



Fairhaven Board of Selectmen

June 23, 2014 Meeting Minutes

Present: Chairman Robert Espindola, Vice Chairman Geoffrey Haworth, Clerk Charles Murphy, Executive Secretary Jeffrey Osuch, and Administrative Assistant Anne Kakley

Chairman Robert Espindola called the meeting to order in the West Island Community Center at 6:23 p.m., following the ribbon cutting of the Upweller at Hoppy's Landing. The meeting was video-recorded and telecast by the Government Access channel and audio-recorded by Carol Kozma of the Standard-Times.

MINUTES

- Mr. Murphy motioned to approve the minutes of the **June 9, 2014** meeting, **open** session. Mr. Espindola seconded. Vote was unanimous. (2-0).
- Mr. Murphy motioned to approve the minutes of the **June 9, 2014** meeting, **executive** session. Mr. Espindola seconded. Vote was unanimous. (2-0).

EXECUTIVE SECRETARY'S REPORT

In his report, Mr. Osuch updated the Selectmen on the following meetings:

- **Thursday, June 26** –
 - 8:30 a.m. – Retirement Board meeting
 - 11:00 a.m. – Meeting with Jim Muse re: Rogers/Oxford Schools
 - 2:30 p.m. – Finance Department meeting
 - 7:00 p.m. – Finance Committee
- **Saturday, June 28** –
 - 10:00 a.m. to 4:00 p.m. – Homecoming
- **Tuesday, July 1** –
 - 12:30 p.m. – Mattapoisett River Subcommittee
 - 2:00 p.m. – Bid Opening for Compressor
- **Thursday, July 3** –
 - 7:30 a.m. to 9:00 a.m. – Forum
- **Friday, July 4** –
 - Holiday – Town Hall closed

FIRE/POLICE ROOF RFP

Mr. Osuch said that the Selectmen's Office received seven (7) proposals from various firms in response to a Request for Proposals for architectural design services to the Fire/Police Station roof. Mr. Osuch said that the Selectmen would have to pick a representative among them to engage in the process of narrowing down the seven applicants. Mr. Haworth volunteered. Mr. Murphy motioned to name Mr. Haworth the representative. Mr. Espindola seconded. Vote was unanimous. (3-0).

COLLINS REQUISITION

Mr. Osuch presented Requisition #4 for Collins Construction for restorative work to the Town Hall in the amount of \$5,685.84. Mr. Haworth motioned to approve and sign. Mr. Murphy seconded. Vote was unanimous. (3-0).

STOP LOSS INSURANCE

Mr. Osuch presented two bids for Stop Loss coverage. Bidding was not competitive this year because of large claims incurred by Town employees.

After reviewing the options, the Board decided on HM Insurance Group for Stop Loss coverage with a cap of \$80,000/occurrence. Mr. Haworth motioned such. Mr. Murphy seconded. Vote was unanimous. (3-0).

GENERAL INSURANCE

Mr. Osuch presented a renewal of a contract with Sylvia Group Insurance for coverage through Chubb and Traveler's for Town buildings and general insurance in the amount of \$650,248. Mr. Haworth motioned to renew the Town's coverage with Sylvia in the amount of \$650,248. Mr. Murphy seconded. Vote was unanimous. (3-0).

Mr. Osuch said that he would like to look into changing the Police and Fire insurance for "injured on duty", adding that he would like to research the costs involved in raising the Town's coverage to a \$1 million or more. With the cost of general insurance being down, there is some room for increased coverage for injured on duty. The Board indicated support in researching the matter.

ASBESTOS REMOVAL QUOTES

Mr. Osuch presented three quotes for asbestos removal at the Rogers and Oxford School portables and 87 Main Street. Due to the differences in quotes for the various work, Mr. Osuch recommended hiring Franklin Analytical for the school portables (quote: \$4,500), and hiring Whaling City Environmental for the asbestos removal at 87 Main Street (quote: \$20,200, possibly lower). Mr. Haworth motioned to hire Franklin Analytical to remove asbestos at the portables for \$4,500 and hire Whaling City Environmental to remove asbestos at 87 Main Street for an amount not to exceed \$20,200. Mr. Murphy seconded. Vote was unanimous. (3-0).

HURRICANE/EMERGENCY PREPAREDNESS

At 6:40 p.m., the Board conducted a meeting with department heads to discuss any changes to the hurricane/emergency preparedness manual for 2014.

Police – Sergeant Kevin Kobza was present to represent the Police Department. He outlined several changes, mostly related to changes in personnel and a renaming of Pam Bourgault from Elder Abuse Officer to the Officer of Elder Affairs.

Mr. Espindola recommended to all departments present to use “track changes” in their word processing in future years so that any changes will be easy to see.

Fire – Chief Timothy Francis was present. He said that the Fire manual had not been changed much, except the addition of new personnel and a generator that the Fire department has obtained through a grant. The generator is on wheels and can be used at any building that is electrically upgraded to receive it. If any generators fail in an emergency, this generator will serve as back-up to buildings equipped to use it, including shelters and pump stations. He said that the Town could outfit one or two buildings a year to receive the generator. He will provide to the Board a list of priority buildings for fitting.

Chief Francis added that all residents in low-lying areas should evacuate in the event of a hurricane.

BPW – Administration – BPW Superintendent Vincent Furtado said that the BPW manual stayed the same from the previous year, with the exception of one additional clerical staff member at the command center to relieve the workload. He added that the BPW office has hurricane passes now and that all Neck residents should obtain those passes now before hurricanes are predicted.

Mr. Furtado added that there will be no water and sewer in low-lying areas, including West Island, in the event of a hurricane. Mr. Osuch said that there is virtually no change in a hurricane event that there will be electricity, telephone, water or sewer on West Island. Residents will be notified via reverse 911.

Highway – Mr. Furtado said that there was one change in Highway personnel. The Peace Park pump station has been fueled and all equipment has been checked.

Sewer – Mr. Furtado said that there were no changes to the manual for Sewer.

Water – Mr. Furtado said that there were no changes and advised that water in the low-lying areas would be shut off in a hurricane or severe storm event.

EMA – Marc Jodoin, EMA director, said that the updates in their manual included new vehicles, new vehicle equipment and names on the call-out listing. He advised residents to take pictures of their residence and items prior to evacuating for insurance purposes. He reminded the public that pets are not allowed at the shelters. There is currently no pet shelter in Fairhaven. Mr. Jodoin will look into the SMART program to see if accommodations can be made. He will report back to the Selectmen and the Animal Control Officer.

Schools – No representatives were present from the School Department. The primary shelter site will be Wood School, followed by Hastings Middle School, but the manual submitted from the School department did not reflect the Wood School as a shelter. Mr. Osuch said that the School department was responsible for staffing the kitchen and nurses station and that East Fairhaven School is a back-up facility but not the primary shelter.

Mr. Jodoin said that the EMA has acquired new cots and pads that can be used on the floor for additional sleeping space. Mr. Osuch advised residents to bring their own sleeping bags, pillows and medication to the shelters.

Mr. Haworth said that it was essential to get an updated manual from the School Department.

Housing Authority – Director Krisanne Sheedy and Housing Authority Chairman Jay Simmons were present. Ms. Sheedy said that they had updated their plan to include the current Authority members and staff. She said that their update did not include a new contract with Tremblay bus services for residents and staff transportation in an emergency. She said that they have plans for a small generator at Oxford Terrace in a common room. The generator will be purchased and owned by the Authority, not the State.

Community Nurse and Hospice Care – No representatives were present to speak. Mr. Osuch said that they have an outreach program for homebound residents. Mr. Osuch advised the public to notify the Police department of any homebound family members in the event of an emergency.

Harbormaster – David Darmofal, Harbormaster, was present. He said that the plan was basically the same as last year. The plan does not include two deputies that have been newly hired. The new upweller at Hoppy's Landing is on wheels and can be moved to prevent damage if a hurricane is predicted. He urged the public to remove their boats from the water if a storm is predicted. He said that sometimes the insurance company will even pay for the boat removal.

Upweller – Mr. Espindola said that the Town's upweller was running and had been designed by the personnel of the Northeast Maritime Institute and the Natural Resources Department. In about three months they will be able to transplant the seed and in a couple years it will be available for shellfishing. Mr. Cox and Mr. Darmofal worked with the Division of Marine Fisheries and New Bedford Vocational High School to complete the upweller and were now seeking volunteers to help with the upkeep. The Board thanked them for their efforts.

Town Hall – Nothing has changed in the Town Hall manual. Mr. Murphy said that the Selectmen are on call 24/7 in an emergency. Mr. Osuch added that preparation in advance of the storm is essential. He said as soon as a storm starts to come up the East Coast, residents should start making arrangements to secure property, tie down propane tanks, etc. Emergency generators should be properly installed to prevent back-feeding into the system. Chief Francis advised the public to shut off the main switch at the electric panel.

COA – Director Anne Sylvia said that the Council on Aging has a list of seniors at risk and that anyone with concerns about seniors can call the COA to add them to the list.

Emergency Preparedness Manual – Mr. Haworth said that he would work with the newly re-formed Local Emergency Preparedness Committee to revamp the Hurricane/Emergency Preparedness Manual for 2015. Meetings of this committee will start in July 2014.

Jay Simmons asked if the Town had an emergency plan from the Town nursing homes. Chief Francis said that each nursing home has its own plans with bussing provisions.

USE OF TOWN PARKS

At 7:30 p.m., the Board met with the Recreation Center and members of the BPW to discuss the use of Town parks. In addition to Mr. Furtado, Warren Rensehausen, Director of the Recreation Department, and Michael Ristuccia, Brian Wotton, Robert Hobson and Kathy Sturtevant of the Board of Public Works were present.

Mr. Furtado said that the “unspoken rule” is that the BPW coordinates the use of parks (like Fort Phoenix) for weddings and special events, and the Recreation department coordinates sporting events. Mr. Rensehausen explained that the new requests to hold clinics at Cushman Park were “above and beyond” the usual requests and it prompted a need to update fee structures and create a park use policy. Mr. Rensehausen said that he created the new fee structure based on the fee structures of area communities that he researched.

Mr. Furtado said that as soon as the new fees and policies are accepted by the Town, they will implement them.

Mr. Osuch said that he has had discussions with Mr. Furtado and Mr. Rensehausen, and that organized clinics are not what the park was originally designed for. There are high school athletic events at Cushman Park and there is a signed agreement between the BPW and the School department. Mr. Osuch said that the wear and tear of the fields should be considered in granting permission to sports clinics or leagues looking to play there.

The park use fee schedule and policies will have to be approved by the BPW, as they are park commissioners, said Mr. Furtado.

Mr. Haworth said that he was supportive of team sports for Fairhaven kids. He said that he hoped the Recreation Department and the BPW would be able to find a way to neutralize the cost for the Town. Mr. Murphy added that he would like to see the parks used as often as possible as long as an application and CORI check process is included.

BPW member Robert Hobson was recognized by the Chairman. Mr. Hobson asked why the Board of Selectmen continues to review requests for use of parks and fields when it is under the jurisdiction of the BPW. Mr. Hobson said that the BPW was strained with added workload.

Mr. Haworth motioned to support the new fee structure. Mr. Murphy seconded. Vote was unanimous. (3-0).

RECYCLING CENTER

The Board continued its meeting with the BPW representatives to address the need for an updated recycling center.

Mr. Hobson led the discussion, saying that for three years, the BPW has needed a better spot for a recycling center. The current recycling center at the end of Arsene Street is too small, said Mr. Hobson, and it is in a swampy area. He said that he would like to collaborate with the Board of Selectmen and find a new place for the recycling center.

Discussion ensued on potential locations. Mr. Osuch said that the problem was with the brush and wood waste. He added that the fees needed to be addressed.

Brian Wotton said that the BPW was interested in have a “state-of-the-art” recycling center with containers and a clear fee structure. They would seek to generate income from the center by selling the chips from the wood waste for landscaping, etc.

BPW Chairman Michael Ristuccia said that they could potentially run a successful business from a recycling center to supplement the general fund. He said that he would like the opportunity to put together a model for consideration.

Mr. Haworth said that the recycling center has been an ongoing issue and he would support an upgrade.

Mr. Furtado said it would be unrealistic to place a new recycling center at the old dump location on Bridge Street. Soil testing has shown contaminants, he said, and he has spoken with various state and local departments about the possibility of putting a recycling center there. Mr. Furtado said that the permitting and issues regarding soil contamination would make the Bridge Street location a financial mistake.

Discussion ensued on the placement of a recycling center at 124 Alden Road, currently owned through the Town by tax title. Mr. Haworth said that the location was a prime piece of industrial real estate, and that the Town would benefit from selling the property and placing it back on the tax rolls.

LEPC APPOINTMENTS

The Board reviewed letters of interest from Marc Jodoin, Peter DeTerra, Bryan Wood, Jay Simmons and Wayne Fostin for appointment to the Local Emergency Planning Committee. Mr. Haworth motioned to appoint all of the applicants to the LEPC, with Mr. Jodoin serving as the EMA representative, Peter DeTerra as the Board of Health representative, Bryan Wood as the resident representative, Jay Simmons as the Housing Authority representative, and Wayne Fostin as the Building Department representative. Mr. Murphy seconded. Vote was unanimous. (3-0).

HISTORICAL COMMISSION

The Board read a letter of interest from Tourism Director Christopher Richard, requesting appointment to the Historical Commission. Mr. Haworth motioned to appoint Christopher

Richard to a full member on the Historical Commission, three year term. Mr. Murphy seconded. Vote was unanimous. (3-0).

HARBOR ADVISORY COMMITTEE

The Board read letter of interest from Clint Allen and Michael McNamara for appointment to the Harbor Advisory Committee. Mr. Haworth motioned to appoint Mr. Allen and Mr. McNamara to the Harbor Advisory Committee. Mr. Murphy seconded. Vote was unanimous. (3-0).

SUSTAINABILITY COMMITTEE

The Board reviewed a request from Jennifer Forbes to be appointed to the Sustainability Committee. Mr. Haworth motioned to appoint Ms. Forbes to the Sustainability Committee. Mr. Murphy seconded. Vote was unanimous. (3-0).

NSTAR GAS PERMITS

Mr. Haworth motioned to approve NSTAR gas permits for 22 Mill Road, the intersection of Green and Phoenix Streets, 87 Main Street and 388 Huttleston Ave, all previously approved by the BPW. Mr. Murphy seconded. Vote was unanimous. (3-0).

NASKETUCKET CONSERVATION RESTRICTION

The Board met with Allen Decker and Mark Rasmussen to discuss a proposed Nasketucket Field Conservation Restriction, to be co-held by the Town and the Buzzard's Bay Coalition. The restriction had been previously approved by the Conservation Commission.

Mr. Decker gave a brief presentation to the Board about the conservation restriction, which would include access for the public, which will be fine-tuned at a later date. Mr. Rasmussen explained that they were closing on the restriction on June 30, 2014, to use up an end-of-fiscal-year State funds and the request was very time-sensitive. Mr. Decker added that Town and the BBC could negotiate the public access and that it was not entirely up to the landowner. Options in wet areas could include boardwalks or bog boards.

Mr. Osuch said that Town Counsel had reviewed the document and that there were some changes to the original restriction. The changes were not available to review during the meeting. Mr. Haworth said that, although he was on the Conservation Commission and had approved the original restriction, he would not vote to approve a restriction until he knew all the language involved. Mr. Decker said that if they committed to a vote contingent upon the language, he would send a track-changes version of the restriction over to the Selectmen's Office first thing in the morning and the Board could come in and sign.

Mr. Murphy motioned to accept the conservation restriction on the Nasketucket Field parcel (see Attachment A) with the approval of Town Counsel and the submission of a track changes document outlining the changes, contingent upon the review and approval of all Selectmen, to sign at their will. Mr. Haworth seconded. Vote was unanimous. (3-0).

QUAHOG HILL CONSERVATION RESTRICTION

The Board reviewed a conservation restriction of at Quahog Hill. Mr. Decker said that there are plans to have guided walks through the area up to four times a year. Mr. Haworth said that the Conservation Commission was very comfortable with the restriction.

Mr. Haworth motioned to approve and sign the Quahog Hill Conservation Restriction. Mr. Murphy seconded. Vote was unanimous. (3-0). The conservation restriction will be co-held by the BBC and the Town of Fairhaven.

NULANDS NECK CONSERVATION RESTRICTION

The Board reviewed a conservation restriction amendment for Nulands Neck, next to the Shaw Farm. Mr. Decker explained that when the restriction was put in place, it omitted a small section at the top of the property. The landowner left the six-acre parcel out. The overall restriction will increase the Nuland Neck conservation restriction from 95 acres to 101. Mr. Haworth motioned to approve and sign the Nulands Neck conservation restriction amendment. Mr. Murphy seconded. Vote was unanimous. (3-0). The conservation restriction will be co-held by the BBC and the Fairhaven-Acushnet Land Preservation Trust.

FORT PHOENIX FUNDRAISER EVENT

The Board reviewed a request from Kira Braga to hold a Richard MacCord, Jr. Memorial Fundraiser at Fort Phoenix. The event was previously approved by the Police Department and the Board of Public Works. Mr. Haworth motioned to approve the event, scheduled for August 30, 2014. Mr. Murphy seconded. Vote was unanimous. (3-0).

CONTRACT FOR PUBLIC NURSING

Mr. Haworth motioned to approve the annual contract with Community Nurses and Hospice Care for use of the Town Hall. The contract runs from July 1, 2014 to June 30, 2015 and is for \$17,000. Mr. Murphy seconded. Vote was unanimous. (3-0).

UNION WHARF REALTY – APPRAISAL

The Board reviewed an agreement with Max Isaksen of Union Wharf Realty, LLC, to split the appraisal costs for a 900-square foot parcel located on Union Wharf (MacLean's Seafood Building). The cost of the appraisal, \$4,750 will be split between the two parties. Mr. Haworth motioned to approve and sign. Mr. Murphy seconded. Vote was unanimous. (3-0).

WORKER'S COMPENSATION CONTRACT

The Board reviewed two contracts with Stephenson and Brook for worker's compensation insurance. See Attachment B. Mr. Osuch said that Stephenson and Brook are monitoring the worker's compensation claims and following up with claimants. Their efforts have helped to prevent losses, he added.

Mr. Haworth motioned to approve and sign the two contracts for worker's compensation services, one annual fee in the amount of \$3,000 for the agreement and one annual fee in the amount of \$1,000 for qualified loss management services. Mr. Murphy seconded. Vote was unanimous.

ANTIL – BROWN STREET EASEMENT

The Board reviewed an easement for a Brown Street easement for the property, owned by the Antils, at 249 Adams Street. The easement was granted by Town Meeting. Mr. Haworth motioned to sign the easement. Mr. Murphy seconded. Vote was unanimous. (3-0).

FIA SUMMER CONCERTS

Mr. Haworth motioned to approve the use of the Town Hall facilities, including the steps and auditorium, for the Fairhaven Improvement Association summer concert series on the evenings of: July 10, July 17, July 24, July 31, and August 7. Mr. Murphy seconded. Vote was unanimous. (3-0).

MELANSON AND HEATH

The Board reviewed contracts with Melanson and Heath for auditing services for FY14. See Attachment C. The Board reviewed and approved the contracts – one for general auditing services and one for an audit of contributory retirement. The fees will be \$31,000 for the audit, \$4,000 for the End of Year Report and \$3,000 for a single audit. Mr. Haworth motioned to approve. Mr. Murphy seconded. Vote was unanimous. (3-0).

ANIMAL SHELTER DONATIONS

Mr. Haworth motioned to accept \$396 in donations to the Animal Shelter. Mr. Murphy seconded. Vote was unanimous. (3-0).

124 ALDEN ROAD – LEASE OR AUCTION

Mr. Espindola said that, at a previous meeting, the Board had agreed to use auctioneer J.J. Manning if they were going to auction off 124 Alden Road.

Mr. Haworth said that the location was a prime industrial parcel and therefore, valuable to the Town. He said that, although he would like to sell the parcel for some one-time revenue and tax income, he would also like to give the BPW a chance to present a proposal and possibly consider splitting the parcel to allow for a recycling center at the back and a separate use at the front of the parcel.

The Board asked the BPW to put together a proposal for their review. The proposal will be reviewed at the next meeting.

Mr. Murphy said that he would like to research the possibility of an RFP for the parcel and he said that he would also like to hear the BPW's presentation.

Mr. Osuch said that if they were to consider an RFP, they would have to clearly define what is available.

The Board asked the BPW to put together a proposal for their review. The proposal will be reviewed at the next meeting on July 7, 2014.

David Aubrey of the Brighton Health Advocates was recognized by the Chairman. He said that the parcel is 4.02 acres and he would welcome a shared use. He said that Brighton Health Advocates would be eager to put in a competitive proposal.

The RFP will not be discussed until after July 7, said Mr. Haworth.

SOUTHCOAST RAIL TECHNICAL ASSISTANCE

The Board read a memo from the Town Planner asking for their support in pursuing a SouthCoast Rail Technical Assistance application for the Benoit Square corridor plan, which would entail obtaining assistance from regional planning agencies for the SouthCoast rail project. Mr. Haworth motioned to support the application. Mr. Murphy seconded. Vote was unanimous. (3-0).

HARBORMASTER – VACATION TIME

The Board read a letter from the Harbormaster, David Darmofal, requesting the carryover of 21.25 vacation days past his anniversary date.

Discussion ensued. Mr. Murphy said that he would not be willing to approve the carryover, as he was clear last year that he would not vote to carryover vacation for Mr. Darmofal again. Mr. Haworth said that he would reluctantly support the carryover, as long as the time was used prior to the end of the calendar year, and would not be transferrable into FY16.

Mr. Haworth motioned to allow the carryover of the 21.25 vacation days past Mr. Darmofal's anniversary date, to expire on December 31, 2014. Mr. Espindola seconded. Vote carried with Mr. Murphy voting in opposition. (2-1).

OXFORD SCHOOL LEASE

Mr. Espindola said that the City-on-a-Hill charter school was interested in using the Oxford School temporarily while they arrange a permanent location in New Bedford. He said that the Building Inspector had indicated that the Oxford School was appropriate for their needs. The representatives of the charter school had presented the Selectmen's Office with a draft lease document, but they had not communicated further since submitting the document, so Mr. Espindola was not certain if they were still interested in the temporary lease.

OTHER BUSINESS

In Other Business:

- Mr. Haworth said that he would like to place on the July 7 agenda a request from the Harbormaster to get a smart phone
- Mr. Haworth said that it was Homecoming Day on June 28 and that he looked forward to seeing everyone out enjoying the day in the center
- Mr. Murphy thanked the fifth graders at East Fairhaven for hosting him at a recent reading event
- Mr. Espindola said that the historic whaling ship, the Charles E. Morgan, was scheduled to be in the Fairhaven/New Bedford harbor on June 25
- Mr. Espindola said that there would be a George Taber blood drive on July 19 at the Recreation Center

At 9:21 p.m., Mr. Haworth motioned to enter Executive Session, pursuant to M.G.L. Ch 30A § 21:

- To discuss strategy with respect to 61A, right of first refusal – Mill Road
- To discuss strategy with respect to collective bargaining – Dispatcher's Union
- To authorize the use of Town Counsel for the Board of Appeals and the Board of Health

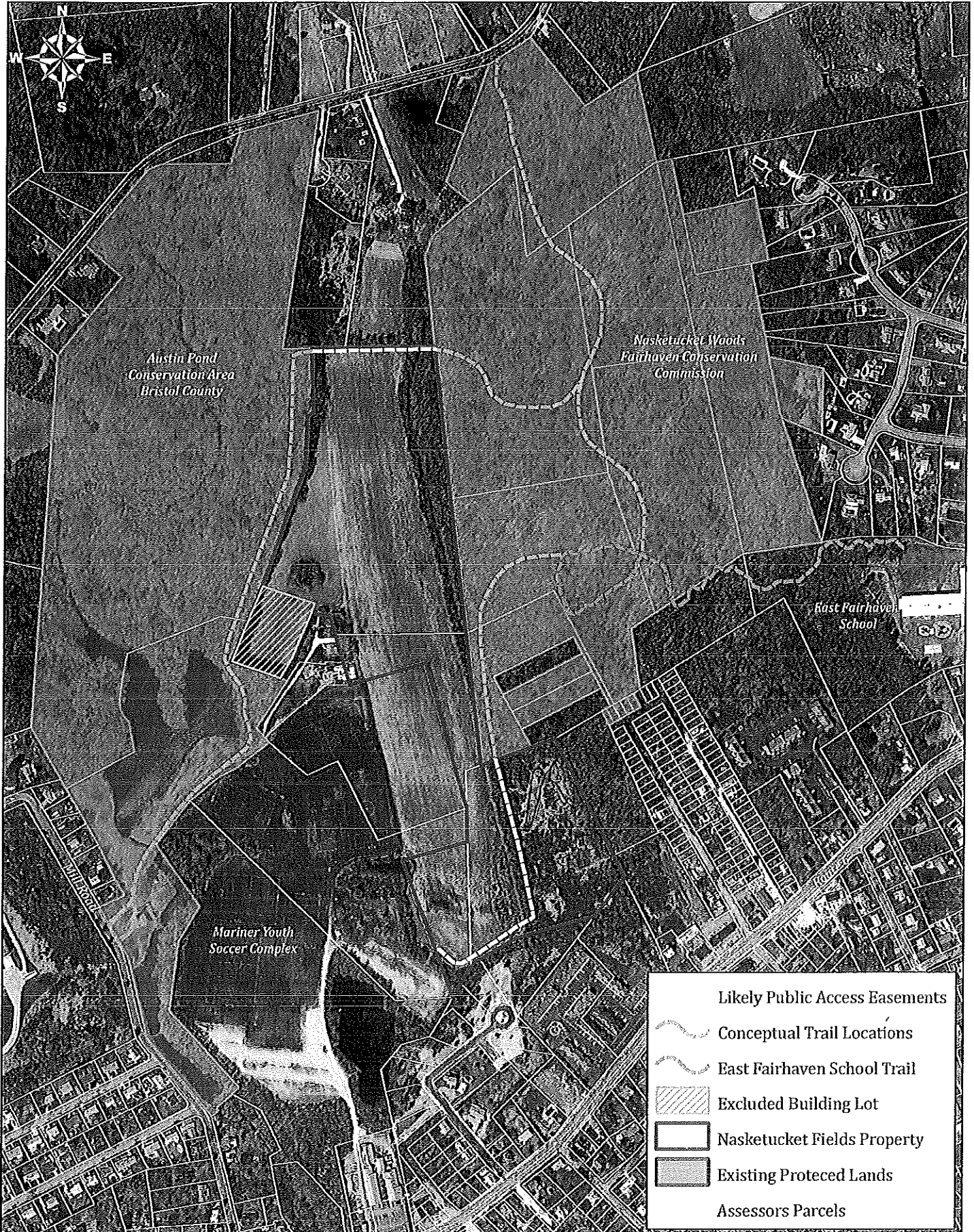
Mr. Murphy seconded the motion to enter Executive Session for the aforementioned reason, not to reconvene into open session afterward. Vote was unanimous. (3-0). Roll call vote: Mr. Espindola in favor. Mr. Haworth in favor. Mr. Murphy in favor.

Respectfully,

Anne Kakley

Administrative Assistant
Board of Selectmen
(Minutes approved 7/07/2014)

Nasketucket Fields Attachment A



RECEIVED

STEPHENSON & BROOK 2014 JUN 30 P 1:13

Workers' Compensation Risk Management

86 Highland Avenue, Salem, MA 01970

•Telephone: 978-740-6962 •Toll Free: 800-884-5738 •Fax: 978-740-6962

BOARD OF SELECTM
FAIRHAVEN MASS

WORKERS' COMPENSATION MANAGEMENT AGREEMENT

AGREEMENT made this 1st day of June 2014, by and between Stephenson and Brook Company, Inc. (the "Manager") and Town of Fairhaven (the "Company") having a usual place of business at 40 Centre Street, Fairhaven, MA 02719.

WHBRBAS, the Company desires to retain the Manager to render management services in the area of workers' compensation insurance and the Manager desires to render such services to the Company.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Services of the Manager. On the terms and subject to the conditions of this Agreement, the Company hereby retains the Manager to render the services described in this Section 1 to the Company and the Manager hereby accepts such engagement. Such services shall specifically be limited to the following: (i) complete management of all lost-time claims from date of contract; (ii) annual review meetings; (iii) annual unit stat review. In the event that a claim no longer affects the experience mod, Stephenson and Brook will notify the Client of same and offer to manage/monitor the claim for possible Third Party Recovery/Subrogation, and/or Second Injury Fund Recovery for an additional fee. If your workers' compensation policy is written as a high deductible or as a retrospective rating plan, there will be additional fee's associated with the continued management of those claims after the three (3) year period which affects the mod.

2. Compensation. In consideration of the services to be provided by the Manager hereunder, the Company shall pay to the Manager an annual fee of \$3,000.00 commencing on the date hereof payable upon receipt of invoice. Failure to pay on a timely basis will result in the Manager discontinuance of services for the Company. The parties hereto acknowledge that the Manager shall be paid additional compensation, in amounts to be mutually agreed upon, if the Company and the Manager agree that the Manager will provide services in addition to or outside the scope of the services set forth in Section 1 herein.

3. Obligations of the Company. The Company shall, during the Company's regular business hours (i) provide the Manager with access to such books, records, documents, data and other information of the Company that are reasonably necessary for the Manager to perform its services hereunder, (ii) make available to the Manager such of its officers and employees whose assistance is reasonably necessary to assist the Manager in providing the services hereunder and (iii) use its best efforts to cooperate with the Manager in connection with performing its services hereunder.

4. Term and Termination. The initial term of this Agreement shall be for a period of one (1) year from the date hereof. This Agreement shall terminate prior to the expiration of such term or extension thereof upon (i) the mutual written agreement of the Manager and the Company, (ii) the failure of the Company to pay to the Manager any fees or compensation due hereunder within ten (10) days of when due, or (iii) upon thirty (30) days prior written notice from one party to the other party. The Company shall not be entitled to a refund of any compensation paid to the Manager hereunder upon termination of this Agreement.

5. No Representations or Warranties. The parties hereto agree that the Manager has not made and does not hereby make any representations or warranties with respect to the Manager's services to be provided hereunder, including, without limiting the generality of the foregoing, that the Company shall receive any economic benefit as a result of such services.

6. Legal Services. The Manager is not a law firm and will not be providing to the Company any legal services under this Agreement. In the event legal services are required by the Company in connection with any of the workers' compensation claims covered by this Agreement, the Company shall, in its sole discretion, retain attorneys to advise and assist it with such claims. The Company shall be directly responsible to said attorneys for any fees or costs incurred.

7. Limitation of Liability. The Manager, and its directors, officers, employees, agents, representatives and affiliates shall not, under any circumstances, be liable to the Company for consequential, incidental, special, exemplary or punitive damages arising out of or relating to this Agreement. The Company's sole and exclusive remedy for any claims or causes of action arising out of or related to this agreement, regardless of whether any action or claim is based on contract, tort or otherwise, shall be (1) to exercise its right of termination pursuant to section 4 hereof and/or (2) to recover from the Manager direct damages in an amount not to exceed the amount paid by the Company under this Agreement.

8. Relationship of the Parties. The parties hereto acknowledge that the relationship between them shall be as independent contractors and that neither party shall have any authority, and shall not purport, to bind the other party in any manner whatsoever.

9. Indemnification. The Company shall indemnify and hold harmless the Manager, and its directors, officers, agents, representatives and affiliates, from any and all claims, causes of action, judgments, damages, costs, expenses and demands whatsoever, including attorneys' fees, resulting from or arising out of or in connection with any services provided by the Manager under this Agreement unless it is determined that the liability was caused by the willful misconduct or gross negligence of the Manager. This obligation to indemnify shall survive the termination of this Agreement. This obligation to indemnify shall not apply to claims based on personal injury property damage.

10. General Provisions. (a) This Agreement shall be governed by, and construed in accordance with, the law of the Commonwealth of Massachusetts; (b) this Agreement constitutes the entire agreement and understanding of the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and undertakings, both written and oral; (c) this Agreement shall not be assigned by operation of law or otherwise without the prior written consent of the parties hereto; (d) this Agreement shall be binding upon and inure solely to the benefit of the respective successors and assigns of the parties hereto; (e) this Agreement may not be amended or modified except by an instrument in writing signed by the parties hereto; (f) the Manager and the Company agree that only the Massachusetts courts, Superior Court of Bristol County, shall have jurisdiction over this Agreement and any controversies arising out of this Agreement, and (g) this Agreement may be executed in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

11. Pursuant to the provisions of Chapter 62C, Section 49A of the General Laws, Stephenson and Brook Company Inc. certifies, under penalties of perjury, that it has complied with all laws of the commonwealth relating to taxes, reporting of employees and contractors, and withholding and remitting child support. Signed under the pains and penalties of perjury this 23rd day of June, 2014 by Bonnie Brook its president.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement under seal as of the day first written above.

STEPHENSON AND BROOK COMPANY, INC.

By: Bonnie Brook
Bonnie Brook, President

TOWN OF FAIRHAVEN

By: Robert Esposito 6-23-14
Robert Esposito, Chairman of Board of Selectmen

Date: 6/23/2014

STEPHENSON & BROOK

Workers' Compensation Specialists

86 Highland Avenue, Salem, MA 01970

Telephone: 978-740-6962 Toll Free: 800-884-5738 Fax: 978-741-1616

AGREEMENT FOR QUALIFIED LOSS MANAGEMENT PROGRAM SERVICES

AGREEMENT, made as of the 1st day of June 2014, by and between Stephenson and Brook Associates, a corporation duly organized under the laws of the Commonwealth of Massachusetts and having a usual place of business at 86 Highland Avenue, Salem, MA 01970 (hereinafter "Stephenson and Brook") and Town of Fairhaven having a usual place of business at 40 Centre Street, Fairhaven, MA 02719 (hereinafter the "Client").

The parties hereby agree as follows:

1. Services. During the term of this Agreement, Stephenson and Brook agrees to provide qualified loss management program services to the Client as described below:

(a) Continued assistance with established Loss Prevention Program

2. Payment. The Client shall pay Stephenson and Brook for the foregoing services. The total fee for such services shall be \$1,000.00. The Client will be eligible to receive a 2.5% credit for the fourth year of QLMP, policy period 7/01/14-15. Stephenson and Brook will bill the Client for these services, with payment due upon receipt of invoice. During the term of this contract, if you change your vehicle of insurance to a carrier that does not honor the QLMP, Stephenson and Brook preserves the right to be paid for services rendered. All payments are non-refundable.

3. Legal Services. Stephenson and Brook is not a law firm and will not be providing to the Client any legal services under this Agreement. In the event legal services are required by the Client in connection with any of the workers' compensation claims covered by this Agreement, the Client shall, in its sole discretion, retain attorneys to advise and assist it with such claims. The Client shall be directly responsible to said attorneys for any fees or costs incurred.

4. Cooperation. The Client agrees to cooperate with Stephenson and Brook and provide any information reasonably requested by Stephenson and Brook in connection with this Agreement.

5. Disclaimer of warranties. Stephenson and Brook makes no warranties or guarantees, express, implied or statutory, as to any matter whatsoever. In particular, and without limitation, Stephenson and Brook makes no warranties regarding safety walks and related reports.

6. LIMITATION OF LIABILITY. STEPHENSON AND BROOK, AND ITS DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, REPRESENTATIVES AND AFFILIATES SHALL NOT, UNDER ANY CIRCUMSTANCES, BE LIABLE TO THE CLIENT FOR CONSEQUENTIAL, INCIDENTAL, SPECIAL, EXEMPLARY OR PUNITIVE DAMAGES ARISING OUT OF OR RELATING TO THIS AGREEMENT. THE CLIENT'S SOLE AND EXCLUSIVE REMEDY FOR ANY CLAIMS OR CAUSES OF ACTION ARISING OUT OF OR RELATED TO THIS AGREEMENT, REGARDLESS OF WHETHER ANY ACTION OR CLAIM IS BASED ON CONTRACT, TORT OR OTHERWISE, SHALL BE (1) TO EXERCISE ITS RIGHT OF TERMINATION PURSUANT TO PARAGRAPH 7 HEREOF AND/OR (2) TO RECOVER FROM STEPHENSON AND BROOK THE CLIENT'S DIRECT DAMAGES IN AN AMOUNT NOT TO EXCEED THE AMOUNT PAID BY THE CLIENT UNDER THIS AGREEMENT.

7. Termination of Agreement. This Agreement may be terminated by either party, with or without cause, by sending the other party a written notice providing for termination of this Agreement thirty (30) days thereafter. Termination of this Agreement shall not terminate any liability of the Client for charges incurred by Stephenson and Brook prior to the effective date of termination.

8. Nonpayment of Invoices. In the event the Client fails to timely pay any invoices, the Client agrees to pay Stephenson and Brook its reasonable attorneys' fees and costs in connection with any suit to recover on such invoices.

9. Miscellaneous.

a. The Client shall indemnify and hold harmless Stephenson and Brook, and its directors, officers, employees, agents, representatives and affiliates, from any and all claims, causes of action, judgments, damages, costs, expenses and demands whatsoever, including attorneys' fees, resulting from or arising out of or in connection with any services provided by Stephenson and Brook under this Agreement unless it is determined that the liability was caused by the willful misconduct or gross negligence of Stephenson and Brook. This obligation to indemnify shall survive the termination of this Agreement. The obligation to indemnify shall not apply to claims based on personal injury or property damage.

b. This Agreement contains the entire understanding of the parties and supersedes all previous and contemporaneous written and oral understandings and representations by and between Stephenson and Brook and the Client. The Client is not relying upon any oral or written representation made by Stephenson and Brook, its directors, officers, employees, agents, representatives or affiliates not contained in this Agreement. This Agreement may be amended or modified only in writing and signed by both parties.

c. Stephenson and Brook shall at no time be considered an employee or agent of the Client but shall at all times and in all respects be considered an independent contractor.

d. All notices pursuant to this Agreement shall be in writing and shall be delivered by hand or by registered or certified mail, postage prepaid, addressed to the parties at their respective usual place of business as set forth above.

e. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts and shall be deemed to be made in Massachusetts.

f. Stephenson and Brook and the Client agree that only the Massachusetts courts, Superior Court of Bristol County, shall have jurisdiction over this Agreement and any controversies arising out of this Agreement.

g. This Agreement shall be executed in two counterparts, each of which shall be deemed an original.

10. Pursuant to the provisions of Chapter 62C, Section 49A of the General Laws, Stephenson and Brook Company Inc. certifies, the penalties of perjury, that it has complied with all of the commonwealth relating to taxes, reporting of employees and contractors, and withholding and remitting of child support. Signed under the pains and penalties of perjury this 23rd day of June, 2014 by Bonnie Brook, its President.

WITNESS our hands and seals this 23rd day of June, 2014.

STEPHENSON AND BROOK CO., INC.

By: Bonnie Brook
Bonnie Brook, President

TOWN OF FAIRHAVEN

By: Robert Espindola 6-23-14
Robert Espindola, Chairman of Board Selectmen

MELANSON HEATH
ACCOUNTANTS • AUDITORS



10 New England Business
Center Dr. • Suite 107
Andover, MA 01810
(978)749-0005
melansonheath.com

Additional Offices:
Nashua, NH
Manchester, NH
Greenfield, MA
Ellsworth, ME

May 7, 2014

Mr. Robert J. Espindola
Chairman of the Board of Selectmen
Town of Fairhaven
40 Center Street
Fairhaven, MA 02719

Dear Mr. Espindola,

You have requested that we audit the basic financial statements of the Town of Fairhaven, Massachusetts, as of June 30, 2014 and for the year then ended, and the related notes to the financial statements. In addition, we will audit the Town's compliance over major federal award programs for the year ended June 30, 2014. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter. Our audit will be conducted with the objective of our expressing an opinion on each opinion unit.

Accounting principles generally accepted in the United States of America require that certain information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the required supplementary information (RSI) in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist primarily of inquiries of management regarding their methods of measurement and presentation, and comparing the information for consistency with management's responses to our inquiries. We will not express an opinion or provide any form of assurance on the RSI.

Schedule of Expenditures of Federal Awards

We will subject the schedule of expenditures of federal awards to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling the schedule to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and additional procedures in accordance with auditing standards generally accepted in the United States of America. We intend to provide an opinion on whether the schedule of expenditures of federal awards is presented fairly in all material respects in relation to the financial statements as a whole.

Audit of the Financial Statements

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS) and *Government Auditing Standards* of the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with U.S. GAAS and *Government Auditing Standards* of the Comptroller General of the United States of America.

In making our risk assessments, we consider internal control relevant to the Town's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.

We will issue a written report upon completion of our audit of the Town's June 30, 2014 basic financial statements. Our report will be addressed to those charged with governance of the Town. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement.

In accordance with the requirements of *Government Auditing Standards*, we will also issue a written report describing the scope of our testing over internal control over financial reporting and over compliance with laws, regulations, and provisions of grants and contracts, including the results of that testing. However, providing an opinion on internal control and compliance over financial reporting will not be an objective of the audit and, therefore, no such opinion will be expressed.

Audit of Major Program Compliance

Our audit of the Town's June 30, 2014 major federal award program(s) compliance will be made in accordance with the requirements of the Single Audit Act, as amended; and the provisions of U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and will include tests of accounting records, a determination of major programs in accordance with Circular A-133, and other procedures we consider necessary to enable us to express such an opinion on major federal award program compliance and to render the required reports. We cannot provide assurance that an unmodified opinion on compliance will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or withdraw from the engagement.

Circular A-133 requires that we also plan and perform the audit to obtain reasonable assurance about whether the Town has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major federal award programs. Our procedures will consist of determining major federal programs and performing the applicable procedures described in the U.S. Office of Management and Budget Circular A-133 *Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the Town's major programs. The purpose of those procedures will be to express an opinion on the Town's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to Circular A-133.

Also, as required by Circular A-133, we will perform tests of controls to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each of the Town's major federal award programs. However, our tests will be less in scope than would be necessary to render an opinion on these controls and, accordingly, no opinion will be expressed in our report.

We will issue a report on compliance that will include an opinion or disclaimer of opinion regarding the Town's major federal award programs, and a report on internal controls over compliance that will report any significant deficiencies and material weaknesses identified; however, such report will not express an opinion on internal control.

Management's Responsibilities

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance acknowledge and understand that they have responsibility:

1. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
2. For the design, implementation, and maintenance of effective internal control relevant to the preparation and fair presentation of financial statements that are

free from material misstatement, whether due to error fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements;

3. For safeguarding assets;
4. For identifying all federal awards expended during the year;
5. For identifying and ensuring that the Town complies with laws, regulations, grants, and contracts applicable to its activities and its federal award programs; and
6. To provide us with:
 - a. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters;
 - b. Additional information that we may request from management for the purpose of the audit; and
 - c. Unrestricted access to persons within the Town from whom we determine it necessary to obtain audit evidence.

In addition, as required by Circular A-133, it is management's responsibility to prepare the schedule of expenditures of federal awards in accordance with Circular A-133 requirements, follow up and take corrective action on reported audit findings from prior years and to prepare a summary schedule of prior audit findings, and follow up on current year audit findings and prepare a corrective action plan for such findings. Management is also responsible for submitting the reporting package and data collection form to the appropriate parties. Management will also make the auditor aware of any significant vendor relationships where the vendor is responsible for program compliance.

As part of our audit process, we will request from management and, when appropriate, those charged with governance, written confirmation concerning representations made to us in connection with the audit, including your understanding of your responsibilities as defined in this letter to us in your management representation letter.

We understand that your employees will prepare all confirmations we request and will locate any documents or invoices selected by us for testing.

If you intend to publish or otherwise reproduce the financial statements and make reference to our firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

Fees

Frank R. Biron, CPA is the engagement officer for the audit services specified in this letter. Those responsibilities include supervising the Town's services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the audit report.

Our fees are based on the amount of time required at various levels of responsibility, plus actual out-of-pocket expenses. Invoices will be rendered monthly and are payable upon presentation. Our fee for the audit will be as follows:

<u>Audit</u>	<u>EOYR</u>	<u>Single Audit</u>
\$31,000	\$4,000	\$3,000

We will notify you immediately of any circumstances we encounter that could significantly affect this initial fee estimate. Whenever possible, we will attempt to use the Town's personnel to assist in the preparation of schedules and analyses of accounts. This effort could substantially reduce our time requirements and facilitate the timely conclusion of the audit.

Other Matters

With respect to any nonaudit services we perform, the Town's management is responsible for (a) making all management decisions and performing all management functions; (b) assigning a competent individual to oversee the services; (c) evaluating the adequacy of the services performed; (d) evaluating and accepting responsibility for the results of the services performed; and (e) establishing and maintaining internal controls, including monitoring ongoing activities.

During the course of the engagement, we may communicate with you or your personnel via fax or e-mail, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

The audit documentation for this engagement is the property of Melanson Heath & Company, PC and constitutes confidential information. However, we may be requested to make certain audit documentation available to regulators and federal agencies and the U.S. Government Accountability Office pursuant to authority given to it by law or regulation, or to peer reviewers. If requested, access to such audit documentation will be provided under the supervision of Melanson Heath & Company's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to these agencies and regulators. The regulators and agencies may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies. We agree to retain our audit documentation or work papers for a period of at least five years from the date of our report.

Further, we will be available during the year to consult with you on financial management and accounting matters of a routine nature.

During the course of the audit, we may observe opportunities for economy in, or improved controls over, your operations. We will bring such matters to the attention of the appropriate level of management, either orally or in writing.

At the conclusion of our audit engagement, we will communicate to those charged with governance the following significant findings from the audit:

- Our view about the qualitative aspects of the Town's significant accounting practices;
- Significant difficulties, if any, encountered during the audit;
- Uncorrected misstatements, other than those we believe are trivial, if any;
- Disagreements with management, if any;
- Other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process;
- Material, corrected misstatements that were brought to the attention of management as a result of our audit procedures;
- Representations we requested from management;
- Management's consultations with other accountants, if any; and
- Significant issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management.

In accordance with the requirements of *Government Auditing Standards*, a copy of our latest external peer review report of our firm is available upon request for your consideration and files.

Please sign and return a copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements compliance over major federal award programs including our respective responsibilities.

We appreciate the opportunity to be your financial statement auditors and look forward to working with you and your staff.

Respectfully,

Melanson, Heath + Company P.C.

Melanson Heath & Company, PC

RESPONSE:

This letter correctly sets forth our understanding.

Acknowledged and agreed on behalf of the Town of Fairhaven, Massachusetts by:

Signature Title Date

Anne Kakley

From: Wendy Graves
Sent: Tuesday, June 17, 2014 2:14 PM
To: Anne Kakley
Subject: FW: FY13 Town Audit - Engagement Letter
Attachments: Fairhaven, MA Eng Ltr 6-30-14 unsigned.pdf

Please have the Selectmen sign for next year's audit.

From: Karen Snow [mailto:ksnow@MelansonHeath.com]
Sent: Friday, May 16, 2014 9:32 AM
To: Wendy Graves
Cc: Anne Carreiro
Subject: FY13 Town Audit - Engagement Letter

Hi Wendy,

Attached is the engagement letter for the Town's fiscal year 2014 audit. Please forward the letter to Jeffrey and the Board of Selectmen for their review and signature(s). If you, Jeffrey, or any of the Board members have any questions, please don't hesitate to email or call.

Thanks,

Karen

Karen Snow, CPA
MELANSON HEATH & COMPANY, PC

KSnow@melansonheath.com

Nashua NH | Manchester NH | Andover MA | Greenfield MA | Ellsworth ME

To learn more about our firm visit: www.melansonheath.com
Office 603.882.1111
Fax 603.882.9456

Disclaimer: Any tax advice contained in the body of this e-mail was not intended or written to be used, and cannot be used, by the recipient for the purpose of avoiding penalties that may be imposed under the Internal Revenue Service Code or applicable state or local tax law provisions.

The information contained in this communication is confidential and may also be privileged information. The information is intended for the use of the individual or entity to whom it is addressed. If you are not the intended recipient, or an employee or agent responsible to deliver this information to the intended recipient, you are hereby notified that any use, distribution, or copying of this communication is strictly prohibited. If you received this communication in error, please notify us immediately by replying to the message and deleting the communication immediately.

May 7, 2014

Retirement Board
Town of Fairhaven Contributory Retirement System
40 Centre Street
Fairhaven, Massachusetts 02709

Additional Offices:
Nashua, NH
Manchester, NH
Greenfield, MA
Ellsworth, ME

Dear Retirement Board members:

You have requested that we audit the basic financial statements of the Town of Fairhaven Contributory Retirement System, as of December 31, 2013, and for the year then ended and the related notes to the financial statements. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter. Our audit will be conducted with the objective of our expressing an opinion on each opinion unit.

Accounting principles generally accepted in the United States of America require that certain information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the required supplementary information (RSI) in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist primarily of inquiries of management regarding their methods of measurement and presentation, and comparing the information for consistency with management's responses to our inquiries. We will not express an opinion or provide any form of assurance on the RSI.

Supplementary information other than RSI may accompany the Town of Fairhaven Contributory Retirement System's basic financial statements. If applicable, we will subject the supplementary information to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling the supplementary information to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and additional procedures in accordance with auditing standards generally accepted in the United States of America. We intend to provide an opinion on the supplementary information in relation to the financial statements as a whole.

Audit of the Financial Statements

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with U.S. GAAS.

In making our risk assessments, we consider internal control relevant to the Town of Fairhaven Contributory Retirement System's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Town of Fairhaven Contributory Retirement System's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.

We will issue a written report upon completion of our audit of the Town of Fairhaven Contributory Retirement System's basic financial statements. Our report will be addressed to the governing body of the Town of Fairhaven Contributory Retirement System. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement.

Management's Responsibilities

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance acknowledge and understand that they have responsibility:

1. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
2. For the design, implementation, and maintenance of effective internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error, fraudulent financial

- reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements;
3. For safeguarding assets;
 4. For identifying and ensuring that the Town of Fairhaven Contributory Retirement System complies with laws, regulations, grants, and contracts applicable to its activities and its federal awards programs; and
 5. To provide us with:
 - a. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters;
 - b. Additional information that we may request from management for the purpose of the audit; and
 - c. Unrestricted access to persons within the Town of Fairhaven Contributory Retirement System from whom we determine it necessary to obtain audit evidence.

With regard to the applicable supplementary information referred to above, you acknowledge and understand your responsibility: (a) for the preparation of the supplementary information in accordance with the applicable criteria; (b) to provide us with the appropriate written representations regarding supplementary information; (c) to include our report on the supplementary information in any document that contains the supplementary information and that indicates that we have reported on such supplementary information; and (d) to present the supplementary information with the audited financial statements, or if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by you of the supplementary information and our report thereon.

As part of our audit process, we will request from management and, when appropriate, those charged with governance, written confirmation concerning representations made to us in connection with the audit, including your understanding of your responsibilities as defined in this letter to us in your management representation letter.

We understand that your employees will prepare all confirmations we request and will locate any documents or invoices selected by us for testing.

If you intend to publish or otherwise reproduce the financial statements and make reference to our firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

Fees

Frank R. Biron, CPA is the engagement officer for the audit services specified in this letter. Those responsibilities include supervising the Town of Fairhaven Contributory Retirement System's services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the audit report.

Our fees are based on the amount of time required at various levels of responsibility, plus actual out-of-pocket expenses. Invoices will be rendered monthly and are payable upon presentation. Our fee for the audit will be \$7,000. We will notify you immediately of any circumstances we encounter that could significantly affect this initial fee estimate. Whenever possible, we will attempt to use the Town of Fairhaven Contributory Retirement System's personnel to assist in the preparation of schedules and analyses of accounts. This effort could substantially reduce our time requirements and facilitate the timely conclusion of the audit.

Other Matters

With respect to any nonattest services we perform, management is responsible for (a) making all management decisions and performing all management functions; (b) assigning a competent management level individual to oversee the services; (c) evaluating the adequacy of services performed; (d) evaluating and accepting responsibility for the results of services performed; and (e) establishing and maintaining internal controls, including monitoring ongoing activities.

During the course of the engagement, we may communicate with you or your personnel via fax or e-mail, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

The audit documentation for this engagement is the property of Melanson Heath & Company, PC and constitutes confidential information. However, we may be requested to make certain audit documentation available to regulators pursuant to authority given to it by law or regulation, or to peer reviewers. If requested, access to such audit documentation will be provided under the supervision of Melanson Heath & Company's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to regulators. The regulator may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies. We agree to retain our audit documentation or work papers for a period of at least five years from the date of our report.

Further, we will be available during the year to consult with you on financial management and accounting matters of a routine nature.

During the course of the audit we may observe opportunities for economy in, or improved controls over, your operations. We will bring such matters to the attention of the appropriate level of management, either orally or in writing.

At the conclusion of our audit engagement, we will communicate to those charged with governance the following significant findings from the audit:

- Our view about the qualitative aspects of the Town of Fairhaven Contributory Retirement System's significant accounting practices;
- Significant difficulties, if any, encountered during the audit;
- Uncorrected misstatements, other than those we believe are trivial, if any;
- Disagreements with management, if any;
- Other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process;
- Material, corrected misstatements that were brought to the attention of management as a result of our audit procedures;
- Representations we requested from management;
- Management's consultations with other accountants, if any; and
- Significant issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management.

Please sign and return a copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements including our respective responsibilities.

We appreciate the opportunity to be your financial statement auditors and look forward to working with you and your staff.

Respectfully,

Melanson, Heath + Company P.C.

Melanson Heath & Company, PC

RESPONSE:

This letter correctly sets forth our understanding.

Acknowledged and agreed on behalf of the Town of Fairhaven Contributory Retirement System by:

Name: _____

Title: _____

Date: _____