.12	851,847
2015	100,427,401	1,168,709	1.16	854,104
2014 (2)	94,532,243	2,151,685	2.28	1,192,293
2013	93,765,659	1,452,843	1.55	895,922

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

(2) Revaluation year.

Tax Collections

The City switched to quarterly tax bills beginning in fiscal 1992. Property taxes are payable in four installments on August 1, November 1, February 1 and May 1. Interest accrues on delinquent taxes currently at the rate of 14 percent per annum the day after the due date. 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 end of 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.

TAX LEVIES AND COLLECTIONS

Fiscal Year	Gross Tax Levy	Overlay Reserve for Abatements	Net Tax Levy (1)	Collections During Fiscal Year Payable(2)		Collections as of June 30, 2017 (2)	
				\$ Amount	% of Net	\$ Amount	% of Net
2017	\$ 114,057,018	\$ 1,191,316	\$ 112,865,702	\$ 109,059,004	96.6 %	\$ 109,059,004	96.6 %
2016	109,239,619	1,207,507	108,032,112	104,699,832	96.9	104,699,832	96.9
2015	101,596,110	1,168,709	100,427,401	96,744,598	96.3	98,445,618	98.0
2014 (3)	96,683,928	2,151,685	94,532,243	91,596,294	96.9	93,182,785	98.6
2013	95,218,502	1,452,843	93,765,659	90,161,708	96.2	91,991,945	98.1

(1) Net after deductions of overlay for abatements.

(2) Actual dollar collections less refunds.

(3) Revaluation year.

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.

The following table sets forth the trend in tax titles and possessions as of the end of the fiscal year.

<u>Fiscal Year End</u>	<u>Total Tax Titles and Possessions</u>
2017	\$21,213,470
2016	26,329,421
2015	30,404,537
2014	26,136,727
2013	24,188,306

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. The City held a tax lien auction in May, 2017.

Taxation to Meet Deficits

As noted elsewhere (see “Abatements and Overlay,” above) overlay deficits, i.e., tax abatements 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 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.

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 2 ½ percent of the full and fair cash value. If a town or city exceeds the primary limitation, it must reduce its tax levy by at least 15 per cent annually until it is in compliance, provided that the reduction can be reduced in any year to not less than 7 ½ percent by majority vote of the voters, or to less than 7 ½ 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 2 ½ percent, subject to an exception 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 the 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”.

Proposition 2 ½ 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 2 ½ limits the amount required to pay specified capital outlay expenditures as 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 may vote to exclude from the Proposition 2 ½ 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 and sewer purposes, provided that the municipality's sewer or water charges are reduced accordingly.

The City has been in full compliance with Proposition 2 ½ since fiscal 1983 following the completion of a professional revaluation of all real and personal property in the City to full value.

Proposition 2 ½ 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) 2 ½ per cent 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 the statute any State law to take effect on or after January 1, 1981 imposing a direct debt service of cost obligation on a city or town will become effective only if accepted or voluntarily funded by the city or town or if the 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.

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 Levy	Under (Over) Primary Levy Limit	Under (Over) Maximum Levy Limit
2018	\$ 5,888,676,020	\$ 147,216,901	\$ 123,961,220	\$ 119,955,144	\$ 27,261,757	\$ 4,006,076
2017	5,539,895,960	138,497,399	118,972,217	114,057,018	24,440,381	4,915,199
2016	5,334,989,630	133,374,741	114,137,930	109,239,619	24,135,122	4,898,311
2015	5,237,212,490	130,930,312	110,181,767	101,596,110	29,334,202	8,585,657
2014	5,226,433,760	130,660,844	106,400,750	96,683,928	33,976,916	9,716,822

(1) Reflects local assessed valuations.

Pledged Taxes

Taxes on the increased value of 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.

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.

A city or town may approve a surcharge of up to 3% (but not less than 1% under certain circumstances) and may make an additional commitment of funds by dedicating revenue other than state or federal funds, provided that the total funds collected do not exceed 3% of the real property tax levy, less any exemptions adopted (such as an exemption for low-income individuals and families and for low and moderate-income senior citizens, an exemption for \$100,000 of the value of each taxable parcel of residential real property or \$100,000 of the value of each taxable parcel of class three, commercial property, and class four, industrial property as defined in Chapter 59, Section 2A of the General Laws, and an exemption for commercial and industrial properties in cities and towns with classified tax rates). In the event that the municipality shall no longer dedicate all or part of the additional funds to community preservation, the surcharge on the real property tax levy of not less than 1% shall remain in effect, provided that any such change must be approved pursuant to the same process as acceptance of the CPA. The surcharge is not counted in the total taxes assessed for the purpose of determining the permitted levy amount under Proposition 2½ (see "*Tax Limitations*" under "PROPERTY TAXATION" above). A city or town may revoke its acceptance of the provisions of the CPA at any time after 5 years from the date of such acceptance and may change the amount of the surcharge or the exemptions to the surcharge at any time, including reducing the surcharge to 1% and committing additional municipal funds as outlined above, provided that any such revocation or change must be approved pursuant to the same process as acceptance of the CPA.

Any city or town that accepts the provisions of the CPA will receive annual state matching grants to supplement amounts raised by its surcharge and dedication of revenue. The state matching funds are raised from certain recording and filing fees of the registers of deeds. Those amounts are deposited into a state trust fund and are distributed to cities and towns that have accepted the provisions of the CPA, which distributions are not subject to annual appropriation by the state legislature. The amount distributed to each city and town is based on a statutory formula and the total state distribution made to any city or town may not exceed 100% of the amount raised locally by the surcharge on the real property tax levy.

The amounts raised by the surcharge on taxes, the dedication of revenue and received in state matching funds are required to be deposited in a dedicated community preservation fund. Each city or town that accepts the provisions of the CPA is required to establish a community preservation committee to study the community preservation needs of the community and to make recommendations to the legislative body of the city or town regarding the community preservation projects that should be funded from the community preservation fund. Upon the recommendations of the committee, the legislative body of the city or town may appropriate amounts from the fund for permitted community preservation purposes or may reserve amounts for spending in future fiscal years, provided that at least 10% of the total annual revenues to the fund must be spent or set aside for open space purposes, 10% for historic resource purposes and 10% for affordable housing purposes.

The CPA authorizes cities and towns that accept its provisions to issue bonds and notes in anticipation of the receipt of surcharge and dedicated revenues to finance community preservation projects approved under the provisions of the CPA. Bonds and notes issued under the CPA are general obligations of the city or town and are payable from amounts on deposit in the community preservation fund. In the event that a city or town revokes its acceptance of the provisions of the CPA, the surcharge shall remain in effect until all contractual obligations incurred by the city or town prior to such revocation, including the payment of bonds or notes issued under the CPA, have been fully discharged.

The City has adopted the CPA, effective July 1, 2015, at a 1.50% surcharge. The City appointed members to a Community Preservation Committee on May 26, 2016.

The trend in CPA collections is shown in the table below.

<u>Fiscal Year</u>	<u>CPA Surcharge Revenue</u>	<u>State Matching Funds</u>
2017	\$ 1,096,367	\$ 159,226
2016	815,087	175,904

The balance in the CPA Fund as of June 30, 2017 was \$1,911,962.

CITY FINANCES

Budget and Appropriation Process

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 City Council may not make any appropriation for a purpose not included in the proposed budget, except by a two-thirds vote in case of a failure of the Mayor to recommend an appropriation for such a purpose within 7 days after a request from the City Council. The City 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 City Council, provided that such increase does not cause the total annual budget to exceed property tax limitations). If the City 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 January 1 and February 1. 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 City Council.

If the Mayor does not make a timely budget submission, provision is made for preparation of a budget by the City Council. Provision is also made for supplementary appropriations upon recommendation of the Mayor. Water, wastewater, airport and the Commission for Citizens with Disabilities (CCw/D) are included in the budget adopted by the City Council. Under certain legislation any town or city 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. 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.

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.

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 table below sets forth the trend in operating budgets in the format recommended by the Mayor and voted by the City Council. As such, the budgets are inclusive of expenditures made from state local distribution monies but do not estimate revenues, do not reflect expenditures for state and county assessments, overlay for tax abatements and certain other mandatory items and do not reflect supplemental appropriations and transfers between appropriation items made during the course of the fiscal year.

	FY14 Budget	FY15 Budget	FY16 Budget	FY17 Budget	FY18 Budget
EXPENDITURES:					
Debt	\$ 9,815,456	\$ 10,159,934	\$ 11,052,735	\$ 11,450,200	\$ 11,299,614
Insurance and Pension	61,567,690	63,208,112	66,509,949	66,499,377	71,016,711
General Government	23,191,356	24,305,665	22,623,886	25,164,247	25,119,611
Public Safety	36,727,735	38,519,921	41,400,769	44,435,900	44,681,997
Highways and Streets	5,541,475	5,280,083	4,667,324	5,301,709	5,616,326
Sanitation	745,701	762,090	774,576	704,590	693,368
Inspectional Services	735,649	840,045	803,874	882,351	981,809
Education - School Dept. NSS	109,000,000	116,400,000	118,800,000	126,500,000	130,950,000
Education - School Dept. Additional Support	400,000	-	-	-	-
Education - Vocational	4,748,283	4,837,457	5,431,902	5,514,689	5,394,607
Human Services	5,574,318	5,374,561	5,261,634	5,304,625	5,281,365
Culture and Recreation	4,226,345	4,431,127	4,283,475	4,670,914	4,799,663
CCw/D	44,400	44,400	20,000	15,000	15,000
TOTAL APPROPRIATIONS	\$ 262,318,408	\$ 274,163,395	\$ 281,630,124	\$ 296,443,602	\$ 305,850,071
Airport	731,696	759,144	787,960	792,037	946,300
Ars & Cultural Special Revenue	-	-	-	-	100,000
Water	11,340,332	11,708,383	11,841,935	11,974,911	13,559,983
Wastewater	19,615,870	20,123,200	20,384,315	21,254,190	21,684,118
Downtown Parking	-	850,366	887,520	1,021,900	906,141
TOTAL APPROPRIATIONS - ALL FUNDS	\$ 294,006,306	\$ 307,604,488	\$ 315,531,854	\$ 331,486,640	\$ 343,046,613

Room Occupancy Tax: Under this tax, local governments may tax the provision of hotel, motel and lodging house rooms at a rate not to exceed six percent (6%) of the cost of renting such rooms. The tax is paid by the operator of the hotel, motel or lodging house to the State Commissioner of Revenue, who in turn pays the tax back to the municipality in which the rooms are located in quarterly distributions. Effective January 1, 2012, the City increased the local room occupancy excise tax to a rate of 5%. On January 1, 2013, the rate increased to 6% by a City Council vote. The trend in room occupancy tax revenue collections is shown in the table below.

Fiscal Year	Room Occupancy Tax Revenue
2017	\$ 257,897
2016	237,766
2015	236,348
2014	224,951
2013	182,155

In January, 2017 the City established an Arts, Culture and Tourism Promotion Fund to promote the City's artistic and cultural assets and to attract tourists to the City, effective beginning fiscal year 2018. The Fund constitutes a portion of the total local room occupancy tax collected by the City. The City shall annually deposit not more than 50% of the local room occupancy tax revenue in the Fund. In the first year after the establishment of the Fund not more than \$100,000 shall be deposited into the Fund and future allocations shall be adjusted annually in proportion to the prior year's average consumer price index, as measured by the Bureau of Labor Statistics all items index. All interest earned from the Fund shall be treated as General fund revenue of the City.

Local Option Meals Tax: The City adopted the local meals tax excise tax to be effective October 1, 2010. 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. The trend in meals tax revenue collections is shown in the table below.

Fiscal Year	Meals Tax Revenue
2017	\$ 1,131,820
2016	1,093,476
2015	1,016,921
2014	1,004,124
2013	918,827

Education Reform

State legislation known as the Education Reform Act of 1993, as amended, imposes certain minimum expenditure requirements on municipalities with respect to funding for education and related programs, and may affect the level of state aid to be received 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. Since the inception of the Act, the City has exceeded the minimum required funding each year.

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.

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 either in annual installments to reimburse debt service on bonds issued by the municipalities to finance such projects, or as lump sum payments to contribute to the defeasance of such bonds.

Projects on the priority waiting list as of July 1, 2004 are also entitled to receive grant payments from the Authority based on the 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, is 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, eliminating the need for the municipality to borrow even on a temporary basis to finance the Authority's share of the project costs in most cases.

The maximum 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 promulgated new regulations with respect to the application and approval process for projects submitted after July 1, 2007. 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.

Investment of City Funds

Investments of funds of cities and towns, except for trust funds, are generally restricted by Massachusetts General Laws Chapter 44, Section 55. 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 Chapter 44, which permits a broader range of investments than Section 55, including any bonds or notes that are legal investments for savings banks in the Commonwealth. The restrictions imposed by Sections 54 and 55 do not apply to city and town retirement systems.

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

Long Range Forecasting

The City maintains a long-range financial forecast. The forecast is built on a rolling five year window, with the current version providing an overview of anticipated trends governing the General Fund through FY 2022.

Category	FY 2018 Projected	FY 2019 Projected	FY 2020 Projected	FY 2021 Projected	FY 2022 Projected
Beginning Fund Balance:	\$ 27,978,085	\$ 29,794,771	\$ 30,294,771	\$ 30,570,154	\$ 30,344,742
Revenue					
Property Taxes	\$ 119,955,144	\$ 125,730,837	\$ 129,802,762	\$ 134,846,777	\$ 140,481,947
Local Receipts	33,333,512	32,731,950	33,331,950	33,931,950	32,131,950
State Aid	168,625,826	173,979,345	179,279,345	184,579,345	189,879,345
Other Financing Sources	7,958,811	6,410,112	6,602,415	6,800,488	7,004,502
Offsets	(155,328)	(155,606)	(160,000)	(160,000)	(160,000)
Total Revenue:	\$ 329,717,965	\$ 338,696,638	\$ 348,856,472	\$ 359,998,560	\$ 369,337,744
Expenditures					
Salaries & Wages	\$ 63,563,795	\$ 64,500,000	\$ 65,790,000	\$ 67,105,800	\$ 69,447,916
Charges & Services	20,746,244	21,000,000	21,420,000	21,848,400	22,285,368
Supplies & Materials	3,264,316	3,275,000	3,340,500	3,407,310	3,475,456
Capital Outlay	1,848,485	2,065,295	2,307,567	2,328,119	2,389,347
Snow Removal	550,000	500,000	500,000	550,000	550,000
Education	130,950,000	134,500,000	137,862,500	141,309,063	144,841,789
Debt Service	11,298,640	11,725,806	11,904,171	12,584,632	9,545,018
Health, Life Insurance & OPEB	42,775,000	45,275,000	47,775,000	50,275,000	52,775,000
Pension Contribution	27,741,711	28,817,471	28,943,285	29,877,581	30,842,520
Voke Tech/Refuse Assessments	6,087,975	6,346,706	6,546,706	6,746,706	6,946,706
State & County Assessments	17,622,274	18,891,360	20,891,360	22,891,360	24,891,360
Other Financing Sources	268,138	100,000	100,000	100,000	100,000
Total Expenditures:	\$ 326,716,578	\$ 336,996,638	\$ 347,381,089	\$ 359,023,971	\$ 368,090,480
Reserve for Abatements	\$ 1,184,701	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000
Ending Fund Balance	\$ 29,794,771	\$ 30,294,771	\$ 30,570,154	\$ 30,344,742	\$ 30,392,006

Fiscal Policies

The City Council has adopted a series of policies relative to debt issuance, fund balance management, the investment of City funds, and management of the Other Post-Employment Benefits liability. Copies may be found in Appendix D, "City of New Bedford Fiscal Policies".

Program Performance Measurement

The City of New Bedford embarked on an organization-wide initiative aimed at improving government operations in 2012. Initial efforts were supported by a contract with the Collins Center at the University of Massachusetts and involved program-specific evaluations of various functions. The hiring of a chief financial officer allowed the City to implement program performance management throughout the organization. The fiscal 2015 budget incorporated narrative information, goals, objectives and performance measures for all departments, utilizing a combination of dedicated staff resources and targeted assistance from the Collins Center. In fiscal year 2017, the budget included historical, current and projected performance measurement information, and the fiscal 2019 budget document will build upon the progress to date with the addition of graphically depicted trending data and the utilization of verified data to inform management decision.

In concert with the performance management program, the City submitted its adopted fiscal 2017 and 2018 budgets to the Government Finance Officers' Association ('GFOA') for its Distinguished Budget Presentation Award program. GFOA's budget presentation award is the gold standard for municipal, state and district budgets: only 18 Massachusetts municipalities, and 1,565 entities nationwide, received the award in 2015. New Bedford received the award in its first and second years of participation, with the highest marks provided for the document's consolidated financial summaries, and organizational goals and objectives. GFOA's program provides a useful tool for encouraging more effective management throughout the organization.

Annual Audits

The City's accounts were most recently audited for fiscal 2017 by Hague, Sahady & Co., P.C., Certified Public Accountants, New Bedford, Massachusetts. A copy of the fiscal 2017 audit is attached hereto as Appendix A.

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 that appendix.

Financial Statements

Set forth on the following pages are Governmental Funds Balance Sheets for the fiscal years ended June 30, 2017, June 30, 2016, and June 30, 2015; and Statements of Revenues, Expenditures and Changes in Fund Balances for the fiscal years ended June 30, 2017 through June 30, 2013. Said statements are excerpts from the City's audited financial statements.

CITY OF NEW BEDFORD, MASSACHUSETTS

Balance Sheet
Governmental Funds
June 30, 2017 (1)

	General Fund	Wastewater	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments, unrestricted	\$ 26,616,924	\$ 6,821,285	\$ 39,222,344	\$ 72,660,553
Cash, restricted	9,671,585	3,393,430	5,127,411	18,192,426
Receivables, net:				
Real estate and personal property taxes	4,130,890	-	-	4,130,890
Tax liens and foreclosures	21,213,470	-	-	21,213,470
Motor vehicle and boat excise	1,951,307	-	-	1,951,307
User charges receivables	-	2,338,655	-	2,338,655
Departmental and other	6,491,528	111,067	-	6,602,595
Loans receivable	-	-	20,800,686	20,800,686
Other receivables	426,504	42,237	2,335,658	2,804,399
Special assessments	6,924	103,638	-	110,562
Due from federal or state government	18,095	-	17,591,427	17,609,522
Due from other funds	1,639,555	21,003	3,010,915	4,671,473
Intraentity receivable	1,500,816	-	-	1,500,816
Inventories	-	26,373	-	26,373
Prepaid assets	-	466,571	-	466,571
Land inventory	-	-	246,918	246,918
Total assets	<u>\$ 73,667,598</u>	<u>\$ 13,324,259</u>	<u>\$ 88,335,359</u>	<u>\$ 175,327,216</u>
Deferred Outflows of Resources				
None	-	-	-	-
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 73,667,598</u>	<u>\$ 13,324,259</u>	<u>\$ 88,335,359</u>	<u>\$ 175,327,216</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Warrants payable	\$ 1,598,585	\$ 552,462	\$ 4,584,668	\$ 6,735,715
Accounts payable and accrued expenses	14,359,088	365,757	5,810,538	20,535,383
Retainage payable	-	-	1,772,562	1,772,562
Bonds and notes payable	-	-	35,696,514	35,696,514
Due to other funds	3,294,970	1,485,717	19,528	4,800,215
Deposits held	452,845	499,862	2,769,617	3,722,324
Due to other governments	-	-	209	209
Payroll withholdings	44,768	-	-	44,768
Other liabilities	351,694	26,339	20	378,053
Total liabilities	<u>20,101,950</u>	<u>2,930,137</u>	<u>50,653,656</u>	<u>73,685,743</u>
Deferred Inflows Of Resources				
Deferred Property and excise tax revenues	18,275,159	-	-	18,275,159
Deferred departmental and other receipts	7,312,404	-	154,176	7,466,580
Deferred user fees, fines and charges for services	-	2,442,293	-	2,442,293
Unearned grant income	-	-	1,400,776	1,400,776
Unearned loan income	-	-	20,800,686	20,800,686
Total Deferred Inflows of Resources	<u>25,587,563</u>	<u>2,442,293</u>	<u>22,355,638</u>	<u>50,385,494</u>
Net Position				
Nonspendable	1,500,816	26,373	5,127,411	6,654,600
Restricted	-	4,125,886	29,536,732	33,662,618
Committed	9,671,585	3,790,947	1,186,230	14,648,762
Assigned	143,081	8,623	-	151,704
Unassigned	16,662,603	-	(20,524,308)	(3,861,705)
Total Net Position	<u>27,978,085</u>	<u>7,951,829</u>	<u>15,326,065</u>	<u>51,255,979</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 73,667,598</u>	<u>\$ 13,324,259</u>	<u>\$ 88,335,359</u>	<u>\$ 175,327,216</u>

(1) Extracted from audited financial statements.

CITY OF NEW BEDFORD, MASSACHUSETTS

Balance Sheet
Governmental Funds
June 30, 2016 (1)

	General Fund	Wastewater	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments, unrestricted	\$ 22,522,976	\$ 5,988,033	\$ 49,550,653	\$ 78,061,662
Cash, restricted	9,088,239	3,594,860	5,127,411	17,810,510
Receivables, net:				
Real estate and personal property taxes	4,128,548	-	-	4,128,548
Tax liens and foreclosures	24,446,991	-	-	24,446,991
Motor vehicle and boat excise	1,999,165	-	-	1,999,165
User charges receivables	-	2,916,454	-	2,916,454
Departmental and other	7,045,488	76,900	-	7,122,388
Loans receivable	-	-	20,802,259	20,802,259
Other receivables	1,096,083	42,237	178,173	1,316,493
Special assessments	5,001	102,912	-	107,913
Due from federal or state government	-	-	14,298,313	14,298,313
Due from other funds	1,701,799	72,217	2,873,822	4,647,838
Intraentity receivable	1,550,816	-	-	1,550,816
Inventories	-	26,373	-	26,373
Prepaid assets	172,140	457,691	-	629,831
Land inventory	-	-	246,918	246,918
Total assets	<u>\$ 73,757,246</u>	<u>\$ 13,277,677</u>	<u>\$ 93,077,549</u>	<u>\$ 180,112,472</u>
Deferred Outflows of Resources				
None	-	-	-	-
Total Deferred Outflows of Resources	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 73,757,246</u>	<u>\$ 13,277,677</u>	<u>\$ 93,077,549</u>	<u>\$ 180,112,472</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Warrants payable	\$ 3,557,235	\$ 574,376	\$ 3,515,839	\$ 7,647,450
Accounts payable and accrued expenses	11,038,961	903,914	7,112,721	19,055,596
Retainage payable	-	-	430,437	430,437
Bonds and notes payable	-	-	33,818,882	33,818,882
Interim loan payable	-	-	14,005,722	14,005,722
Due to other funds	3,157,817	1,506,647	49,659	4,714,123
Deposits held	44,548	507,824	2,769,617	3,321,989
Due to other governments	-	-	209	209
Payroll withholdings	28,396	-	-	28,396
Other liabilities	432,680	28,520	16,200	477,400
Total liabilities	<u>18,259,637</u>	<u>3,521,281</u>	<u>61,719,286</u>	<u>83,500,204</u>
Deferred Inflows Of Resources				
Deferred Property and excise tax revenues	21,149,884	-	-	21,149,884
Deferred departmental and other receipts	6,437,685	-	62,177	6,499,862
Deferred user fees, fines and charges for services	-	3,081,448	-	3,081,448
Unearned grant income	-	-	2,140,236	2,140,236
Unearned loan income	-	-	20,802,259	20,802,259
Total Deferred Inflows of Resources	<u>27,587,569</u>	<u>3,081,448</u>	<u>23,004,672</u>	<u>53,673,689</u>
Net Position				
Nonspendable	1,550,816	26,373	5,127,411	6,704,600
Restricted	-	4,051,960	22,123,697	26,175,657
Committed	9,088,239	2,590,648	846,229	12,525,116
Assigned	26,106	5,967	-	32,073
Unassigned	17,244,879	-	(19,743,746)	(2,498,867)
Total Net Position	<u>27,910,040</u>	<u>6,674,948</u>	<u>8,353,591</u>	<u>42,938,579</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 73,757,246</u>	<u>\$ 13,277,677</u>	<u>\$ 93,077,549</u>	<u>\$ 180,112,472</u>

(1) Extracted from audited financial statements.

CITY OF NEW BEDFORD, MASSACHUSETTS

**Balance Sheet
Governmental Funds
June 30, 2015 (1)**

	General Fund	Wastewater	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments, unrestricted	\$ 18,385,106	\$ 4,730,713	\$ 38,920,374	\$ 62,036,193
Cash, restricted	9,452,780	5,332,151	5,127,411	19,912,342
Receivables, net:				
Real estate and personal property taxes	4,506,076	-	-	4,506,076
Tax liens and foreclosures	28,431,911	-	-	28,431,911
Motor vehicle and boat excise	2,075,709	-	-	2,075,709
User charges receivables	-	2,246,197	-	2,246,197
Departmental and other	12,398,162	213,738	-	12,611,900
Loans receivable	-	-	20,849,340	20,849,340
Other receivables	2,989,193	113,705	70,494	3,173,392
Special assessments	293	100,040	-	100,333
Due from federal or state government	231,644	-	22,969,287	23,200,931
Due from other funds	291,301	195,866	113,705	600,872
Intraentity receivable	1,900,816	-	-	1,900,816
Inventories	-	35,331	-	35,331
Prepaid assets	-	434,644	-	434,644
Other assets	25,970	-	-	25,970
Land inventory	-	-	246,918	246,918
Total assets	<u>\$ 80,688,961</u>	<u>\$ 13,402,385</u>	<u>\$ 88,297,529</u>	<u>\$ 182,388,875</u>
Deferred Outflows of Resources				
None	-	-	-	-
Total Deferred Outflows of Resources	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 80,688,961</u>	<u>\$ 13,402,385</u>	<u>\$ 88,297,529</u>	<u>\$ 182,388,875</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Warrants payable	\$ 5,727,792	\$ 698,214	\$ 2,656,591	\$ 9,082,597
Accounts payable and accrued expenses	10,893,402	2,247,650	7,662,076	20,803,128
Retainage payable	-	-	247,350	247,350
Bonds and notes payable	-	-	33,484,658	33,484,658
Interim loan payable	-	-	15,279,605	15,279,605
Due to other funds	1,604,007	112,404	209,745	1,926,156
Deposits held	15,079	434,644	-	449,723
Due to other governments	-	-	210	210
Payroll withholdings	1,665,676	-	-	1,665,676
Other liabilities	62,162	13,232	21,177	96,571
Total liabilities	<u>19,968,118</u>	<u>3,506,144</u>	<u>59,561,412</u>	<u>83,035,674</u>
Deferred Inflows Of Resources				
Deferred Property and excise tax revenues	26,053,966	-	-	26,053,966
Deferred departmental and other receipts	11,425,831	-	3,973	11,429,804
Deferred user fees, fines and charges for services	-	2,539,378	-	2,539,378
Unearned grant income	-	-	2,378,800	2,378,800
Unearned loan income	-	-	20,849,340	20,849,340
Total Deferred Inflows of Resources	<u>37,479,797</u>	<u>2,539,378</u>	<u>23,232,113</u>	<u>63,251,288</u>
Net Position				
Nonspendable	1,900,816	35,331	5,374,329	7,310,476
Restricted	-	3,845,882	15,764,829	19,610,711
Committed	9,452,780	3,475,650	2,547,399	15,475,829
Assigned	8,505	-	-	8,505
Unassigned	11,878,945	-	(18,182,553)	(6,303,608)
Total Net Position	<u>23,241,046</u>	<u>7,356,863</u>	<u>5,504,004</u>	<u>36,101,913</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 80,688,961</u>	<u>\$ 13,402,385</u>	<u>\$ 88,297,529</u>	<u>\$ 182,388,875</u>

(1) Extracted from audited financial statements.

CITY OF NEW BEDFORD, MASSACHUSETTS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
June 30, 2017 (1)

	General Fund	Wastewater	Non-major Governmental Funds	Total Governmental Funds
REVENUE				
Real estate and personal property taxes	\$ 111,158,506	\$ -	\$ -	\$ 111,158,506
Motor vehicle and other excise taxes	9,328,894	-	-	9,328,894
MSBA assistance	2,415,573	-	28,775,728	31,191,301
Tax liens and foreclosures	3,473,296	499,316	-	3,972,612
Penalties and interest on taxes	2,575,776	-	-	2,575,776
Licenses and permits	2,653,606	-	-	2,653,606
Fines and forfeitures	98,528	-	-	98,528
Investment income	390,836	55,624	420,716	867,176
Intergovernmental - operating grants	53,860,003	-	41,497,454	95,357,457
Intergovernmental - capital grant - Chapter 70	132,385,625	-	-	132,385,625
Intergovernmental - capital grants	-	5,214,642	6,359,224	11,573,866
Charges for services	15,790,498	21,120,721	1,697,175	38,608,394
Other - indirects	959,384	-	-	959,384
Special assessments and betterments	71	17,160	-	17,231
Payment in lieu of taxes	304,394	-	-	304,394
Miscellaneous	15,441	128,441	6,631,029	6,774,911
TOTAL REVENUES	335,410,431	27,035,904	85,381,326	447,827,661
EXPENDITURES				
General Government	7,440,154	-	1,310,078	8,750,232
Public Safety	45,910,534	-	3,892,817	49,803,351
Education	160,139,955	-	27,564,765	187,704,720
Public works	14,140,751	11,144,049	3,354,885	28,639,685
Community and economic development	-	-	6,227,151	6,227,151
Health and human services	4,129,869	-	2,558,630	6,688,499
Culture and recreation	4,513,546	-	1,578,940	6,092,486
Pension benefits	26,724,377	-	-	26,724,377
Health and other insurance	39,767,304	-	-	39,767,304
Miscellaneous	9,670,903	-	-	9,670,903
Intergovernmental:				
State and county charges	15,141,498	-	-	15,141,498
Capital outlay:				
General government	-	-	2,898,627	2,898,627
Education	-	-	40,560,983	40,560,983
Public works	-	1,088,060	9,136,170	10,224,230
Municipal airport	-	-	1,323,943	1,323,943
Culture and recreation	-	-	711,058	711,058
Debt service:				
Principal payments	8,040,000	8,029,765	50,000	16,119,765
Short-term note interest	558,602	-	-	558,602
Bond interest costs	2,817,117	3,905,569	1,960	6,724,646
TOTAL EXPENDITURES	338,994,610	24,167,443	101,170,007	464,332,060
Excess (deficiency) of Revenues Over Expenditures	(3,584,179)	2,868,461	(15,788,681)	(16,504,399)
OTHER FINANCING SOURCES (Uses)				
Bond proceeds	-	-	3,960,954	3,960,954
Bond premiums	-	-	357,323	357,323
OFS - issuance of refunding bonds	-	-	14,430,000	14,430,000
Special item - loan forgiveness	-	-	716,768	716,768
Special item - insurance proceeds	-	-	66,167	66,167
Transfers in	4,865,588	5,492,287	3,514,902	13,872,777
Transfers out	(1,213,364)	(7,083,867)	(284,959)	(8,582,190)
Total Other Financing Sources and Uses	3,652,224	(1,591,580)	22,761,155	24,821,799
Change in Net Position	68,045	1,276,881	6,972,474	8,317,400
Net Position - beginning of year	27,910,040	6,674,948	8,353,591	42,938,579
Net Position - end of year	\$ 27,978,085	\$ 7,951,829	\$ 15,326,065	\$ 51,255,979

(1) Extracted from audited financial statements.

CITY OF NEW BEDFORD, MASSACHUSETTS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
June 30, 2016 (1)

	General Fund	Wastewater	Non-major Governmental Funds	Total Governmental Funds
REVENUE				
Real estate and personal property taxes	\$ 106,305,255	\$ -	\$ -	\$ 106,305,255
Motor vehicle and other excise taxes	8,651,851	-	-	8,651,851
MSBA assistance	2,415,527	-	6,641,294	9,056,821
Tax liens and foreclosures	4,596,216	478,581	-	5,074,797
Penalties and interest on taxes	2,820,472	-	-	2,820,472
Licenses and permits	2,576,211	-	-	2,576,211
Fines and forfeitures	210,950	-	-	210,950
Investment income	172,281	121,598	387,366	681,245
Intergovernmental - operating grants	46,903,101	-	40,977,084	87,880,185
Intergovernmental - capital grant - Chapter 70	125,331,473	-	-	125,331,473
Intergovernmental - capital grants	-	5,320,262	4,760,609	10,080,871
Charges for services	12,422,024	20,030,371	1,614,264	34,066,659
Other - indirects	646,482	-	-	646,482
Special assessments and betterments	71	15,193	-	15,264
Payment in lieu of taxes	266,764	-	-	266,764
Miscellaneous	987,280	9,316	4,858,368	5,854,964
TOTAL REVENUES	314,305,958	25,975,321	59,238,985	399,520,264
EXPENDITURES				
General Government	7,166,581	-	4,784,129	11,950,710
Public Safety	43,932,773	-	5,371,660	49,304,433
Education	143,733,307	-	35,161,995	178,895,302
Public works	13,493,814	13,283,175	21,319,600	48,096,589
Community and economic development	-	-	5,066,579	5,066,579
Health and human services	4,215,198	-	2,075,159	6,290,357
Municipal Airport	-	-	3,073,277	3,073,277
Culture and recreation	4,134,050	-	2,079,541	6,213,591
Pension benefits	25,734,949	-	-	25,734,949
Health and other insurance	37,842,585	-	-	37,842,585
Miscellaneous	8,972,342	-	-	8,972,342
State and county charges	13,624,678	-	-	13,624,678
Debt service:				
Principal payments	7,447,500	7,619,803	50,000	15,117,303
Short-term note interest	427,189	-	-	427,189
Bond interest costs	2,848,972	4,085,832	2,960	6,937,764
TOTAL EXPENDITURES	313,573,938	24,988,810	78,984,900	417,547,648
Excess (deficiency) of Revenues Over Expenditures	732,020	986,511	(19,745,915)	(18,027,384)
OTHER FINANCING SOURCES (Uses)				
Bond proceeds	-	-	22,325,124	22,325,124
Special item - loan forgiveness	-	-	216,481	216,481
Special item - insurance proceeds	-	-	13,659	13,659
Transfers in	4,425,226	5,275,440	378,132	10,078,798
Transfers out	(488,252)	(6,943,866)	(337,894)	(7,770,012)
Total Other Financing Sources and Uses	3,936,974	(1,668,426)	22,595,502	24,864,050
Change in Net Position	4,668,994	(681,915)	2,849,587	6,836,666
Net Position - beginning of year	23,241,046	7,356,863	5,504,004	36,101,913
Net Position - end of year	\$ 27,910,040	\$ 6,674,948	\$ 8,353,591	\$ 42,938,579

(1) Extracted from audited financial statements.

CITY OF NEW BEDFORD, MASSACHUSETTS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
June 30, 2015 (1)

	General Fund	Wastewater	Non-major Governmental Funds	Total Governmental Funds
REVENUE				
Real estate and personal property taxes	\$ 97,468,071	\$ -	\$ -	\$ 97,468,071
Motor vehicle and other excise taxes	8,312,974	-	-	8,312,974
MSBA assistance	2,415,193	-	4,184,804	6,599,997
Tax liens and foreclosures	2,387,623	198,101	-	2,585,724
Penalties and interest on taxes	1,136,906	-	-	1,136,906
Licenses and permits	2,312,112	-	-	2,312,112
Fines and forfeitures	155,621	-	-	155,621
Investment income	100,500	94,845	171,836	367,181
Intergovernmental - operating grants	39,144,544	-	44,040,520	83,185,064
Intergovernmental - capital grant - Chapter 7	123,168,343	-	-	123,168,343
Intergovernmental - capital grants	-	5,389,552	9,705,331	15,094,883
Charges for services	14,296,798	20,046,070	1,381,371	35,724,239
Other - indirects	1,455,715	-	-	1,455,715
Special assessments and betterments	159	30,380	-	30,539
Payment in lieu of taxes	284,753	-	-	284,753
Miscellaneous	835,335	(8,073)	4,004,128	4,831,390
TOTAL REVENUES	293,474,647	25,750,875	63,487,990	382,713,512
EXPENDITURES				
General Government	7,166,773	-	4,734,208	11,900,981
Public Safety	41,900,942	-	8,374,314	50,275,256
Education	134,364,453	-	33,914,416	168,278,869
Public works	15,338,626	15,278,249	12,253,736	42,870,611
Community and economic development	-	-	5,986,424	5,986,424
Health and human services	4,325,026	-	1,513,068	5,838,094
Municipal Airport	-	-	8,556,574	8,556,574
Culture and recreation	4,160,382	-	2,048,841	6,209,223
Pension benefits	23,204,752	-	-	23,204,752
Health and other insurance	38,008,103	-	-	38,008,103
Miscellaneous	9,599,109	-	-	9,599,109
State and county charges	12,149,703	-	-	12,149,703
Debt service:				
Principal payments	6,821,906	7,415,788	50,000	14,287,694
Short-term note interest	295,060	-	-	295,060
Bond interest costs	2,914,532	4,441,992	3,960	7,360,484
TOTAL EXPENDITURES	300,249,367	27,136,029	77,435,541	404,820,937
Excess (deficiency) of Revenues Over Expenditures	(6,774,720)	(1,385,154)	(13,947,551)	(22,107,425)
OTHER FINANCING SOURCES (Uses)				
Bond proceeds	-	-	7,948,000	7,948,000
Special item - insurance proceeds	-	-	99,416	99,416
Transfers in	2,133,131	6,303,074	198,160	8,634,365
Transfers out	(145,179)	(7,819,216)	(146,092)	(8,110,487)
Total Other Financing Sources and Uses	1,987,952	(1,516,142)	8,099,484	8,571,294
Change in Net Position	(4,786,768)	(2,901,296)	(5,848,067)	(13,536,131)
Net Position - July 1, 2014	28,027,814	10,258,159	11,352,071	49,638,044
Net Position - June 30, 2015	<u>\$ 23,241,046</u>	<u>\$ 7,356,863</u>	<u>\$ 5,504,004</u>	<u>\$ 36,101,913</u>

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

CITY OF NEW BEDFORD, MASSACHUSETTS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
June 30, 2014 (1)

	General Fund	Wastewater	Non-major Governmental Funds	Total Governmental Funds
REVENUE				
Real estate and personal property taxes	\$ 92,959,921	\$ -	\$ -	\$ 92,959,921
Motor vehicle and other excise taxes	7,676,637	-	-	7,676,637
MSBA assistance	2,415,152	-	(660,485)	1,754,667
Tax liens and foreclosures	2,025,500	117,091	-	2,142,591
Penalties and interest on taxes	1,200,406	-	-	1,200,406
Licenses and permits	2,178,801	-	-	2,178,801
Fines and forfeitures	199,204	-	-	199,204
Investment income	164,478	71,963	656,412	892,853
Intergovernmental - operating grants	58,268,090	-	36,444,635	94,712,725
Intergovernmental - capital grant - Chapter 70	120,056,678	-	-	120,056,678
Intergovernmental - capital grants	-	5,523,454	7,302,247	12,825,701
Charges for services	14,225,613	19,884,235	1,629,172	35,739,020
Other - indirects	1,326,399	-	-	1,326,399
Special assessments and betterments	349	26,403	-	26,752
Payment in lieu of taxes	321,660	-	-	321,660
Miscellaneous	536,371	33,771	4,668,380	5,238,522
TOTAL REVENUES	303,555,259	25,656,917	50,040,361	379,252,537
EXPENDITURES				
General Government	6,813,441	-	3,100,138	9,913,579
Public Safety	39,908,731	-	7,007,996	46,916,727
Education	147,876,203	-	24,848,023	172,724,226
Public works	14,461,623	11,819,777	5,336,717	31,618,117
Community and economic development	-	-	5,728,310	5,728,310
Health and human services	4,230,272	-	683,581	4,913,853
Municipal Airport	-	-	7,155,263	7,155,263
Culture and recreation	4,196,196	-	1,703,115	5,899,311
Pension benefits	23,692,690	-	-	23,692,690
Health and other insurance	36,800,963	-	-	36,800,963
Miscellaneous	8,822,341	-	-	8,822,341
State and county charges	10,252,470	-	-	10,252,470
Debt service:				
Principal payments	6,784,825	7,199,085	51,000	14,034,910
Short-term note interest	226,868	-	-	226,868
Bond interest costs	2,681,601	4,787,425	5,725	7,474,751
TOTAL EXPENDITURES	306,748,224	23,806,287	55,619,868	386,174,379
Excess (deficiency) of Revenues Over Expenditures	(3,192,965)	1,850,630	(5,579,507)	(6,921,842)
OTHER FINANCING SOURCES (Uses)				
Bond proceeds	-	-	10,000,000	10,000,000
Special item - insurance proceeds	-	-	9,063	9,063
Transfers in	3,875,484	6,980,656	961,950	11,818,090
Transfers out	(1,290,723)	(8,303,772)	(304,509)	(9,899,004)
Total Other Financing Sources and Uses	2,584,761	(1,323,116)	10,666,504	11,928,149
Change in Net Position	(608,204)	527,514	5,086,997	5,006,307
Net Position - July 1, 2013	28,636,018	9,730,645	6,265,074	44,631,737
Net Position - June 30, 2014	<u>\$ 28,027,814</u>	<u>\$ 10,258,159</u>	<u>\$ 11,352,071</u>	<u>\$ 49,638,044</u>

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

CITY OF NEW BEDFORD, MASSACHUSETTS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
June 30, 2013 (1)

	General Fund	Wastewater	Non-major Governmental Funds	Total Governmental Funds
REVENUE				
Real estate and personal property taxes	\$ 91,935,611	\$ -	\$ -	\$ 91,935,611
Motor vehicle and other excise taxes	7,495,147	-	-	7,495,147
MSBA assistance	-	-	2,583,007	2,583,007
Tax liens and foreclosures	2,373,605	242,610	-	2,616,215
Penalties and interest on taxes	1,389,535	-	-	1,389,535
Licenses and permits	2,228,837	-	-	2,228,837
Fines and forfeitures	183,325	-	-	183,325
Investment income	160,173	48,230	584,430	792,833
Intergovernmental - operating grants	169,685,913	5,729,836	41,354,167	216,769,916
Intergovernmental - capital grants	2,045,350	-	13,872,524	15,917,874
Charges for services	14,942,109	19,571,417	1,513,158	36,026,684
Other - indirects	1,511,236	-	-	1,511,236
Special assessments and betterments	253	40,175	-	40,428
Payment in lieu of taxes	281,810	-	-	281,810
Miscellaneous	2,929,139	43,167	3,915,665	6,887,971
TOTAL REVENUES	297,162,043	25,675,435	63,822,951	386,660,429
EXPENDITURES				
General Government	6,509,251	-	2,390,267	8,899,518
Public Safety	37,827,386	-	9,262,770	47,090,156
Education	146,979,124	-	26,363,469	173,342,593
Public works	13,042,250	10,748,253	9,573,128	33,363,631
Community and economic development	-	-	6,048,771	6,048,771
Health and human services	5,163,611	-	775,960	5,939,571
Municipal Airport	-	-	9,064,427	9,064,427
Culture and recreation	3,928,783	-	1,583,392	5,512,175
Pension benefits	22,629,695	-	-	22,629,695
Health and other insurance	36,322,214	-	-	36,322,214
Miscellaneous	8,572,875	-	-	8,572,875
State and county charges	9,581,904	-	-	9,581,904
Debt service:				
Principal payments	6,035,695	6,752,084	58,505	12,846,284
Short-term note interest	494,872	-	-	494,872
Bond interest costs	2,925,722	5,126,091	-	8,051,813
TOTAL EXPENDITURES	300,013,382	22,626,428	65,120,689	387,760,499
Excess (deficiency) of Revenues Over Expenditures	(2,851,339)	3,049,007	(1,297,738)	(1,100,070)
OTHER FINANCING SOURCES (Uses)				
Bond proceeds	-	-	4,373,000	4,373,000
Special item - insurance proceeds	-	-	80,645	80,645
Transfers in	5,491,074	6,054,007	2,138,476	13,683,557
Transfers out	(2,717,689)	(7,957,397)	(682,422)	(11,357,508)
Total Other Financing Sources and Uses	2,773,385	(1,903,390)	5,909,699	6,779,694
Change in Net Position	(77,954)	1,145,617	4,611,961	5,679,624
Net Position - July 1, 2012, restated	28,713,972	8,585,028	1,653,113	38,952,113
Net Position - June 30, 2013	<u>\$ 28,636,018</u>	<u>\$ 9,730,645</u>	<u>\$ 6,265,074</u>	<u>\$ 44,631,737</u>

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

Free Cash

Under the Massachusetts Uniform System of Accounting an amount known as "free cash" is certified as of the beginning of each fiscal year by the Massachusetts Department of Revenue, Bureau of Accounts. This unrestricted fund balance (known as "free cash") is generated when actual revenue collections exceed budget estimates and/or unexpended appropriation balances lapse at year end to the general treasury.

<u>July 1</u>	<u>Free Cash</u>
2017	\$ 1,476,004 (1)
2016	3,397,368 (2)
2015	- (3)
2014	2,645,414 (4)
2013	4,280,305 (5)

- (1) In addition, free cash of \$2,908,031, \$54,170 and \$157,431 was certified in water, airport, and downtown parking enterprise funds, respectively, as of July 1, 2017.
- (2) In addition, free cash of \$2,088,667, \$432,167 and \$65,889 was certified in water, airport, and downtown parking enterprise funds, respectively, as of July 1, 2016.
- (3) No certification was performed in 2015 due to the absence of General Fund free cash primarily resulting from deficit spending in snow and ice, an unanticipated JLMC arbitration award and a delay in the tax lien process.
- (4) Includes \$589,099 from a January 2015 update reflecting the subsequent receipt of certain State grant reimbursements. In addition, the City had \$614,039 free cash associated with the water enterprise fund and \$371,477 associated with the airport enterprise fund.
- (5) The City became aware of a potential shortfall in the School Department's budget in mid-FY 2013, caused by the improper budgeting of positions that were previously grant funded. The FY 2013 budget was made whole before fiscal year end with a supplemental appropriation of \$3.5 million from 2012 certified free cash, while the FY 2014 budget included the elimination of approximately 200 positions to provide for a sustainable budget over the long term. Additionally, the City has hired a new school superintendent and a new school business manager to further ensure the efficient management of the School Department.

Stabilization Funds

The City maintains a general purpose stabilization fund, a school purpose stabilization fund and a water purpose stabilization fund. The general purpose and school purpose Stabilization Funds are maintained in the Non-major Governmental Funds; the water purpose stabilization funds are maintained in the proprietary funds. Under Massachusetts statutes, funds may be appropriated from the stabilization fund for any municipal purpose by the City Council.

On March 9, 2017 the City Council appropriated \$500,000 to the City Stabilization Fund, thereby increasing the balance to \$8.3 million. The City Council also created an Airport Stabilization Fund with an initial deposit of \$100,000.

The following is the recent trend in the balance in the accounts as of June 30 of a fiscal year.

<u>June 30</u>	<u>City Stabilization</u>	<u>School Stabilization</u>	<u>Water Stabilization</u>	<u>Airport Stabilization</u>
2017	\$ 8,356,240	\$ 1,315,342	\$ 3,489,394	\$ 176,326
2016	7,809,217	1,279,021	4,490,037	-
2015	8,219,772 (1)	1,233,008	4,832,300	-
2014	8,205,018	1,212,000	3,725,000	-
2013	7,689,587	1,152,344	3,885,863	-

- (1) On September 24, 2015 the City transferred \$433,649 from the Stabilization Fund to fund fiscal year 2016 costs related to a new police contract.

INDEBTEDNESS

Authorization Procedure and Limitations

Serial bonds and notes are authorized by vote of two-thirds of all the members of the City Council. 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. 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 and the Committee on Finance.

Debt Limits

The General Debt Limit of a city or town 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. A city or town 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 composed of the State Treasurer, the State Auditor, the Attorney General 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, solid waste disposal facility bonds and economic development bonds supported by tax increment financing; and subject to special debt limits, bonds for water (limited to 10 percent of equalized valuation), housing, urban renewal and economic development (subject to various debt limits), and electric, gas, community antenna television systems, and telecommunications systems (subject to separate 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 the debt is authorized. The other special debt limits generally apply at the time the debt is incurred.

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 as determined by the DOR. Bonds or notes may be made callable and redeemed prior to their maturity, and a redemption premium may be paid. Municipal Purpose Loan of 2017 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 Municipal Purpose Loan of 2017 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. The maximum term of bonds issued to refund bond anticipation notes is measured from the date of the original issue of the notes.

Revenue Anticipation Notes. Revenue Anticipation Notes are issued to meet current expenses in anticipation of taxes and other revenues. 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 TAXATION" above.) In any event, the period from an original borrowing to its final maturity cannot exceed one year.

The City has not issued revenue anticipation notes ("RANs") since fiscal year 2013.

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's Clean Water or Drinking Water Revolving Loan Programs and for certain economic development projects supported by tax increment financing. In addition, cities and towns having electric departments may issue electric revenue bonds, and notes in anticipation of such bonds, subject to the approval of the State Department of Telecommunications and Energy. This section is not intended to summarize laws relating to revenue bonds or to notes issued in anticipation of them. Industrial revenue bonds are also outside the scope of this section.

As of June 30, 2017, the City had \$61,450,000 sewer revenue bonds outstanding issued by it to the Massachusetts Clean Water Trust (the "Trust").

General Obligation Direct Debt Summary
As of June 30, 2017

General Obligation Bonds:

Outstanding as of June 30, 2017

School (1)	\$ 34,326,600	
Water (2)	11,331,950	
Sewer (3)	5,513,350	
MCWT (4)	58,484,466	
General (5)	36,218,100	
Airport (6)	<u>975,000</u>	
Total Outstanding		\$ 146,849,466

This Issue of Bonds dated May 2, 2018

22,160,000 *

Temporary Loans:

Bond Anticipation Notes Outstanding (7)	\$ 35,696,514	
To Be Retired with Bond Proceeds	(21,679,000)	
To Be Retired with MSBA Grant Proceeds	(1,269,174)	
New Money Bond Anticipation Notes to be Issued Concurrent with the Bonds (8)	<u>9,640,242</u>	
Total Short-Term Debt Outstanding		<u>22,388,582</u>

Total Direct Debt

\$ 169,238,048

*Preliminary, subject to change.

- (1) As of June 30, 2017 outstanding Massachusetts School Building Assistance (MSBA) grants to pay a portion of the principal and interest on these bonds is estimated at \$9,662,108. This represents the Roosevelt Junior High School project, which has been audited by the MSBA. \$9,370,000 is outside the City's debt limit.
- (2) Subject to a special separate debt limit of 10% of the City's state equalized valuation. Self-supporting.
- (3) Not subject to the City's general debt limit. Self-supporting.
- (4) Issued to Massachusetts Clean Water Trust (the "Trust"). Not subject to the City's general debt limit. Self-supporting.
- (5) \$5,673,200 is outside the City's debt limit.
- (6) Outside the City's debt limit.
- (7) Payable May 3, 2018.
- (8) To be payable May 3, 2019.

In addition to the General Obligation Bonds outstanding as of June 30, 2017, the City had \$61,450,000 sewer revenue bonds outstanding (at an effective interest rate of 0%) issued to the Trust. The City has consistently raised sewer rates to ensure that all such sewer bonds be self-supporting.

General Obligation Debt Ratios

The table below sets forth the trend in the ratio of general obligation debt to equalized valuation and per capita general obligation debt ratios at the end of the following fiscal years.

Fiscal Year End	General Obligation Bonds Outstanding	Population (1)	Equalized Valuation (2)	Per Capita Debt	Ratio G.O. Debt To Equalized Valuation
2017	\$ 146,849,466	95,072	\$ 5,618,295,200	\$ 1,545	2.61 %
2016	140,323,199	95,072	5,366,953,500	1,476	2.61
2015	132,448,263	95,072	5,366,953,500	1,393	2.47
2014	135,638,799	95,072	5,818,718,300	1,427	2.33
2013	136,162,848	95,072	5,818,718,300	1,432	2.34

(1) 2010 U.S. Bureau of the Census for fiscal 2012 through 2016.

(2) 2012 equalized valuation used for fiscal 2013 and 2014; 2014 equalized valuation used for fiscal 2015 and 2016; 2017 equalized valuation used for fiscal 2017.

General Obligation Debt Service Requirements

The following table sets forth the required principal and interest payments on outstanding general obligation bonds of the City, together with grant amounts expected to be received from the Massachusetts School Building Authority and subsidies expected to be received from the Massachusetts Clean Water Trust ("MCWT") to pay portion of such debt service.

CITY OF NEW BEDFORD GENERAL OBLIGATION BONDS (1) As of June 30, 2017

Fiscal Year	Outstanding		Less MSBA Payments (2)	Less MCWT Subsidies	Total Net Debt Service
	Principal	Interest			
2018	\$ 12,284,799	\$ 4,580,376	\$ (2,415,527)	\$ (293,848)	\$ 14,155,799
2019	12,664,207	4,282,945	(2,415,527)	(283,821)	14,247,804
2020	12,154,695	3,790,117	(2,415,527)	(272,655)	13,256,630
2021	12,016,292	3,298,735	(2,415,527)	(263,354)	12,636,146
2022	8,379,023	2,828,597	-	(252,329)	10,955,291
2023	7,802,912	2,571,064	-	(237,895)	10,136,081
2024	7,588,702	2,306,520	-	(177,060)	9,718,162
2025	7,468,298	2,002,900	-	(192,756)	9,278,441
2026	6,334,288	1,841,103	-	(126,885)	8,048,506
2027	5,704,481	1,656,719	-	(121,471)	7,239,729
2028	4,725,934	1,499,449	-	(115,847)	6,109,536
2029	4,746,904	1,361,192	-	(110,065)	5,998,031
2030	4,393,141	1,227,287	-	(104,073)	5,516,355
2031	4,376,589	1,095,426	-	(93,138)	5,378,876
2032	4,076,073	972,968	-	-	5,049,041
2033	3,751,622	857,328	-	-	4,608,950
2034	3,669,438	759,141	-	-	4,428,579
2035	3,749,606	660,116	-	-	4,409,722
2036	3,185,859	566,661	-	-	3,752,520
2037	2,999,091	481,523	-	-	3,480,614
2038	2,420,542	396,293	-	-	2,816,835
2039	2,494,043	320,967	-	-	2,815,010
2040	1,933,267	256,387	-	-	2,189,654
2041	1,998,230	202,613	-	-	2,200,843
2042	1,735,232	150,697	-	-	1,885,929
2043	1,779,113	101,059	-	-	1,880,172
2044	1,077,816	60,143	-	-	1,137,959
2045	710,157	34,562	-	-	744,719
2046	502,817	15,099	-	-	517,916
2047	126,295	3,031	-	-	129,326
	<u>\$ 146,849,466</u>	<u>\$ 40,181,019</u>	<u>\$ (9,662,108)</u>	<u>\$ (2,645,199)</u>	<u>\$ 174,723,178</u>

(1) Does not include debt service on the \$61,450,000 outstanding sewer revenue bonds issued to the MCWT, the debt service on which is and is expected to be self-supporting.

(2) Represents the revised grant payment of principal and interest on the Roosevelt Junior High School after the effects of refunding the original issuance of bonds.

Projected Principal Payments by Purpose (1)

The following table sets forth the projected principal payments by purpose on outstanding issues of general obligation bonds of the City as of June 30, 2017.

Fiscal Year	School (2)	Water (3)	Sewer (4)	MCWT (5)	General (6)	Airport (7)	Total
2018	\$ 3,942,400	\$ 682,000	\$ 734,000	\$ 2,769,799	\$ 4,116,600	\$ 40,000	\$ 12,284,799
2019	4,201,500	700,000	763,000	2,844,207	4,115,500	40,000	12,664,207
2020	4,127,200	740,250	490,350	2,919,695	3,837,200	40,000	12,154,695
2021	4,230,000	776,100	509,000	2,996,292	3,459,900	45,000	12,016,292
2022	1,154,500	695,800	534,000	3,074,023	2,870,700	50,000	8,379,023
2023	1,188,000	719,800	558,000	3,152,912	2,134,200	50,000	7,802,912
2024	1,203,000	746,000	576,000	3,073,702	1,940,000	50,000	7,588,702
2025	1,193,000	473,000	599,000	3,143,298	2,010,000	50,000	7,468,298
2026	947,000	500,000	368,000	2,784,288	1,685,000	50,000	6,334,288
2027	963,000	526,000	382,000	2,819,481	959,000	55,000	5,704,481
2028	812,000	548,000	-	2,485,934	825,000	55,000	4,725,934
2029	735,000	560,000	-	2,546,904	850,000	55,000	4,746,904
2030	770,000	575,000	-	2,118,141	875,000	55,000	4,393,141
2031	795,000	585,000	-	2,166,589	770,000	60,000	4,376,589
2032	820,000	600,000	-	1,916,073	680,000	60,000	4,076,073
2033	735,000	620,000	-	1,961,622	375,000	60,000	3,751,622
2034	770,000	635,000	-	1,889,438	365,000	10,000	3,669,438
2035	795,000	650,000	-	1,934,606	355,000	15,000	3,749,606
2036	820,000	-	-	1,980,859	370,000	15,000	3,185,859
2037	855,000	-	-	1,749,091	380,000	15,000	2,999,091
2038	885,000	-	-	1,125,542	395,000	15,000	2,420,542
2039	915,000	-	-	1,154,043	410,000	15,000	2,494,043
2040	315,000	-	-	1,183,267	420,000	15,000	1,933,267
2041	330,000	-	-	1,213,230	440,000	15,000	1,998,230
2042	335,000	-	-	930,232	455,000	15,000	1,735,232
2043	345,000	-	-	954,113	465,000	15,000	1,779,113
2044	90,000	-	-	477,816	495,000	15,000	1,077,816
2045	55,000	-	-	490,157	165,000	-	710,157
2046	-	-	-	502,817	-	-	502,817
2017	-	-	-	126,295	-	-	126,295
	<u>\$ 34,326,600</u>	<u>\$ 11,331,950</u>	<u>\$ 5,513,350</u>	<u>\$ 58,484,466</u>	<u>\$ 36,218,100</u>	<u>\$ 975,000</u>	<u>\$ 146,849,466</u>

(1) Includes subsequent issues but excludes this issue.

(2) These amounts do not include the revised grant payments to be received from the MSBA with respect to the Roosevelt Junior High School project, which has been audited by the MSBA. \$9,630,000 is outside the City's debt limit.

(3) Subject to a special separate debt limit of 10% of the City's state equalized valuation. Self-supporting.

(4) Not subject to the City's general debt limit. Self-supporting. Does not include principal on \$67,370,000 outstanding revenue bonds issued to the Trust.

(5) Does not reflect Trust subsidies. Not subject to the City's general debt limit. Self-supporting.

(6) \$7,464,500 is outside the City's debt limit.

(7) Outside the City's debt limit.

Authorized Unissued Debt and Prospective Financing

Currently, the City has approximately \$400 million of bonds authorized for various school construction (\$130.4 million), sewer (\$97.7 million), water (\$15.5 million), contamination clean-up (\$8.8 million) and miscellaneous other purposes. As much as \$65 million of the school bonds authorized may be rescinded and the balance of school debt is expected to be eligible for 90% School Building Authority grant funds. The sewer debt authorized is expected to be issued over time to the Massachusetts Clean Water Trust.

In FY 2013, the City developed its initial capital improvement program, which provided a plan for debt issuance and management from FY 2014 through FY 2018. The plan has been updated in each subsequent year. The current iteration covers the period from FY 2018 through FY 2022. A copy of the proposed CIP can be found in Appendix E, "City of New Bedford FY 18-22 Capital Improvement Program."

Debt Impact Analysis – Tax Supported Debt Only

FY 2017-2021 Proposed Capital Improvement Program

Debt Impact Analysis

Description	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022 (1)
Debt Issuance (2)					
Existing Debt	\$70,544,700	\$81,475,700	\$87,556,700	\$87,505,300	\$85,094,400
Plus New Issues	18,990,000	14,420,000	8,163,000	6,115,000	23,452,000
Less Retirement	(8,059,000)	(8,339,000)	(8,214,400)	(8,525,900)	(5,384,033)
Net Outstanding Debt	\$81,475,700	\$87,556,700	\$87,505,300	\$85,094,400	\$103,162,367
Projected Debt Service (3)	11,298,640	11,725,806	11,904,171	12,584,632	9,545,018
<u>Projected Lease Payments (4)</u>	<u>1,097,794</u>	<u>1,274,302</u>	<u>1,516,574</u>	<u>1,537,126</u>	<u>1,598,354</u>
Total Debt Payments:	\$12,396,434	\$13,000,108	\$13,420,745	\$14,121,758	\$11,143,372
Debt to Est. Property Value (2% annual growth): < 3%	1.4%	1.4%	1.4%	1.3%	1.6%
Debt to Per Capita Income (1% annual growth): < 6%	3.8%	4.0%	4.0%	3.8%	4.5%
Debt Payments to GF Expenditures: < 10%	3.7%	3.7%	3.6%	3.7%	2.7%
Assessed Valuation	\$5,888,676,020	\$6,065,336,301	\$6,247,296,390	\$6,434,715,281	\$6,627,756,740
Per Capita Income	22,723	23,063	23,409	23,761	24,117
GF Budget	305,850,071	317,499,885	326,245,928	335,899,622	347,169,984

(1) Debt service on Roosevelt Middle School will be retired in FY21, resulting in the loss of \$2.4 million in annual reimbursements from MSBA.

(2) Includes long-term issues in 2018 (\$18,990,000) and 2019 (\$22,583,000) of previously authorized debt.

(3) Includes estimated short-term BAN debt:

FY 2018: \$650,530

FY 2019: \$397,227

FY 2020: \$325,241

FY 2021: \$591,340

FY 2022: \$712,040

(4) Lease purchase payments on capital vehicles are assigned to individual departments.

Coverage of Qualified Debt Service

It is projected that state aid distributions from The Commonwealth of Massachusetts to the City will provide ample coverage of qualified debt service throughout the term of the City's issues of State Qualified Bonds. The following table presents debt service on the City's State Qualified Bonds and the coverage ratio of total state aid to qualified debt service.

Fiscal Year	Existing Qualified Bond Debt Service (1)	Total State Aid (2)	Coverage Ratio
2018	\$ 12,584,890	\$ 166,210,253	13.21
2019	12,605,076	169,534,458	13.45
2020	11,611,351	172,925,147	14.89
2021	10,989,226	176,383,650	16.05
2022	6,901,533	179,911,323	26.07
2023	6,066,464	183,509,550	30.25
2024	5,865,170	187,179,741	31.91
2025	5,504,914	190,923,335	34.68
2026	4,583,426	194,741,802	42.49
2027	3,802,867	198,636,638	52.23
2028	3,066,883	202,609,371	66.06
2029	2,952,545	206,661,558	69.99
2030	2,954,331	210,794,790	71.35
2031	2,814,721	215,010,685	76.39
2032	2,692,524	219,310,899	81.45
2033	2,250,040	223,697,117	99.42
2034	2,184,853	228,171,059	104.43
2035	2,163,669	232,734,481	107.56
2036	1,504,085	237,389,170	157.83
2037	1,505,635	242,136,954	160.82
2038	1,504,860	246,979,693	164.12
2039	1,501,632	251,919,286	167.76
2040	874,835	256,957,672	293.72
2041	884,548	262,096,826	296.31
2042	878,074	267,338,762	304.46
2043	870,763	272,685,537	313.16
2044	621,813		
2045	227,700		
	<u>\$ 111,968,429</u>		

(1) As of June 30, 2017.

(2) Includes total state aid available for coverage based on the City's estimated FY 2018 Cherry Sheet. State aid is increased at a rate of 2% each year after FY 2018. The State aid figures above exclude school building assistance grants as such grants are no longer paid by the Commonwealth and are now paid by the Massachusetts School Building Authority. Therefore, such payments no longer constitute "distributable aid" of the Commonwealth under the Qualified Bond Act.

Overlapping Debt

The City is located in Bristol County and is a member of the Greater New Bedford Regional Refuse Management District, the Southeastern Regional Transportation Authority and the Greater New Bedford Regional Vocational Technical High School District. The following table sets forth the outstanding bonded debt, exclusive of temporary loans in anticipation of bonds or current revenue, of the County, the Authority and the Districts as of June 30, 2017, the City's gross share of such debt and the fiscal 2018 dollar assessment to the City by each entity.

<u>Overlapping Entity</u>	<u>Outstanding Debt</u>	<u>New Bedford Estimated Share (1)</u>	<u>2018 Dollar Assessment (2)</u>
Greater New Bedford Regional Refuse Management District (3)	\$0	89.22%	\$693,368
Bristol County (4)	\$911,242	11.89%	\$617,006
Southeastern Regional Transportation Authority (5)	\$0	N.A.	\$1,179,064
Greater New Bedford Regional Vocational Technical High School District (6)	\$1,695,000	77.00%	\$5,394,607

(1) Estimated share based upon debt service and operating costs.

(2) Estimated dollar assessment based upon total net operating expenses, inclusive (where applicable) of debt service.

(3) SOURCE: Greater New Bedford Regional Refuse Management District.

(4) SOURCE: Bristol County Treasurer. County expenses including debt service on county bonds are assessed upon the cities and towns within the county in proportion to their taxable valuation as last equalized by the State Commissioner of Revenue. Estimated share and dollar assessment shown here are based on the 2002 equalized valuation. Legislation enacted in 1997 abolished the county governments of Franklin and Middlesex Counties as of July 1, 1997, with their assets, functions, debts and other obligations being assumed by the Commonwealth. The abolishment of the Middlesex County government was in part in response to a default by the County in the payment of general obligation notes of the County. The legislation also abolished the county governments of Hampden and Worcester Counties as of July 1, 1998. Legislation enacted in 1998 abolished the county governments of Hampshire, Essex and Berkshire counties as of January 1, 1999, July 1, 1999 and July 1, 2000, respectively. The legislation also requires the state secretary for administration and finance to establish a plan to recover the Commonwealth's expenditures for liabilities and other debts assumed and paid by the Commonwealth on behalf of an abolished county. Unless these provisions are changed by further legislation, the state treasurer shall assess upon each city and town within the jurisdiction of an abolished county an amount not exceeding or equal to the county tax paid by each city and town for the fiscal year immediately prior to the abolishment of the county until such expenditures by the Commonwealth are recovered. It is possible that similar legislation will be sought to provide for the abolishment of county governments in all the remaining counties.

(5) SOURCE: Southeastern Regional Transit Authority. It has been state practice in recent years to absorb up to approximately 50 per cent of the net cost of service of the Authority, including debt service on the Authority's bonds, if any. The remainder of the net cost of service is assessed on the member municipalities within the territory of the Southeastern Regional Transit Authority.

(6) SOURCE: Greater New Bedford Regional Vocational Technical High School District. Towns may organize regional school districts to carry out general or specialized educational functions. Pursuant to special laws a number of cities may also participate in regional school districts, primarily for vocational education. The operating expenses and debt service of regional school districts are apportioned among the member municipalities in accordance with the agreements establishing the districts. The municipal share is based on the ratio of that member's pupil enrollment to the total pupil enrollment from all the member municipalities in the regional school district as of October 1 of the year proceeding the year for which the apportionment is being determined.

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 appropriations, 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.

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 currently has two long term contracts to operate and manage its newly constructed wastewater facility. The City and Veolia (formerly Professional Services Group, Inc., "PSG"), a division of Air & Water Technologies, Inc. and Vivendi, formerly Compagnie Generale des Eaux, entered into a contract effective July 1, 1998 for a ten-year term with options for renewal for two additional five-year terms at the sole option of the City. The ten-year term ended July 1, 2008, and the five-year options have been renewed with no changes to the contract terms, beginning July 1, 2008 and expiring June 30, 2018. The cost of the contract in fiscal 2017 was \$4,026,421 and the budgeted cost for fiscal 2018 is \$4,300,300.

The City also has an agreement with Synagro to provide long-term disposal of sludge for a period of ten years with options for renewal. The Synagro contract has been renewed to September 20, 2021, with an option to renew for 10 years and a second option to renew another 5 years after that for a total of 20 years. The price of the contract increased by \$46.45 per dry ton of sludge (from \$444.00 to \$490.45). The cost of this contract in fiscal 2017 was \$3,237,178 and the budgeted cost for fiscal 2018 is \$3,600,000.

The City has a contract for solid waste collection with ABC Corporation that is effective through June 30, 2023. The cost of this contract in fiscal 2017 was \$4,777,268 and the budgeted cost for fiscal 2018 is \$4,946,838.

The City has three 8-year contracts with PNC Equipment Finance and nine contracts ranging in length from 3 to 6 years with All American Investment Group, LLC, all for various equipment leases. In the aggregate, the City has approximately \$3.4 million in principal outstanding associated with the various leases, with fiscal 2018 payments of \$1,329,293 and fiscal 2019 payments of \$1,655,953.

As of October 30, 2015, the City entered into a 15-year master lease agreement with First Niagara Leasing, Inc. in the amount of \$13.505 million for financing the costs of energy conservation measures and facility improvement measures to various municipal buildings and facilities pursuant to a Master Energy Management Services Agreement between the City and Siemens Industry, Inc. The lease payments are subject to annual appropriation by the City Council. The amortization schedule for the \$13.505 million lease, which reflects semi-annual payments at a 2.68% interest rate, is shown in the table below.

Payment Date	Principal	Interest	Total Payment
10/1/2016	\$ -	\$ 332,778.21	\$ 332,778.21
4/1/2017	250,000.00	180,967.00	430,967.00
10/1/2017	350,000.00	177,617.00	527,617.00
4/1/2018	370,000.00	172,927.00	542,927.00
10/1/2018	375,000.00	167,969.00	542,969.00
4/1/2019	385,000.00	162,944.00	547,944.00
10/1/2019	395,000.00	157,785.00	552,785.00
4/1/2020	405,000.00	152,492.00	557,492.00
10/1/2020	415,000.00	147,065.00	562,065.00
4/1/2021	425,000.00	141,504.00	566,504.00
10/1/2021	430,000.00	135,809.00	565,809.00
4/1/2022	455,000.00	130,047.00	585,047.00
10/1/2022	455,000.00	123,950.00	578,950.00
4/1/2023	475,000.00	117,853.00	592,853.00
10/1/2023	480,000.00	111,488.00	591,488.00
4/1/2024	495,000.00	105,056.00	600,056.00
10/1/2024	500,000.00	98,423.00	598,423.00
4/1/2025	525,000.00	91,723.00	616,723.00
10/1/2025	530,000.00	84,688.00	614,688.00
4/1/2026	545,000.00	77,586.00	622,586.00
10/1/2026	545,000.00	70,283.00	615,283.00
4/1/2027	560,000.00	62,980.00	622,980.00
10/1/2027	560,000.00	55,476.00	615,476.00
4/1/2028	575,000.00	47,972.00	622,972.00
10/1/2028	575,000.00	40,267.00	615,267.00
4/1/2029	590,000.00	32,562.00	622,562.00
10/1/2029	590,000.00	24,656.00	614,656.00
4/1/2030	605,000.00	16,750.00	621,750.00
10/1/2030	645,000.00	8,643.00	653,643.00
Total	<u>\$ 13,505,000.00</u>	<u>\$ 3,230,260.21</u>	<u>\$ 16,735,260.21</u>

Additionally, as of November 16, 2017, the City entered into a 17-year ESCO Phase II lease agreement in the amount of \$3.684 million for financing the costs of energy conservation measures and facility improvement measures to various municipal buildings and facilities, also pursuant to the Master Energy Management Services Agreement with Siemens Industry, Inc. The lease payments are subject to annual appropriation by the City Council. The amortization schedule for the \$3.684 million lease, which reflects semi-annual payments at a 2.61% interest rate, is shown in the table below.

Payment Date	Principal	Interest	Total Payment
10/1/2018	\$ 87,330.70	\$ 84,802.65	\$ 172,133.35
4/1/2019	88,030.76	46,897.04	134,927.80
10/1/2019	60,030.20	45,749.20	105,779.40
4/1/2020	61,029.93	44,966.47	105,996.40
10/1/2020	65,029.65	44,170.70	109,200.35
4/1/2021	66,029.33	43,322.77	109,352.10
10/1/2021	71,028.98	42,461.82	113,490.80
4/1/2022	71,028.58	41,535.67	112,564.25
10/1/2022	76,028.18	40,609.52	116,637.70
4/1/2023	78,027.71	39,618.19	117,645.90
10/1/2023	82,027.21	38,600.79	120,628.00
4/1/2024	84,026.67	37,531.23	121,557.90
10/1/2024	90,026.09	36,435.61	126,461.70
4/1/2025	89,025.44	35,261.76	124,287.20
10/1/2025	96,024.80	34,100.95	130,125.75
4/1/2026	96,024.07	32,848.88	128,872.95
10/1/2026	102,023.33	31,596.82	133,620.15
4/1/2027	103,022.51	30,266.54	133,289.05
10/1/2027	110,021.67	28,923.23	138,944.90
4/1/2028	110,020.75	27,488.65	137,509.40
10/1/2028	118,019.81	26,054.09	144,073.90
4/1/2029	117,018.77	24,515.23	141,534.00
10/1/2029	125,017.73	22,989.42	148,007.15
4/1/2030	125,016.59	21,359.31	146,375.90
10/1/2030	134,015.44	19,729.21	153,744.65
4/1/2031	133,014.16	17,981.79	150,995.95
10/1/2031	142,012.89	16,247.41	158,260.30
4/1/2032	142,011.50	14,395.70	156,407.20
10/1/2032	151,010.09	12,544.01	163,554.10
4/1/2033	151,008.56	10,574.99	161,583.55
10/1/2033	160,007.01	8,605.99	168,613.00
4/1/2034	160,005.35	6,519.65	166,525.00
10/1/2034	170,003.66	4,433.34	174,437.00
4/1/2035	170,001.88	2,216.62	172,218.50
Total	<u>\$ 3,684,000.00</u>	<u>\$ 1,015,355.25</u>	<u>\$ 4,699,355.25</u>

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. If a town has a population of less than 10,000 when it accepts the statute, its non-teacher employees participate through the county system and its share of the county cost is proportionate to the aggregate annual rate of regular compensation of its covered employees. 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 has adopted the provisions for cost-of-living increases.

All full-time employees, other than teachers, whose employment commences prior to age sixty-five are eligible to participate in the City of New Bedford's Contributory Employees' Retirement System. Teachers and certain administrative employees of the School Department participate in a contributory retirement plan administered by the Massachusetts Teachers' Retirement Board. The City does not contribute to this plan.

The employee contributions to the System are 5% of regular compensation for employees who entered service before January 1, 1975 and 7% for those who entered on or after that date through December 31, 1983 and 8% for those who entered after January 1, 1984. As of July 1, 1996 the employee contribution rate for those entering service is 9%. All employees hired after January 1, 1979 pay an additional 2% for earnings greater than \$30,000 per year.

Investments of system assets in bonds are valued at amortized cost and equity investments are valued in the manner determined by the state Commissioner of Insurance.

There are 6 retired persons and surviving beneficiaries currently receiving pensions under the non-contributory plan and 1,730 retired persons and surviving beneficiaries currently receiving pensions under the contributory plan.

The following tables show the trend in contributions to the contributory and non-contributory retirement systems by the City.

Fiscal Year Ending June 30	City	
	Contributory	Non-Contributory (1)
2018 (budgeted)	\$27,741,711	\$17,000
2017 (unaudited)	26,724,377	15,500
2016	25,734,949	16,347
2015	24,433,112	16,347
2014	23,692,690	15,447
2013	22,626,695	17,019
2012	22,246,981	18,839

(1) Non-Contributory payments are made to retired persons and surviving beneficiaries on a weekly basis.

The City's unfunded actuarial accrued liability at January 1, 2016 is estimated at \$332,258,588 assuming a 7.75% rate of return. The amortization of the City's unfunded pension benefit obligation (as of the January 1, 2016 valuation) is shown below.

Appropriation Forecast

Fiscal Year Ending	Payroll*	Employee Contribution	Employer Normal Cost with Interest	Amortization Payments with Interest	Employer Total Cost with Interest	Employer Total Cost % of Payroll	Funded Ratio %**
2017	\$ 89,560,393	\$ 7,670,441	\$ 3,986,813	\$ 26,824,016	\$ 30,810,829	34.4 %	46.3 %
2018	92,247,205	7,962,120	4,042,112	28,027,033	32,069,145	34.8	48.5
2019	95,014,621	8,264,396	4,097,140	28,984,906	33,082,046	34.8	50.7
2020	97,865,060	8,577,643	4,151,833	29,317,070	33,468,903	34.2	53.1
2021	100,801,011	8,902,246	4,206,120	30,343,167	34,549,287	34.3	55.4
2022	103,825,042	9,238,606	4,259,927	31,405,178	35,665,105	34.4	57.8
2023	106,939,793	9,587,136	4,313,177	32,504,359	36,817,536	34.4	60.4
2024	110,147,987	9,948,263	4,365,788	33,642,012	38,007,800	34.5	63.0
2025	113,452,426	10,322,429	4,417,674	34,819,482	39,237,156	34.6	65.7
2026	116,855,999	10,710,091	4,468,744	36,038,164	40,506,908	34.7	68.6
2027	120,361,679	11,111,723	4,518,902	37,299,500	41,818,402	34.7	71.6
2028	123,972,529	11,527,813	4,568,048	38,604,982	43,173,030	34.8	74.7
2029	127,691,705	11,958,869	4,616,076	39,956,157	44,572,233	34.9	77.9
2030	131,522,457	12,405,413	4,662,874	41,354,622	46,017,496	35.0	81.2
2031	135,468,130	12,867,986	4,708,325	42,802,034	47,510,359	35.1	84.7
2032	139,532,174	13,347,149	4,752,307	44,300,105	49,052,412	35.2	88.4
2033	143,718,139	13,843,481	4,794,690	45,850,609	50,645,299	35.2	92.1
2034	148,029,684	14,357,580	4,835,340	47,455,380	52,290,720	35.3	96.0
2035	152,470,574	14,890,066	4,874,112	-	4,874,112	3.2	100.0
2036	157,044,691	15,441,580	4,910,860	-	4,910,860	3.1	100.0
2037	161,756,032	16,012,783	4,945,426	-	4,945,426	3.1	100.0
2038	166,608,713	16,604,360	4,977,646	-	4,977,646	3.0	100.0
2039	171,606,974	17,217,021	5,007,348	-	5,007,348	2.9	100.0
2040	176,755,184	17,851,498	5,034,352	-	5,034,352	2.8	100.0
2041	182,057,839	18,508,548	5,058,470	-	5,058,470	2.8	100.0
2042	187,519,574	19,188,955	5,079,505	-	5,079,505	2.7	100.0
2043	193,145,161	19,893,528	5,097,248	-	5,097,248	2.6	100.0
2044	198,939,516	20,623,106	5,111,485	-	5,111,485	2.6	100.0
2045	204,907,702	21,378,554	5,121,988	-	5,121,988	2.5	100.0
2046	211,054,933	22,160,768	5,128,522	-	5,128,522	2.4	100.0
2047	217,386,581	22,825,591	5,282,377	-	5,282,377	2.4	100.0
2048	223,908,178	23,510,359	5,440,849	-	5,440,849	2.4	100.0

*Calendar basis.

**Beginning of fiscal year.

SOURCE: January 1, 2016 Actuarial Valuation of the New Bedford Contributory Retirement System, Sherman Actuarial Services LLC.

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:

<u>Fiscal Year</u>	<u>Benefit Costs (1)</u>
2018 (estimate)	\$ 16,295,000
2017	16,695,286
2016	15,091,078
2015	15,599,908
2014	15,108,747
2013	13,723,364

(1) Excludes annual life insurance costs of approximately \$250,000 to \$275,000 appropriated annually for this purpose.

The Governmental Accounting Standards Board ("GASB") has promulgated its Statement Nos. 43 and 45, which will 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 such benefits, 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 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.

During fiscal 2015, the City Council voted to establish an OPEB Trust Fund, and elected to participate in the Massachusetts State Retiree Benefits Trust. An initial appropriation to the Fund of \$759,483 was approved on December 21, 2015.

The City adopted an OPEB Trust Fund policy on November 30, 2016. The policy establishes a minimum annual funding expectation equivalent to 10% of certified General Fund Free Cash. An appropriation of \$270,000 was approved on March 9, 2017, in compliance with the OPEB policy, and the City is committed to continuing to fund the Trust going forward. The OPEB Trust Fund balance as of June 30, 2017 was \$1,186,838.

The City recently completed an exhaustive review of its health care program, with the objective of reducing retiree health care costs. Changes were made to plan features, including adjustments to copayments, deductibles and other elements of coverage. The City subsequently hired Sherman Actuarial Services, LLC to perform an actuarial valuation of non-pension, post-employment benefits. As of June 30, 2016, the City's unfunded actuarial accrued liability was approximately \$485,495,485, assuming a 4.0% investment return on a pay-as-you-go basis, and the Annual Required Contribution ('ARC') was approximately \$31,261,415. The City is committed to working with employees and its plan administrator to implement steps to reduce the OPEB liability.

EMPLOYEE RELATIONS

As of June, 2017 the City employed approximately 2,834 full-time workers, of whom 1,794 are employed by the School Department, 249 by the Police Department, 208 by the Fire Department, 71 by the Department of Facilities and Fleet Management, 166 by the Department of Public Infrastructure and the balance of 346 by various other departments of the City. City 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. Of the City's 3,246 employees, approximately 95% are represented by unions in seven separate bargaining units: police, fire, teachers and school nurses, school administrators, school paraprofessionals, school support staff (clerks, custodians) and general municipal employees.

The contract with the police union expired on June 30, 2016, and negotiations for a new contract are underway. The contract with Local 841, IAFF (fire fighters) is currently under agreement through June 30 2019. The contract with the teachers' union is currently under agreement for the period July 1, 2016 through June 30, 2019. The contract with the school administrators' union is currently under agreement for the period July 1, 2016 through June 30, 2019. The contract with the school paraprofessionals' union is currently under agreement for the period January 9, 2017 through July 31, 2019.

The general municipal government union contract is currently under agreement through June 30, 2019. AFSCME Local 851, Unit B, which represents EMS employees, is currently under agreement for the period July 1, 2016 through June 30, 2018. AFSCME Local 641, which represents school support staff (clerks, building custodians, cafeteria, maintenance and MIS employees), is currently under agreement for the period July 1, 2017 through June 30, 2020.

LITIGATION

At present, there are various claims and cases pending against the City in courts or administrative bodies throughout the Commonwealth. In the opinion of the City Solicitor, none of these pending claims and cases could potentially result in a judgment in excess of \$300,000.

CITY OF NEW BEDFORD, MASSACHUSETTS
/s/ Ms. R. Renee Fernandes, City Treasurer

April 4, 2018

PROPOSAL FOR BONDS

Ms. R. Renee Fernandes, Treasurer
City of New Bedford, Massachusetts
c/o Hilltop Securities Inc.
54 Canal Street, 3rd Floor
Boston, Massachusetts 02114

April 12, 2018

Dear Ms. Fernandes:

For \$22,160,000* City of New Bedford, Massachusetts, State Qualified General Obligation Municipal Purpose Loan of 2018 Bonds as further described in your Notice of Sale dated April 4, 2018, which Notice of Sale is hereby made a part of this proposal, we bid.....and accrued interest to date of delivery for each \$100 par value of bonds, bearing interest at the rate or rates per annum as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2019 %	2033	**
2020	2034	**
2021	2035	**
2022	2036	**
2023	2037	**
2024	2038	**
2025	2039	**
2026	2040	**
2027	2041	**
2028	2042	**
2029 **	2043	**
2030 **	2044	**
2031 **	2045	**
2032 **	2046	**

****TERM BONDS (Optional – No more than three Term Bonds.)**

\$ _____ Term Bonds maturing on March 15, _____ at _____ % per annum
\$ _____ Term Bonds maturing on March 15, _____ at _____ % per annum
\$ _____ Term Bonds maturing on March 15, _____ at _____ % per annum

The undersigned hereby acknowledges receipt of the Preliminary Official Statement referred to in the aforementioned Notice of Sale.

INSURED BY: _____
TOTAL PREMIUM: _____

Syndicate Manager

Syndicate Manager Address
Telephone: _____
Fax: _____

The following is our computation of the net interest cost and percent true interest cost calculated in accordance with the Notice of Sale, is for informational purposes only, and is subject to verification prior to award.

Gross Interest Cost	\$ _____	
Underwriters Premium	\$ _____	Bids must include a premium of at least \$TBD.
Net Interest Cost	_____	
Percent True Interest Cost	_____ %	

(four decimals)

Hilltop Securities Inc. would be pleased to assist you in entering your bid on these Bonds if you will mail or fax your signed bid form in advance and telephone figures about one-half hour before the time of sale. The City and Hilltop Securities Inc. are not responsible for errors in bids submitted in this manner.

TELEPHONE (617) 619-4400
FAX (617) 619-4411
HILLTOP SECURITIES INC.

*Preliminary, subject to change.

APPENDIX D

City of New Bedford, Massachusetts Fiscal Policies

CITY OF NEW BEDFORD, MASSACHUSETTS

Policy Title: Debt Issuance and Management

Effective Date: November 27, 2013

1. Introduction

The purpose of this debt policy is to establish a set of parameters by which debt obligations will be undertaken by the City of New Bedford. This policy reinforces the commitment of the City and its officials to manage the City's financial affairs so as to minimize risks, avoid conflicts of interest and ensure transparency while still meeting the City's capital needs. A debt management policy signals to the public and the rating agencies that the City of New Bedford approaches the financing of capital needs in a deliberate manner and fulfills the requirements of Chapter 44 of the Commonwealth of Massachusetts General Laws regarding the adoption of a debt management policy.

The City shall comply with legal requirements for notice and for public meetings related to debt issuance. All notices shall be posted in the customary and required posting locations including, as required, local newspapers, bulletin boards, and websites. All costs associated with each debt issue as well as, when applicable, a debt service schedule outlining the rate of retirement, shall be clearly presented and disclosed to the citizens, City Council, and other stakeholders in a timely manner.

2. Financing Purposes

The City of New Bedford will consider term financing for the acquisition, replacement, and/or expansion of physical assets, and to refinance existing debt. Short-term issues may be used to finance certain projects and equipment and to support operational borrowing. However, the City will minimize the use of short-term cash flow borrowings by maintaining adequate working capital and effective management of the budgeted expenditures.

While the "pay as you go" means of using current revenues to pay for capital projects is often considered the preferred means of financing because it avoids interest payments, it may not be entirely practical, given the size and timing of projects to meet the City's ongoing needs. However, the inclusion of a robust cash component in capital projects will be pursued whenever possible, provided fund balance and reserve policies are not compromised.

All debt will be issued and managed in accordance with Chapter 44 of the Massachusetts General Laws.

The primary borrowing purposes are summarized below:

a. Long-Term Capital Improvements

The City will prepare a multi-year Capital Improvements Program (CIP) working with individual departments and agencies and prioritize these projects based on a Capital Needs Assessment. The CIP will include projections for the upcoming fiscal years and will be updated at least biennially, or sooner if there are significant changes to the scope and/or cost of projects. Future operations and maintenance costs associated with capital improvement projects will be developed and identified as part of the project submission.

Since the aggregate cost of desired capital projects generally exceeds available funds, the capital planning process prioritizes projects and identifies the funding needs. The City will initially rely on internally-generated funds and/or grants and contributions from other governmental agencies to finance its capital needs. Debt will be issued for a capital project only when it is an appropriate means to achieve a fair allocation of costs between current and future beneficiaries and if a secure revenue source is identified to repay the debt. Debt service is limited to that portion of a project that is not reimbursable by state, federal or local grants.

The Financial Team, working with City departments within the context of the CIP and the City's Five-Year Financial Outlook, oversees and coordinates the timing, processing, and marketing of the City's borrowing and capital funding activities. Close coordination of capital planning and debt planning will ensure that the maximum benefit is achieved with the limited capital funds. The debt management process will determine the availability of funds which can be raised through debt based upon the debt capacity/affordability analysis.

The City will endeavor to enter the financial markets no more than twice each year, and will analyze market conditions prior to debt issuance to determine the most advantageous terms. Debt financing schedules will be constructed to repay debt within a period not to exceed the expected useful life of the asset, and will attempt to repay debt using a level principal repayment structure.

b. Refinancings/Refunding of Existing Debt

The Chief Financial Officer, working with the Financial Team, will periodically evaluate the City's existing debt and execute refinancings when economically beneficial, legally permissible and prudent. A refinancing may include the issuance of bonds to refund existing debt or the issuance of bonds in order to refund other obligations. Net present value savings over the course of the refunding must be at least 3% (of refunded principal) for consideration.

c. Cash Flow Borrowing

It is understood that expenditure cycles do not always follow the revenue cycle and that short-term debt may be necessary to meet cash flow requirements.

Anticipation notes may include:

- Tax Anticipation Notes (TANs), used in anticipation of future tax collections.
- Revenue Anticipation Notes (RANs) issued with the anticipation that non-tax revenue will be received.
- Tax and Revenue Anticipation Notes (TRANs), which will be paid with a combination of taxes and revenue.

d. Short-Term Borrowing for Capital Needs

The City may from time to time issue short-term debt that serves as interim financing pending the issuance of long-term debt to finance a completed capital project. This approach is particularly applicable in cases where a project depends upon a combination of reimbursable grant funding. Such notes may include:

- Bond Anticipation Notes (BANs), a short term-interest-bearing note issued in advance of a future long-term bond issue.
- Grant Anticipation Notes (GANs), issued for capital projects that are dependent upon reimbursable grant funding from an outside entity, such as the Commonwealth or Federal governments.

e. Capital Leases

The City may enter into a capital lease agreement for the purchase of capital equipment and vehicles so long as the lease period does not exceed 10 years or extend beyond the useful life of the purchase.

f. State Revolving Fund

For projects that are directly related to wastewater and drinking water infrastructure/ construction/improvement or rehabilitation, the City may opt to borrow funding directly from the Massachusetts Water Pollution Abatement Trust revolving fund program.

3. Financing Processes

The City shall employ a financial advisor and bond counsel to review and advise on all matters related to debt authorization and debt issuance. Should a capital project, infrastructure improvement, or capital equipment need require seeking an authorization to borrow funds, the benefitting party must provide comprehensive documentation to the Financial Team outlining the scope of the project, the cost of the project, the cash flow projection to complete the project, and any expected federal, state or local grant awards or other funding sources.

- a. All loan authorizations should be authored by bond counsel or, at a minimum, reviewed by bond counsel prior to submission to the City Council for approval.
- b. Unless market conditions are extremely unfavorable, the City will endeavor to sell all municipal bond and note issues by competitive bid. The competitive bid process guarantees the City adequate exposure in the market and reasonable expectation that interest terms and rates are competitive.
- c. The City seeks to maintain the highest possible credit rating that can be achieved for debt instruments to attract quality investors and reduce interest costs. To enhance creditworthiness, the City is committed to prudent financial management and systematic capital and long-term financial planning.
- d. The City will maintain good communications with bond rating agencies about its financial condition. The City will adhere to a policy of full disclosure on every financial report and bond prospectus (official statement).
- e. Long-term debt service for enterprise fund (business-related) debt, i.e., Water, Wastewater and Airport operations, shall be included in the respective funds' annual budgets. The city will periodically review and adjust rates for each enterprise to ensure sufficient capacity for annual debt service payments.
- f. The City will file application with the Municipal Finance Oversight Board for consideration of acceptance into the State Qualified Bond Act (SQBA) program when appropriate.
- g. Debt maturity is dictated by the limits set forth in MGL Chapter 44 as prescribed by Statutory Authority, Purpose and Maximum Term. The City shall endeavor to retire/refund debt whenever it is financially feasible, legally permissible and advantageous for the City.

- h. The City will monitor all municipal borrowings on a regular basis to insure compliance with federal tax reform legislation and arbitrage limitations.

4. Debt Capacity

The decision whether to assume new tax-supported general obligation debt (total general obligation debt less any enterprise-related, revenue supported general obligation debt) shall be based on the direct cost and benefit of the proposed project, the current conditions in the bond market and the City's ability to afford new debt. The City will apply several indicators to determine the appropriateness of assuming tax-supported general obligation debt. These affordability targets shall include:

- a. Outstanding debt as a percentage of per capita income;
- b. Outstanding debt as a percentage of assessed valuation.
- c. Annual debt service as a percentage of the adopted General Fund operating budget.
- d. Amortization of 60% to 70% of debt, including the prospective debt issuance, in 10 years.

In addition, enterprise fund indebtedness may not exceed 25% of the total assessed valuation of all real and personal property in the City for any given fiscal year, so long as the enterprise fund can support its debt service.

The City shall not assume more tax-supported general obligation debt than it retires each year without conducting an objective analysis regarding the City's ability to assume and support additional debt service payments.

General obligation, net tax-supported debt may not exceed 10% of the total assessed valuation of all real and personal property in the City for any given fiscal year and the City shall strive to maintain its General Fund backed debt service at no more than 10% of the General Fund's annual operating budget.

CITY OF NEW BEDFORD, MASSACHUSETTS

Policy Title: Fund Balance Management

Effective Date: November 27, 2013

1. Purpose

The City of New Bedford recognizes the significance of maintaining an appropriate level of fund balance as one component of sound financial management and, therefore, establishes this policy for management of the City's fund balances. An adequate fund balance level is an essential element in both short and long-term financial planning and serves to mitigate the impact of future risks, sustain operations during economic downturns, and enhance the City's creditworthiness, credit rating, and flexibility. Through the maintenance of adequate levels of fund balance, the City can help stabilize funding for operations and realize cost savings in issuing debt.

2. Scope

This policy establishes the level of fund balance required for the City's General Fund and the various components of the City's fund balance management program. In addition, the policy sets forth the levels deemed appropriate for City operations and protocols for the use and maintenance of the established levels.

3. Fund Balance Definitions

Fund balance is defined as the difference between assets and liabilities as reported in governmental funds. The Government Accounting Standards Board (GASB) prescribes four categories of fund balance: non-spendable, restricted, committed, assigned and unassigned. This policy focuses on the use of unassigned fund balance, which is defined as the portion of unrestricted fund balance that has not been committed or assigned to other uses and is therefore available to spend in future periods.

4. Unassigned Fund Balance

The City's unassigned fund balance functions as a reserve which ensures the continuity of services. The City of New Bedford is committed to maintaining prudent levels of reserves to mitigate against unforeseen events and diminished revenues during economic downturns. In addition to the unassigned fund balance, the City maintains a Stabilization Fund (within the General Fund, included in the assigned/committed portion) which may be utilized to protect against a reduction of service levels and to manage temporary revenue shortfalls and unanticipated one-time expenditures. The desirable level of funding for the Stabilization Fund is between two (2%) and six (6%) of the General Fund operating budget.

5. Free Cash

Free Cash is defined as the City's remaining unrestricted funds available from operations in previous fiscal years, as certified by the Massachusetts Department of Revenue. In addition to a robust Stabilization Fund, the City endeavors to maintain an ample Free Cash balance to provide sufficient financial flexibility and stability on an ongoing basis. Consequently, the City is committed to utilizing a conservative approach in building its annual budget. The desirable available balance for free cash is no less than one (1%) of the General Fund operating budget in any given year.

CITY OF NEW BEDFORD, MASSACHUSETTS

Policy Title: Investment of City Funds

Effective Date: November 3, 2014

1. Introduction

This policy covers investments in the following fund categories: General Funds, Special Revenue Funds, Enterprise Funds, Agency Funds, Capital Project Funds and Trust Funds.

2. Authority

The Treasurer has the authority to invest the City's funds, subject to the statutes of the Commonwealth of Massachusetts, Chapter 44, § 55, 55a and 55b.

The Treasurer has the authority to invest the City's Trust Funds, subject to the statutes of the Commonwealth of Massachusetts, Chapter 44, § 54. All trust funds shall fall under the control of the Treasurer unless otherwise provided or directed by the donor.

Massachusetts General Laws, Chapter 44, § 55B and Chapter 740 of the Acts of 1985 requires the Treasurer to invest all public funds not designated for immediate distribution at the highest possible rate of interest reasonably available, taking into account safety, liquidity and yield.

3. Operational Considerations

The Treasurer shall negotiate for the highest rates possible, consistent with safety principles. Whenever necessary, the Treasurer will seek collateralization for all investments not covered by FDIC and/or DIF.

The Treasurer will utilize a bank rating service (Veribanc, etc.) to ensure dollars are invested with banking institutions of the highest quality.

The Treasurer shall require any brokerage houses, brokers and dealers wishing to do business with the City, to supply the following information:

- a. Audited financial statements;
- b. Proof of National Association of Security Dealers certification;
- c. A statement of compliance with the City's investment policy;
- d. Proof of creditworthiness (minimum of 5 years in operation and capital that exceeds \$10 million).

4. Reporting Requirements

On a regular basis (quarterly, semi-annually, or annually), a report containing the following information will be prepared by the Treasurer and distributed to the Chief Financial Officer:

- a. A listing of the individual accounts and individual securities held at the end of the reporting period;
- b. A listing of the short-term investment portfolio by security type and maturity to ensure compliance with the diversification and maturity guidelines established within the framework of GASB 45;
- c. A summary of the income earned on a monthly and year to date basis;
- d. A brief statement of general market and economic conditions and other factors that may affect the City's cash position.

5. Restrictions

MGL Chapter 44, Section 55 sets forth the several restrictions of which the Treasurer must be aware when making investment selections.

- a. A Treasurer shall not at any one time have on deposit in a bank or trust company an amount exceeding 60% of the capital and surplus of such bank or trust company, or banking company, unless satisfactory security is given to it by such bank or trust company, or banking company for such excess;
- b. The Treasurer shall not make a deposit in any bank, trust company or banking company that he/she is associated as an officer or employee or has been the same for any time during the three years immediately preceding the date of any such deposit;
- c. All securities shall have a maturity from date of purchase of one year or less.

Massachusetts General Laws Chapter 44, Section 54 states that money should be deposited into banking institutions and trust companies incorporated under the laws of the Commonwealth, which are members of the Federal Deposit Insurance Corporation.

The Treasurer may invest funds in securities, other than mortgage and collateral loans, which are legal for the investment of funds under the laws of the Commonwealth provided that not more than fifteen percent of any Trust Fund shall be invested in bank stocks and insurance company stock, nor shall more than one and one-half percent of such funds be invested in the stock of any one bank or insurance company.

Common and preferred stock as well as other investment vehicles listed on the Commonwealth of Massachusetts List of Legal Investments, are permissible investment vehicles. The List of Legal Investments is maintained by the Office of the Commissioner of Banks.

The Treasurer must apply the “prudent person” standard in the context of managing the overall portfolio. The Treasurer, acting in accordance with the Investment Policy and exercising due diligence, shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided the transactions are carried out in accordance with the terms of this policy.

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs; not for speculation but for investment considering the probable safety of their capital, as well as the probable income to be derived.

The Treasurer shall refrain from any personal activity that may conflict with the proper execution of the investment program or which could impair or appear to impair the ability to make impartial investment decisions. The Treasurer must disclose any material financial interest in financial institutions that do business with the City.

CITY OF NEW BEDFORD, MASSACHUSETTS

Policy Title: Other Post Employment Benefits Trust Fund

Effective Date: November 30, 2016

I. INTRODUCTION

The purpose of this policy is to establish guidelines for the management of the impact of the City's Other Post Employment Benefits (OPEB) liability on the overall budget and credit rating, within the context of the City's long-term obligations to its retirees. The Other Post-Employment Benefits (OPEB) Liability Trust Fund was initially established in 2015, with the acceptance of Chapter 32B, Section 20, of the Massachusetts General Laws, which requires the segregation of funds to address the City's actuarial liability.

The custodian of the OPEB Trust Fund is the City Treasurer. The City of New Bedford utilizes the State Retiree Benefits Trust Fund to invest funds that are designated for addressing the City's OPEB liability. Transfers into, and withdrawals from, the OPEB Trust Fund require an appropriation by the City Council, upon recommendation by the Mayor.

II. FUNDING SOURCES

The OPEB Trust Fund may be supported by transfers from multiple funding sources, potentially including taxation, enterprise fund revenue and/or Free Cash. At minimum, the City will seek to designate an amount equivalent to at least 10% of certified General Fund Free Cash for deposit into the OPEB Trust Fund on an annual basis. In addition, funding will be designated from the individual enterprise funds to offset the funds' overall share of assigned liabilities as determined by the most recent actuarial study. All interest proceeds generated by the accumulated deposits shall accrue to the Trust Fund.

III. MANAGEMENT OF OPEB LIABILITY TRUST FUND

The City's management team, working with union representatives and health care providers, will continue to make every effort to manage the OPEB liability by identifying revisions to benefit delivery and cost assignment that will reduce out year costs. Management of the Trust Fund is subject to the following parameters:

- A. Current retiree health obligations will be funded on a pay-as-you-go basis.
- B. Withdrawals under any circumstances will not occur unless the Trust Fund balance is sufficient to maintain at minimum a two year reserve for the City's share of retiree claims costs.
- C. The City may only draw upon the Trust Fund to offset the impact of unexpected increases in retiree benefit costs once the reserve benchmark has been attained, and only if such increases will stabilize annual expenditures.
- D. The City will evaluate, adopt and implement policies and strategies to limit future OPEB liabilities as legislatively allowed and appropriate.
- E. The City may, as available funds provide, opt to set aside more than the amount required to achieve and maintain the benchmark reserve.

APPENDIX E

City of New Bedford, Massachusetts FY 18-22 Capital Improvement Program

FY 2018-2022 Capital Improvement Program

City of New Bedford, Massachusetts

Background

The City develops a five-year capital improvement program (CIP) to coordinate community planning, financial capacity and physical development requirements. A complete CIP facilitates coordination between capital needs and the operating budget, enhances the City's credit rating, and provides a mechanism to more effectively incorporate capital decisions into ongoing fiscal planning.

Forecasting the City's highest priority capital projects over a multi-year period provides a roadmap for facility improvement and vehicle replacement needs. The initial version of the CIP covered the five years from FY 2014 through FY 2018, and the plan has been updated annually as projects have been further refined and updated.

Projects are first identified through the biennial Capital Needs Assessment (CNA), submitted by City agencies and the School Department, which helps identify those projects, based on service needs, physical condition and usage requirements that should be considered for funding consideration in the CIP. The CIP helps to prioritize agencies' requests in relation to demonstrated need and the availability of funding.

The CIP provides a financing plan to meet the City's facility and equipment needs, taking into account the impact of construction costs on the City's debt load, as well as the potential effect of project costs on the annual operating budget. Potential projects are evaluated in relation to each other to ensure that the highest priority projects receive public funding, with essential improvements planned in a manner commensurate with the City's ability to pay. The CIP is funded annually through a capital improvement bond authorized by the City Council, and through project-specific authorizations, grants and lease agreements.

Capital Improvement Plan Summary

The Capital Improvement Program covers General Fund-supported projects from FY 2018 through 2022, and totals \$93.6 million. Of this amount, \$13.8 million would be allocated for capital asset preservation projects for public safety, road repairs, public use buildings and other government facilities, and approximately \$7.6 million would be allocated for ongoing replacement of capital vehicles and general fleet replenishment. \$42.9 million would be allocated for major renovations and/or replacements at general government facilities, while \$29.3 million would be allocated for school projects.

What follows is a summary of the projects proposed to be funded in this year's capital improvement bond, and a summary of the projects that would be addressed in the CIP's later years.



FY 2018 Capital Improvement Bond

The FY 2018 bond, which totals \$6,115,000, consists of the following eight projects:

Fleet Maintenance Improvements (\$260,000): This project would fund design for the repair and renovation of the fleet maintenance facility located at City Yard. Funding for construction would be requested in FY 2019.

City Hall Elevator (\$900,000): Initial funding to design a second elevator in City Hall was included in the FY 2017 capital bond. The existing elevator was constructed in 1906, and is well beyond its service life, requiring frequent repairs. Replacement parts are no longer readily available, and the potential exists for a significant breakdown that would eliminate disabled access to City Hall above the first floor.

Core IT Infrastructure Support (\$430,000): This project would replace HVAC equipment utilized to cool the MIS server room. Temperatures in the facility are currently maintained by an array of small units, which are prone to failure, causing great risk to the City's IT and communications infrastructure.

Main Library Repairs (\$775,000): This project would replace windows, doors, and alarm systems at the main library on William Street. The current infrastructure is past its useful life. Additional compact shelving would also be purchased to house reading materials.

West Beach Community Building (\$300,000): This project would be utilized in combination with proposed Community Preservation Act funding for the renovation of the community building located at West Beach, to ensure structural stability and to allow for storage and possible waterside recreational activities.

High School Renovations (\$1,580,000): This project would provide funding for badly needed repairs at New Bedford High School, including renovation of the auditorium, swimming pool locker rooms and restoration of the campus athletic grounds, all of which have been deteriorating since the construction of the school in the early 1970s. These repairs are ineligible for reimbursement by the Massachusetts School Building Authority.

Buttonwood Park Zoo (\$870,000): This project would continue renovations at the Buttonwood Park Zoo. FY 2018 funding would support the construction of a Zoo Education Center, which would utilize the existing domestic animal barn, and new red panda and Asian aviary habitats, along with better viewing opportunities for visitors to the elephant exhibit, and would be matched nearly dollar-for-dollar by \$840,000 in committed private donations.

Roads & Infrastructure (\$1,000,000): The FY 2018-2022 CIP includes an ongoing infrastructure program intended to augment State-funded and utility-related improvements to roads and sidewalks. Work is assigned based on conditions as assessed through the City's pavement management program. This program was initiated in FY 2017, and is proposed to continue in FY 2018.

Due to their grant-reimbursement structure, the annual capital bond does not include authorization for MSBA or other state-funded capital projects. A proposal to implement repairs at Carter Brooks Elementary School has been submitted as a separate loan authorization, and the City Council approved a loan order to fund land acquisition and design work on the South Public Safety Center in December 2017.

FY 2018-2022 Project Descriptions

The Capital Improvement Program includes 21 projects during the five-year planning period. The following section provides a brief description of each project by category. The complete CIP may be found at the end of this discussion.

General Government Renovations & Replacements

Hillman Street Complex Renovations (FY 2019 & 2021, \$1,250,000): This project would continue renovations begun in FY 2014 to the Hillman Street Complex. Activities would include renovation of Building 9, which serves as annex office space, repointing of the exterior walls, and replacement of deteriorated brickwork.

Zeiterion Theater Repairs (FY 2022, \$2,000,000): This project serves as a placeholder for the renovation of the 2nd floor of the Zeiterion Theater. Efforts will be made to obtain outside funding for the project.

Agnes Braz Accessibility Improvements (FY 2021, \$1,200,000): This project would implement accessibility improvements at the Agnes Braz building located on Coggeshall Street. Activities would include installation of wheelchair access ramps and an elevator.

East & West Beach Improvements (FY 2018 & 2019, \$800,000): This project would renovate the East Beach bathhouse and the community building at West Beach. The initial appropriation in FY 2018 would be utilized in combination with CPA funding for the renovation of the West Beach facility to ensure structural stability and to allow for storage and possible future retail activity. Funding in FY 2019 would renovate the facility at East Beach.

Zoo Renovations (FY 2018-2020 & 2022, \$5,075,000): This project would continue renovations at the Buttonwood Park Zoo. FY 2018 funding would support the construction of a Zoo Education Center, which would utilize the existing domestic animal barn, and new red panda and Asian aviary habitats, along with better viewing opportunities for visitors to the elephant exhibit. Future years would provide for improvements to existing exhibits and educational facilities. The City's FY 2018 allocation would be matched by \$840,000 in private donations as part of the continuing effort to mitigate funding needs.

Fleet Maintenance Improvements (FY 2018 & 2019 & 2022, \$3,545,000): This project would provide for the development of an integrated fleet management solution for City vehicles. Initial funding in FY 2018 provide for design of renovations and expansion to the existing facility at City Yard, with construction anticipated for FY 2019. Funding in FY 2022 serves as a placeholder for a future renovation and/or replacement of the City's secondary facility.

Roads & Infrastructure (\$1,000,000): The FY 2018 bond includes the second installment of the commitment to supplement existing road repair funding, consisting largely of Chapter 90 funding from the state, by including \$1 million per year in the capital program. Work projects are assigned based on conditions as assessed through the City's pavement management system.

South End Public Safety Center (FY 2018 & 2019, \$15,000,000): Initial funding for a feasibility study and preliminary design of an integrated public safety center to provide fire, EMS and police services currently provided by Fire Stations 6 & 11, and Police Station 2 was included in the FY 2016 Capital Improvement Bond. Consistent with the recommendations of the FACETS study, these outdated facilities would require extensive capital expenditures well in excess of the cost of a single consolidated facility in order to bring them into compliance with modern standards. The new facility would be constructed on a site that would maximize the response capabilities of the public safety personnel who would be deployed from that location. The City Council approved a second appropriation in FY 2018 to fund land acquisition and full design. Funding in FY 2019 serves as a placeholder for construction.

Public Safety Communications System (FY 2019-2022, \$7,000,000): This project would provide for the replacement of the City's public safety communications system, which is utilized by the three public safety agencies (Police, Fire and EMS) to dispatch and manage emergency response. The current system, which dates to the mid-1990s, is obsolete and in need of replacement. The project will also address regulatory changes which are requiring public safety agencies nationwide to migrate to a new set of frequencies.

City Hall Elevator (FY 2018, \$900,000): Initial funding to design a second elevator in City Hall was included in the FY 2017 capital bond. The FY 2018 bond proposes \$900,000 for construction. The existing elevator was constructed in 1906, and is well beyond its service life, requiring frequent repairs.

School Renovations & Replacements

Projects in this category represent major capital improvement needs for the School Department. The City makes use of construction grants from the Massachusetts School Building Authority (MSBA), when available. The costs reflected in the CIP represent the amounts to be locally financed.

Schools Deferred Maintenance (FY 2018-2022, \$2,927,000): This project would provide for renovations to School Department facilities that would not be eligible for reimbursement from the State. Funding in the FY 2018 capital bond would be utilized to renovate locker, auditorium and grounds facilities at New Bedford High School.

MSBA Accelerated Repair Projects (FY 2018, 2019, 2021 & 2022, \$6,350,904): This project would provide the local share for renovations to Carter Brooks Elementary School in FY 2018, and for planned boiler and roof replacements at Trinity and Parker in FY 2019. Future appropriations would support planned a planned roof replacement at Carter Brooks and renovations to Campbell Elementary School

MSBA Core Projects (FY 2020-2021, \$20,000,000): This project would provide the local share for a planning study and construction of a future school replacement project.

Capital Vehicle Replacements

The CIP includes a number of projects intended to address ongoing replacement needs for the City's vehicle fleet. Projects included during this period were limited to those that could be financed through a lease purchase arrangement.

EMS Vehicles (FY 2018-2022, \$1,525,798): This project provides for the acquisition and outfitting of six ambulances and three squad vehicles for Emergency Medical Services over the course of the planning period. The City instituted a policy beginning in 2013 of acquiring replacement vehicles through a series of capital leases, which in turn provides sufficient flexibility to finance ongoing replacements.

Fire Apparatus (FY 2018, 2021, & 2022 \$2,645,000): This project provides for the ongoing replacement of fire apparatus over the course of the planning period. The Fire Department currently operates ten front-line apparatus, which average about seven years in service. Acquisition of the replacement vehicles will involve a series of capital leases, providing sufficient flexibility to finance ongoing replacements. The City has purchased four replacement

pumpers and one aerial ladder since FY 2013. Decisions regarding the specific apparatus to be replaced in future years will be determined based on operational needs.

Mobile Command Center (FY 2019, \$480,000): This project would replace the Police Department's mobile command center. The existing vehicle, which was initially purchased in 2003, is rapidly becoming outdated and contains obsolete aspects in terms of design and

technology that have been repeatedly identified in post-incident reviews. Acquisition of the replacement vehicle would be financed by a capital lease.

Fleet Replenishment (FY 2018-2022, \$2,917,795): This project addresses deficiencies identified in the condition of the City's general use fleet, which averages about 15 years old and requires significant investment of maintenance resources to maintain operability. The City Council approved an initial expenditure of \$920,465 in FY 2016, principally to address replacement and improvement needs for snow removal, followed by subsequent appropriations in FY 2017 and 2018. Future allocations will provide for the continued replacement of 10-15 vehicles per year, to ensure that the general fleets are kept in a state of good repair. Financing would be accomplished through a series of capital leases.

Capital Asset Preservation

The Capital Improvement Program includes ongoing funding to address deferred maintenance issues throughout the City's physical plant. The Capital Needs Assessment process identified about \$220 million in deferred maintenance, infrastructure and facility needs for General Fund agencies, largely resulting from a historic insufficiency of resources allocated for that purpose. As a result, the City's physical assets have continued to depreciate and the capital requirements needed to bring facilities to proper working order have grown.

The Capital Asset Preservation portion of the CIP is intended to provide resources needed to ensure the continuation of basic operability for the City's facilities. Funding estimates are based on the Asset Depreciation Method, which uses nationally-promulgated standards as guidelines for the maintenance of aging facilities. For example, the Association of Higher Education Facilities Officers and the International Facility Management Association recommend annual capital asset preservation funding ranges that are equivalent to 1.5%-3.0% of the replacement value for an entity's physical plant. Similarly, the Federal Internal Revenue Service and the Massachusetts Department of Revenue has established depreciation standards of 2.5% per year on fixed assets. As of FY 2016, the City's outside auditor estimated the City's physical inventory at \$253.2 million.

The CIP includes \$13.8 million over the five year planning period for capital asset replacement. In addition, the CIP includes \$9.3 million to fund the local share of renovation projects for City schools. Combined, these allocations would average approximately 1.8% annually over the course of the five-year planning period, assuming that the City receives repair grants from the

MSBA on a consistent basis. Funding is assigned according to four functional project categories:

- **Public Safety** – Facilities operated by the Police, Fire & EMS departments.
- **Public Facilities** – Facilities designed principally for public use (parks, community centers, Free Library, Buttonwood Park Zoo).
- **Government Facilities** – Facilities designed to house general government operations (City Hall, City Yard, and other shared use-type facilities).
- **Roads & Infrastructure** – The FY 2018-2022 CIP includes an ongoing infrastructure program intended to augment State-funded and utility-related improvements to roads and sidewalks. Work would be assigned based on conditions as assessed through the City's pavement management program.
- Renovation projects for City schools are included in the **Schools Deferred Maintenance and the MSBA Accelerated Repair Projects** categories.

Projects qualifying for capital asset preservation funding are limited to existing facilities in need of capital-eligible renovation and/or repair. Examples of such projects might include interior and/or exterior renovations, roof replacements, HVAC repairs and measures required to maintain compliance with regulatory and/or licensing requirements, and artificial playing field replacements. The capital asset preservation component constitutes a minimal baseline of funding over the course of the CIP planning period, and specific allocations are determined as part of the annual CIP appropriation.

Energy Management Services Contract

The City issued a Request for Qualifications for a comprehensive energy management contract in May 2013. The intention of this program is to identify physical improvements to existing facilities that could be financed by a combination of utility provider rebates and reduced energy costs. The initial stages of the energy project began with conversion of the City's street and traffic lights to LED fixtures in 2014. The City Council approved lease financing for the first phase of facility retrofits in October 2015; Phase 1 consisted of upgrades to HVAC, lighting and building envelope improvements at 19 facilities, which resulted in significant reductions to energy consumption and improvements to the existing infrastructure. Phase 2, which was approved by the City Council during FY 2018 and is currently underway, built upon the initial work by implementing energy management at another 19 facilities and continuing work at New Bedford High School and Parker Elementary School.

Project Financing

The CIP will be funded by a combination of general obligation debt for facilities projects, lease purchasing for capital vehicle purchases, and grant funding. The CIP is designed to work within the City's existing debt profile to the greatest extent possible, although the impact of debt issuance for new facilities such as the South Public Safety Center and school renovation projects will contribute to a projected increase in net outstanding debt from \$73.1 million in FY 2018 to \$94.7 million in FY 2022, and annual debt service payments would increase by about \$0.8

million through the end of the five-year planning period. Capital lease payments would also increase to support the acquisition of fire apparatus and other public safety vehicles identified in the program.

Affordability Indicators

The City Council adopted an organization-wide debt management policy in November 2013. Included in the policy are a series of indicators intended to determine the appropriateness of assuming additional tax-supported general obligation debt:

- **Outstanding debt as a percentage of per capita income** – The policy target is 6% or less. The projected ratio would increase from 3.4% in FY 2018 to 4.2% in FY 2022.
- **Outstanding debt as a percentage of assessed valuation** – The policy target is 3% or less. The projected ratio would increase from 1.2% in FY 2018 to 1.4% in FY 2022.
- **Annual debt service as a percentage of the General Fund operating budget** – The policy target is 10% or less. The projected ratio would decrease from at 3.7% in FY 2018 to 2.8% in FY 2022.

FY 2018-2022 Capital Improvement Program
City of New Bedford, Massachusetts

Description	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2018-2022 Total
<u>General Govt. Renovations & Replacements</u>						
Hillman St. Complex Renovations	\$0	\$500,000	\$0	\$750,000	\$0	\$1,250,000
Zeiterion Theatre Repairs	0	0	0	0	2,000,000	2,000,000
Agnes Braz Accessibility Improvements	0	0	0	1,200,000	0	1,200,000
East & West Beach Improvements	300,000	500,000	0	0	0	800,000
Zoo Renovations	870,000	2,150,000	1,450,000	0	605,000	5,075,000
Fleet Maintenance Improvements	260,000	2,610,000	0	0	675,000	3,545,000
Buttonwood Pond Restoration	0	200,000	6,000,000	0	0	6,200,000
South Public Safety Center	2,000,000	13,000,000	0	0	0	15,000,000
Public Safety Communications System	0	1,000,000	1,600,000	1,600,000	2,800,000	7,000,000
City Hall Elevator	900,000	0	0	0	0	900,000
Subtotal:	\$4,330,000	\$19,960,000	\$9,050,000	\$3,550,000	\$6,080,000	\$42,970,000
<u>School Renovations & Replacements</u>						
Schools Deferred Maintenance	\$1,580,000	\$562,000	\$550,000	\$75,000	\$160,000	\$2,927,000
MSBA Accelerated Repair Projects ¹	2,485,904	90,000	0	25,000	3,750,000	6,350,904
MSBA Core Projects ¹	0	0	200,000	19,800,000	0	20,000,000
Subtotal:	\$4,065,904	\$652,000	\$750,000	\$19,900,000	\$3,910,000	\$29,277,904
<u>Capital Vehicle Replacements</u>						
EMS Vehicles	\$448,798	\$47,000	\$460,000	\$100,000	\$470,000	\$1,525,798
Fire Apparatus	0	665,000	0	1,300,000	680,000	2,645,000
Mobile Command Center	0	480,000	0	0	0	480,000
Fleet Replenishment	517,795	600,000	600,000	600,000	600,000	2,917,795
Subtotal:	\$966,593	\$1,792,000	\$1,060,000	\$2,000,000	\$1,750,000	\$7,568,593
<u>Capital Asset Preservation</u>						
Public Safety	\$0	\$1,240,000	\$1,200,000	\$0	\$750,000	\$3,190,000
Public Facilities	775,000	300,000	850,000	875,000	1,150,000	3,950,000
Government Facilities	430,000	300,000	300,000	300,000	300,000	1,630,000
Roads & Infrastructure	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	5,000,000
Subtotal:	\$2,205,000	\$2,840,000	\$3,350,000	\$2,175,000	\$3,200,000	\$13,770,000
Grand Total:	\$11,567,497	\$25,244,000	\$14,210,000	\$27,625,000	\$14,940,000	\$93,586,497
<u>Funding Sources</u>						
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2018-2022

	Total					
General Obligation Debt	\$10,600,904	\$23,452,000	\$12,150,000	\$25,625,000	\$11,690,000	\$83,517,904
Lease Purchase	966,593	1,792,000	1,060,000	2,000,000	1,750,000	7,568,593
Grant Funding	0	0	1,000,000	0	1,500,000	2,500,000
Total	\$11,567,497	\$25,244,000	\$14,210,000	\$27,625,000	\$14,940,000	\$93,586,497

¹ Local share only. Does not include anticipated funding from the Massachusetts School Building Authority.