

Board of Selectmen

John A. Foresto, Chair

Maryjane White, Vice-Chair

Richard A. D'Innocenzo, Clerk

Dennis P. Crowley

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TOWN OF MEDWAY

COMMONWEALTH OF MASSACHUSETTS

Board of Selectmen's Meeting

May 16, 2016, 7:00 PM

Sanford Hall, Town Hall

155 Village Street

Agenda

7:00 PM

- Call to order; Recitation of the Pledge of Allegiance
- Public Comments

Other Business

1. Presentation – Fiscal Year 2015 Audit – Melanson & Heath
2. Approval – Submission for Hazard Mitigation Grant Program Funds
3. Approval – Contract with Clean Harbor for Household Hazardous Waste Disposal -\$10,000
4. Presentation - Agricultural Committee
5. Approval – 2 Year Contract with All State Asphalt Inc., for Chip Sealing - \$50,000
6. Review/Approval – June 9, 2016 Special Town Meeting Warrant
7. Approval – Host Community Agreement with COMMCAN, INC.
8. Execution of PILOT Agreement
9. Approval – Inter-municipal Agreement with Franklin For Its Use of Medway's Council on Aging Van
10. Approval – One-Day Liquor License Requests
 - a. Rebecca LeMarbre – Thayer Homestead – May 21, 2016
 - b. Jesse & Gary Krist- Thayer Homestead – May 28 & 29, 2016
11. Approval - CF Cycle for Life Ride – October 1, 2016
12. Action Items from Previous Meeting
13. Approval of Warrants
14. Town Administrator's Report
15. Selectmen's Reports
16. Executive Session, Exemption 6: To consider the purchase, exchange, taking, lease, or value of real property if such discussion may have a detrimental effect on the negotiating position of the governmental body [Review and possible release of Title Report for Property off of Milford, West,

The listed matters are those reasonably anticipated by the Chair to be discussed at the meeting. Not all items may in fact be discussed and other items not listed may also be brought up for discussion to the extent permitted by law.

and Alder Streets] & Exemption 3: To discuss strategy with respect to collective bargaining or litigation if an open meeting may have a detrimental effect on the government's bargaining or litigating position; [Release of Executive Session Minutes from 8/31/2015]

For more information on agenda items, please visit the Board of Selectmen's page at
www.townofmedway.org

Upcoming Meetings, Agenda and Reminders

June 6, 2016 ---- Regular Meeting

The listed matters are those reasonably anticipated by the Chair to be discussed at the meeting. Not all items may in fact be discussed and other items not listed may also be brought up for discussion to the extent permitted by law.

AGENDA

ITEM #1

**Presentation – Fiscal Year 2015 Audit –
Melanson & Heath**

Associated backup materials attached:

- FY2015 Audit Materials

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

December 23, 2015

Michael Boynton
Town Administrator
Town of Medway
155 Village Street
Medway, MA 02053

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

Dear Mr. Boynton:

Enclosed is the Town of Medway's governance letter. The purpose of the governance letter is to inform those charged with governance about certain results of the annual audit.

Please distribute the enclosed letter to all parties charged with the governance of the Town. As always, we will be available to discuss the results of the audit or any other applicable issues in more detail, at any time.

Sincerely,

Melanson Heath

Michael Boynton
Town Administrator
Town of Medway
155 Village Street
Medway, MA 02053

Additional Offices:

Nashua, NH
Manchester, NH
Greenfield, MA
Ellsworth, ME

Dear Mr. Boynton:

We have audited the financial statements of the Town of Medway, Massachusetts as of and for the year ended June 30, 2015 and have issued our report thereon dated December 23, 2015. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Town solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding other matters noted during our audit in a separate letter to you dated December 23, 2015.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team and others in our Firm have complied with all relevant ethical requirements regarding independence. Safeguards that have been applied to eliminate threats to independence or reduce them to an acceptable level include annual certification by all Firm staff of independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Town is included in the notes to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the year ended June 30, 2015. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

- Estimated lives and depreciation methods for depreciable assets.
- Collectability of receivables.
- Net OPEB obligation.

Management's estimates of the above are based on various criteria. We evaluated the key factors and assumptions used to develop these estimates and determined that it is

reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. We noted no particularly sensitive disclosures affecting the Town's financial statements.

Identified or Suspected Fraud

We have not identified or obtained information that indicates that fraud may have occurred.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. We did not identify any uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole and each applicable opinion unit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. We did not identify any material misstatements that we identified as a result of our audit procedures and that were brought to the attention of, and corrected by, management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Town's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the letter dated December 23, 2015.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings or Issues

In the normal course of our professional association with the Town, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Town's auditors.

Other Information in Documents Containing Audited Financial Statements

Pursuant to professional standards, our responsibility as auditors for other information in documents containing the Town's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have read the information (if applicable) and considered whether such information, or the manner of its presentation, was materially inconsistent with the presentation in the financial statements.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This report is intended solely for the information and use of the governing body and management of the Town of Medway and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Melanson Heath

December 23, 2015

December 23, 2015

Michael Boynton
Town Administrator
Town of Medway
155 Village Street
Medway, Massachusetts 02053

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

Dear Mr. Boynton,

During the course of our 2015 audit we identified certain areas where improvements and/or efficiencies could be made that were not included in a formal management letter. The following summarizes these issues very briefly:

Treasurer

- Old outstanding checks should be voided and removed from bank reconciliations and moved to a tailing liability at least annually.

Assessor

- Old uncollectable receivables (some dating back to 1997) should be formally abated.

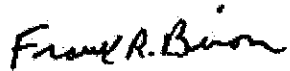
Other

- Employee expense requests for reimbursement should be approved by someone other than the individual making the request.
- Rate changes that are made to the payroll system should be reviewed by a second individual to ensure all changes were made according to approved personnel action form.
- In fiscal year 2016, there will be significant new single audit requirements resulting from OB's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. We recommend that the District prepare for the single audit changes by training staff, and implementing formal written policies and procedures for the following:
 - Cash management
 - Allowable costs
 - Travel
 - Internal controls that comply with COSO's "Internal Control Integrated Framework"
 - Procurement

- Subrecipients
- Property/equipment

We encourage the Town to implement these recommendations in order to improve controls and efficiencies. I will be available to discuss these with you in more detail at your convenience.

Sincerely,

A handwritten signature in cursive script that reads "Frank R. Biron".

Frank R. Biron, CPA
President

TOWN OF MEDWAY, MASSACHUSETTS

Annual Financial Statements

For the Year Ended June 30, 2015

Town of Medway, Massachusetts

TABLE OF CONTENTS

| | <u>PAGE</u> |
|--|-------------|
| INDEPENDENT AUDITORS' REPORT | 1 |
| MANAGEMENT'S DISCUSSION AND ANALYSIS | 4 |
| BASIC FINANCIAL STATEMENTS: | |
| Government-Wide Financial Statements: | |
| Statement of Net Position | 12 |
| Statement of Activities | 13 |
| Fund Financial Statements: | |
| Governmental Funds: | |
| Balance Sheet | 14 |
| Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities in the Statement of Net Position | 15 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances | 16 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 17 |
| Statement of Revenues and Other Sources, and Expenditures and Other Uses - Budget and Actual - General Fund | 18 |
| Proprietary Funds: | |
| Statement of Net Position | 19 |
| Statement of Revenues, Expenses, and Changes in Fund Net Position | 20 |
| Statement of Cash Flows | 21 |
| Fiduciary Funds: | |
| Statement of Fiduciary Net Position | 22 |
| Statement of Changes in Fiduciary Net Position | 23 |
| Notes to Financial Statements | 24 |
| REQUIRED SUPPLEMENTARY INFORMATION: | |
| Schedule of Funding Progress | 53 |
| Schedule of Proportionate Share of the Net Pension Liability | 54 |
| Schedule of Contributions | 55 |

INDEPENDENT AUDITORS' REPORT

To the Board of Selectmen
Town of Medway, Massachusetts

Additional Offices:

Nashua, NH
Manchester, NH
Greenfield, MA
Ellsworth, ME

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Medway, Massachusetts, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

The Town's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. Accordingly, we express no such opinion. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Medway, Massachusetts, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the Schedule of Funding Progress, the Schedule of Proportionate Share of Net Pension Liability, and the Schedule of Contributions 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2015 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws,

regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Melanson Heath

December 23, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Medway, Massachusetts, we offer readers this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2015.

A. OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of our finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on all assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

The Statement of Activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities include general government, public safety, education, public works, health and human services, and culture and recreation. The business-type activities include water, ambulance service, sewer, and solid waste collection activities.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

An annual appropriated budget is adopted for the general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary funds. Proprietary funds are maintained as follows:

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Specifically, enterprise funds are used to account for water, ambulance, sewer, and solid waste collection operations.

Proprietary funds provide the same type of information as the business-type activities reported in the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, ambulance, sewer and solid waste funds, which are considered to be major funds.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary infor-

mation which is required to be disclosed by accounting principles generally accepted in the United States of America.

B. FINANCIAL HIGHLIGHTS

- As of the close of the current fiscal year, the total of assets exceeded liabilities by \$98,005,750 (i.e., net position), a change of \$(1,704,671) in comparison to the prior year.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$19,505,156, a change of \$(911,433) in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$6,607,163, a change of \$869,466 in comparison to the prior year.
- Total long-term debt (i.e., bonds payable) at the close of the current fiscal year was \$40,847,023, a change of \$3,269,458 in comparison to the prior year.

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a summary of condensed government-wide financial data for the current and prior fiscal years.

| | <u>NET POSITION</u> | | | | | |
|-----------------------------------|--------------------------------|-------------|---------------------------------|-------------|--------------|-------------|
| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | <u>Total</u> | |
| | <u>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> |
| Current and other assets | \$ 27,707 | \$ 27,348 | \$ 7,786 | \$ 7,478 | \$ 35,493 | \$ 34,826 |
| Capital assets | 115,150 | 111,072 | 35,690 | 34,910 | 150,840 | 145,982 |
| Total assets | 142,857 | 138,420 | 43,476 | 42,388 | 186,333 | 180,808 |
| Long-term liabilities outstanding | 65,489 | 44,525 | 10,423 | 8,591 | 75,912 | 53,116 |
| Other liabilities | 8,845 | 8,199 | 3,571 | 3,382 | 12,416 | 11,581 |
| Total liabilities | 74,334 | 52,724 | 13,994 | 11,973 | 88,328 | 64,697 |
| Net position: | | | | | | |
| Net investment in capital assets | 84,625 | 82,972 | 25,435 | 26,119 | 110,060 | 109,091 |
| Restricted | 8,602 | 7,922 | - | - | 8,602 | 7,922 |
| Unrestricted | (24,704) | (5,198) | 4,047 | 4,296 | (20,657) | (902) |
| Total net position | \$ 68,523 | \$ 85,696 | \$ 29,482 | \$ 30,415 | \$ 98,005 | \$ 116,111 |

CHANGES IN NET ASSETS

| | <u>Governmental</u> | | <u>Business-Type</u> | | <u>Total</u> | |
|--|---------------------|------------------|----------------------|------------------|------------------|-------------------|
| | <u>Activities</u> | | <u>Activities</u> | | | |
| | <u>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 2,869 | \$ 2,768 | \$ 5,130 | \$ 5,126 | \$ 7,999 | \$ 7,894 |
| Operating grants and contributions | 16,266 | 19,230 | - | - | 16,266 | 19,230 |
| Capital grants and contributions | 262 | 523 | - | - | 262 | 523 |
| General revenues: | | | | | | |
| Property taxes | 31,524 | 31,350 | - | - | 31,524 | 31,350 |
| Excises | 1,915 | 1,612 | - | - | 1,915 | 1,612 |
| Penalties and interest on taxes | 267 | 146 | - | - | 267 | 146 |
| Grants and contributions not restricted to specific programs | 1,183 | 1,143 | - | - | 1,183 | 1,143 |
| Investment income | 90 | 83 | 10 | 22 | 100 | 105 |
| Other | 401 | 155 | 41 | 5 | 442 | 160 |
| Total revenues | <u>54,777</u> | <u>57,010</u> | <u>5,181</u> | <u>5,153</u> | <u>59,958</u> | <u>62,163</u> |
| Expenses: | | | | | | |
| General government | 2,925 | 3,203 | - | - | 2,925 | 3,203 |
| Public safety | 3,506 | 3,664 | - | - | 3,506 | 3,664 |
| Education | 32,682 | 39,238 | - | - | 32,682 | 39,238 |
| Public works | 2,992 | 2,726 | - | - | 2,992 | 2,726 |
| Human services | 519 | 504 | - | - | 519 | 504 |
| Culture and recreation | 5,055 | 1,005 | - | - | 5,055 | 1,005 |
| Employee benefits | 6,840 | 6,005 | - | - | 6,840 | 6,005 |
| Interest on long-term debt | 877 | 956 | - | - | 877 | 956 |
| Intergovernmental | 705 | 728 | - | - | 705 | 728 |
| Water | - | - | 2,153 | 1,963 | 2,153 | 1,963 |
| Ambulance | - | - | 591 | 670 | 591 | 670 |
| Sewer operations | - | - | 1,386 | 1,175 | 1,386 | 1,175 |
| Solid waste | - | - | 1,258 | 1,330 | 1,258 | 1,330 |
| Total expenses | <u>56,101</u> | <u>58,029</u> | <u>5,388</u> | <u>5,138</u> | <u>61,489</u> | <u>63,167</u> |
| Change in net position before transfers | (1,324) | (1,019) | (207) | 15 | (1,531) | (1,004) |
| Transfers in (out) | <u>71</u> | <u>234</u> | <u>(246)</u> | <u>(249)</u> | <u>(175)</u> | <u>(15)</u> |
| Change in net position | (1,253) | (785) | (453) | (234) | (1,706) | (1,019) |
| Net position - beginning of year, as restated | <u>69,776</u> | <u>86,481</u> | <u>29,935</u> | <u>30,649</u> | <u>99,711</u> | <u>117,130</u> |
| Net position - end of year | <u>\$ 68,523</u> | <u>\$ 85,696</u> | <u>\$ 29,482</u> | <u>\$ 30,415</u> | <u>\$ 98,005</u> | <u>\$ 116,111</u> |

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, total net position was \$98,005,750, a change of \$(1,704,671) from the prior year.

The largest portion of net position \$110,059,623 reflects our investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position \$8,602,353 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position reflects a deficit balance of \$(20,656,226) caused primarily by unfunded pension liability and post-employment benefits (see Notes 20 and 21).

Governmental activities. Governmental activities for the year resulted in a change in net position of \$(1,252,382). Key elements of this change are as follows:

| | |
|---|-----------------------|
| General fund operations, as discussed further in Section D | \$ (1,091,192) |
| Community preservation surplus - operating results | 613,391 |
| Nonmajor funds - accrual basis | 4,495,429 |
| Depreciation expense in excess of principal debt service | (717,316) |
| Change in other post employment benefits liability | (2,934,815) |
| Change in net pension liability | (768,503) |
| Other GAAP accruals | <u>(849,376)</u> |
| Total | <u>\$ (1,252,382)</u> |

Business-type activities. Business-type activities for the year resulted in a change in net position of \$(452,289). Key elements of this change are as follows:

| | |
|------------------------|---------------------|
| Water operations | \$ (298,058) |
| Ambulance operations | 52,523 |
| Sewer operations | (295,075) |
| Solid waste operations | <u>88,321</u> |
| Total | <u>\$ (452,289)</u> |

D. FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources.

Such information is useful in assessing financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$19,505,156, a change of \$(911,433) in comparison to the prior year. Key elements of this change are as follows:

| | |
|--------------------------------|---------------------|
| General fund operating results | \$ (1,091,192) |
| Community preservation | 613,391 |
| Nonmajor funds | <u>(433,632)</u> |
| Total | <u>\$ (911,433)</u> |

The general fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$6,607,163 while total fund balance was \$10,728,059. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Refer to the table below.

| <u>General Fund</u> | <u>6/30/15</u> | <u>6/30/14</u> | <u>Change</u> | <u>% of Total General Fund Expenditures</u> |
|-------------------------|----------------|----------------|----------------|---|
| Unassigned fund balance | \$ 6,607,163 | \$ 5,737,697 | \$ 869,466 | 14.3% |
| Total fund balance | \$ 10,728,059 | \$ 11,819,251 | \$ (1,091,192) | 23.3% |

The total fund balance of the general fund changed by \$(1,091,192) during the current fiscal year. Key factors in this change are as follows:

| | |
|---|-----------------------|
| Excess revenues over budget | \$ 1,053,711 |
| Budgetary appropriation surplus | 1,050,730 |
| Shortfall of tax collections over budget | (163,509) |
| Shortfall of current year encumbered appropriations to be spent in the subsequent year over prior year encumbrances spent in the current year | (582,106) |
| Change in stabilization/fiscal stability | (233,529) |
| Use of free cash | (2,226,489) |
| Other timing issue | <u>10,000</u> |
| Total | <u>\$ (1,091,192)</u> |

Included in the total general fund balance are the Town's stabilization and fiscal stability accounts with the following balances:

| | <u>6/30/15</u> | <u>6/30/14</u> | <u>Change</u> |
|------------------------------------|---------------------|---------------------|---------------------|
| General trust stabilization | \$ 1,925,866 | \$ 1,921,806 | \$ 4,060 |
| General operating stabilization | 683,407 | 546,375 | 137,032 |
| Stabilization storm reserve | 212,389 | 211,646 | 743 |
| Stabilization health insurance | 52,699 | 52,515 | 184 |
| Stabilization ESCO | 125,298 | 173,341 | (48,043) |
| Stabilization OPEB | - | 100,601 | (100,601) |
| Stabilization capital improvements | 340,905 | 589,591 | (248,686) |
| Stabilization DPS facility | 2,168 | - | 2,168 |
| Fiscal stability | <u>804,159</u> | <u>784,545</u> | <u>19,614</u> |
| Total | <u>\$ 4,146,891</u> | <u>\$ 4,380,420</u> | <u>\$ (233,529)</u> |

Proprietary funds. Proprietary funds provide the same type of information found in the business-type activities reported in the government-wide financial statements, but in more detail.

Unrestricted net position of the enterprise funds at the end of the year amounted to \$4,047,714, a change of \$(248,572) in comparison to the prior year.

Other factors concerning the finances of proprietary funds have already been addressed in the entity-wide discussion of business-type activities.

E. GENERAL FUND BUDGETARY HIGHLIGHTS

There were no differences between the original budget and final amended budget.

F. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. Total investment in capital assets for governmental and business-type activities at year-end amounted to \$150,840,419 (net of accumulated depreciation), a change of \$4,857,964 from the prior year. This investment in capital assets includes land, buildings and system, improvements, and machinery and equipment.

Major capital asset events during the current fiscal year included the following:

- \$3,398,681 – New high school north/south fields
- \$1,097,491 – DPW roads and sidewalks
- \$1,061,860 – Village Street water mains

Additional information on capital assets can be found in the Notes to the Financial Statements.

Long-term debt. At the end of the current fiscal year, total bonded debt outstanding was \$40,847,023, all of which was backed by the full faith and credit of the government.

Additional information on long-term debt can be found in the Notes to the Financial Statements.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town of Medway, MA's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Office of Town Accountant
Town of Medway, Massachusetts
155 Village Street
Medway, Massachusetts 02053

TOWN OF MEDWAY, MASSACHUSETTS

STATEMENT OF NET POSITION

JUNE 30, 2015

| | Governmental <u>Activities</u> | Business-Type <u>Activities</u> | <u>Total</u> |
|--|-----------------------------------|------------------------------------|-----------------------------|
| ASSETS | | | |
| Current: | | | |
| Cash and short-term investments | \$ 24,629,015 | \$ 3,968,805 | \$ 28,597,820 |
| Receivables, net of allowance for uncollectibles: | | | |
| Property taxes | 726,049 | - | 726,049 |
| Excises | 123,464 | - | 123,464 |
| User fees | - | 1,289,219 | 1,289,219 |
| Departmental and other | 266,458 | - | 266,458 |
| Intergovernmental | 104,385 | 2,507,954 | 2,612,339 |
| Noncurrent: | | | |
| Receivables, net of allowance for uncollectibles: | | | |
| Property taxes | 1,168,106 | - | 1,168,106 |
| Capital Assets: | | | |
| Land and construction in progress | 45,931,201 | 2,767,950 | 48,699,151 |
| Other capital assets, net of accumulated depreciation | 69,219,279 | 32,921,989 | 102,141,268 |
| DEFERRED OUTFLOWS OF RESOURCES | <u>689,188</u> | <u>20,803</u> | <u>709,991</u> |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | 142,857,145 | 43,476,720 | 186,333,865 |
| LIABILITIES | | | |
| Current: | | | |
| Warrants payable | 749,527 | 285,452 | 1,034,979 |
| Accrued liabilities | 3,853,517 | 159,634 | 4,013,151 |
| Notes payable | 200,000 | 2,222,600 | 2,422,600 |
| Tax refunds payable | 865,976 | - | 865,976 |
| Other current liabilities | 248,472 | 22,731 | 271,203 |
| Current portion of long-term liabilities: | | | |
| Bonds payable | 2,853,044 | 878,121 | 3,731,165 |
| Capital lease | 25,726 | - | 25,726 |
| Compensated absence | 47,720 | 3,675 | 51,395 |
| Noncurrent: | | | |
| Bonds payable, net of current portion | 27,849,477 | 9,266,381 | 37,115,858 |
| Capital lease, net of current portion | 53,988 | - | 53,988 |
| Compensated absence, net of current portion | 429,484 | 33,063 | 462,547 |
| Accrued other post-employment benefits | 20,467,664 | 618,712 | 21,086,376 |
| Net pension liability | <u>16,689,392</u> | <u>503,759</u> | <u>17,193,151</u> |
| TOTAL LIABILITIES | 74,333,987 | 13,994,128 | 88,328,115 |
| NET POSITION | | | |
| Net investment in capital assets | 84,624,745 | 25,434,878 | 110,059,623 |
| Restricted for: | | | |
| Grants and other statutory restrictions | 7,938,713 | - | 7,938,713 |
| Permanent funds: | | | |
| Nonexpendable | 110,869 | - | 110,869 |
| Expendable | 552,771 | - | 552,771 |
| Unrestricted | <u>(24,703,940)</u> | <u>4,047,714</u> | <u>(20,656,226)</u> |
| TOTAL NET POSITION | \$ <u>68,523,158</u> | \$ <u>29,482,592</u> | \$ <u>98,005,750</u> |

The accompanying notes are an integral part of these financial statements.

TOWN OF MEDWAY, MASSACHUSETTS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2015

| | <u>Expenses</u> | <u>Program Revenues</u> | | | <u>Net (Expenses) Revenues and Changes in Net Position</u> | | |
|--|----------------------|-----------------------------|---|---|--|---------------------------------|----------------------|
| | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
| Governmental Activities: | | | | | | | |
| General government | \$ 2,924,959 | \$ 341,125 | \$ 189,142 | \$ - | \$ (2,394,692) | \$ - | \$ (2,394,692) |
| Public safety | 3,505,683 | 257,743 | 48,383 | - | (3,199,557) | - | (3,199,557) |
| Education | 32,681,666 | 2,120,606 | 15,237,984 | - | (15,323,076) | - | (15,323,076) |
| Public works | 2,991,489 | 10,316 | 228,768 | 262,042 | (2,490,363) | - | (2,490,363) |
| Health and human services | 518,566 | 60,164 | 99,691 | - | (358,711) | - | (358,711) |
| Culture and recreation | 5,055,260 | 78,899 | 462,421 | - | (4,513,940) | - | (4,513,940) |
| Employee benefits | 6,840,372 | - | - | - | (6,840,372) | - | (6,840,372) |
| Interest | 877,392 | - | - | - | (877,392) | - | (877,392) |
| Intergovernmental | 705,273 | - | - | - | (705,273) | - | (705,273) |
| Total Governmental Activities | 56,100,660 | 2,868,853 | 16,266,389 | 262,042 | (36,703,376) | - | (36,703,376) |
| Business-Type Activities: | | | | | | | |
| Water services | 2,152,615 | 2,024,138 | - | - | - | (128,477) | (128,477) |
| Ambulance | 591,078 | 544,010 | - | - | - | (47,068) | (47,068) |
| Sewer | 1,386,170 | 1,111,077 | - | - | - | (275,093) | (275,093) |
| Solid waste | 1,257,520 | 1,450,783 | - | - | - | 193,263 | 193,263 |
| Total Business-Type Activities | 5,387,383 | 5,130,008 | - | - | - | (257,375) | (257,375) |
| Total | \$ 61,488,043 | \$ 7,998,861 | \$ 16,266,389 | \$ 262,042 | (36,703,376) | (257,375) | (36,960,751) |
| General Revenues and Transfers: | | | | | | | |
| Property taxes | | | | | 31,524,368 | - | 31,524,368 |
| Excises | | | | | 1,915,289 | - | 1,915,289 |
| Penalties, interest and other taxes | | | | | 266,673 | - | 266,673 |
| Grants and contributions not restricted to specific programs | | | | | 1,182,599 | - | 1,182,599 |
| Investment income | | | | | 89,671 | 10,007 | 99,678 |
| Miscellaneous | | | | | 401,497 | 41,083 | 442,580 |
| Transfers, net | | | | | 70,897 | (246,004) | (175,107) |
| Total general revenues | | | | | 35,450,994 | (194,914) | 35,256,080 |
| Change in Net Position | | | | | (1,252,382) | (452,289) | (1,704,671) |
| Net Position: | | | | | | | |
| Beginning of year, as restated | | | | | 69,775,540 | 29,934,881 | 99,710,421 |
| End of year | | | | | \$ 68,523,158 | \$ 29,482,592 | \$ 98,005,750 |

The accompanying notes are an integral part of these financial statements.

TOWN OF MEDWAY, MASSACHUSETTS

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2015

| | <u>General</u> | <u>Community Preservation</u> | <u>Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---|-----------------------------|-----------------------------------|--|---|
| ASSETS | | | | |
| Cash and short-term investments | \$ 15,422,159 | \$ 5,603,006 | \$ 3,603,850 | \$ 24,629,015 |
| Receivables: | | | | |
| Property taxes | 2,125,506 | - | - | 2,125,506 |
| Excises | 220,889 | - | - | 220,889 |
| Departmental and other | 1,875 | 7,198 | 258,148 | 267,221 |
| Intergovernmental | <u>24,000</u> | <u>-</u> | <u>80,385</u> | <u>104,385</u> |
| TOTAL ASSETS | <u>\$ 17,794,429</u> | <u>\$ 5,610,204</u> | <u>\$ 3,942,383</u> | <u>\$ 27,347,016</u> |
| LIABILITIES | | | | |
| Warrants payable | \$ 380,049 | \$ 2,739 | \$ 366,739 | \$ 749,527 |
| Accrued liabilities | 3,513,797 | - | 125,305 | 3,639,102 |
| Notes payable | - | - | 200,000 | 200,000 |
| Tax refunds payable | 865,976 | - | - | 865,976 |
| Other liabilities | <u>231,410</u> | <u>-</u> | <u>17,062</u> | <u>248,472</u> |
| TOTAL LIABILITIES | 4,991,232 | 2,739 | 709,106 | 5,703,077 |
| DEFERRED INFLOWS OF RESOURCES | 2,075,138 | 7,199 | 56,446 | 2,138,783 |
| FUND BALANCES | | | | |
| Nonspendable | - | - | 110,869 | 110,869 |
| Restricted | - | 5,600,266 | 3,740,775 | 9,341,041 |
| Committed | 2,208,770 | - | - | 2,208,770 |
| Assigned | 1,912,126 | - | - | 1,912,126 |
| Unassigned | <u>6,607,163</u> | <u>-</u> | <u>(674,813)</u> | <u>5,932,350</u> |
| TOTAL FUND BALANCES | <u>10,728,059</u> | <u>5,600,266</u> | <u>3,176,831</u> | <u>19,505,156</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | <u>\$ 17,794,429</u> | <u>\$ 5,610,204</u> | <u>\$ 3,942,383</u> | <u>\$ 27,347,016</u> |

The accompanying notes are an integral part of these financial statements.

TOWN OF MEDWAY, MASSACHUSETTS

RECONCILIATION OF TOTAL GOVERNMENTAL FUND
BALANCES TO NET POSITION OF GOVERNMENTAL
ACTIVITIES IN THE STATEMENT OF NET POSITION

JUNE 30, 2015

| | |
|---|----------------------|
| Total governmental fund balances | \$ 19,505,156 |
| • Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | 115,150,480 |
| • Revenues are reported on the accrual basis of accounting and are not deferred until collection. | 1,809,244 |
| • In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due. | (214,415) |
| • Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds. | (51,727,103) |
| • Certain changes in the net pension liability, which are deferred to future reporting periods, are not reported in the governmental funds. | <u>(16,000,204)</u> |
| Net position of governmental activities | <u>\$ 68,523,158</u> |

The accompanying notes are an integral part of these financial statements.

TOWN OF MEDWAY, MASSACHUSETTS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015

| | <u>General</u> | <u>Community Preservation</u> | <u>Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---|----------------------|-----------------------------------|--|---|
| Revenues: | | | | |
| Property taxes | \$ 30,733,415 | \$ 643,931 | \$ - | \$ 31,377,346 |
| Excises | 1,863,482 | - | - | 1,863,482 |
| Penalties, interest and other taxes | 266,673 | - | - | 266,673 |
| Charges for services | - | - | 2,494,724 | 2,494,724 |
| Intergovernmental | 11,405,501 | 345,993 | 2,647,265 | 14,398,759 |
| Licenses and permits | 476,377 | - | - | 476,377 |
| Fines and forfeitures | 19,589 | - | - | 19,589 |
| Investment income | 76,168 | 10,644 | 2,860 | 89,672 |
| Miscellaneous | 130,705 | - | 538,573 | 669,278 |
| Total Revenues | 44,971,910 | 1,000,568 | 5,683,422 | 51,655,900 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 2,776,579 | - | 316,928 | 3,093,507 |
| Public safety | 3,428,417 | - | 307,354 | 3,735,771 |
| Education | 25,526,545 | - | 5,005,519 | 30,532,064 |
| Public works | 3,101,378 | - | 506,771 | 3,608,149 |
| Health and human services | 363,362 | - | 156,601 | 519,963 |
| Culture and recreation | 778,918 | 139,639 | 4,374,237 | 5,292,794 |
| Employee benefits | 6,209,785 | - | - | 6,209,785 |
| Debt service | 3,219,742 | 208,238 | 10,494 | 3,438,474 |
| Intergovernmental | 705,273 | - | - | 705,273 |
| Total Expenditures | 46,109,999 | 347,877 | 10,677,904 | 57,135,780 |
| Excess (deficiency) of revenues over expenditures | (1,138,089) | 652,691 | (4,994,482) | (5,479,880) |
| Other Financing Sources (Uses): | | | | |
| Bond proceeds | - | - | 4,497,550 | 4,497,550 |
| Transfers in | 584,297 | - | 63,300 | 647,597 |
| Transfers out | (537,400) | (39,300) | - | (576,700) |
| Total Other Financing Sources (Uses) | 46,897 | (39,300) | 4,560,850 | 4,568,447 |
| Excess (deficiency) of revenues and other sources over expenditures and other uses | (1,091,192) | 613,391 | (433,632) | (911,433) |
| Fund Equity, at Beginning of Year | 11,819,251 | 4,986,875 | 3,610,463 | 20,416,589 |
| Fund Equity, at End of Year | <u>\$ 10,728,059</u> | <u>\$ 5,600,266</u> | <u>\$ 3,176,831</u> | <u>\$ 19,505,156</u> |

The accompanying notes are an integral part of these financial statements.

TOWN OF MEDWAY, MASSACHUSETTS

RECONCILIATION OF THE STATEMENT OF REVENUES
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2015

| | | | | | | | |
|--|------------------------------|--------------------------|-----------------|----------------------|-------------|-------------------------------|----------|
| Net changes in fund balances - total governmental funds | \$ (911,433) | | | | | | |
| <ul style="list-style-type: none"> • Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense: <table style="margin-left: 40px; width: 100%;"> <tr> <td>Capital outlay purchases</td> <td style="text-align: right;">7,380,511</td> </tr> <tr> <td>Depreciation</td> <td style="text-align: right;">(3,287,810)</td> </tr> <tr> <td>Loss on disposition of assets</td> <td style="text-align: right;">(14,350)</td> </tr> </table> | | Capital outlay purchases | 7,380,511 | Depreciation | (3,287,810) | Loss on disposition of assets | (14,350) |
| Capital outlay purchases | 7,380,511 | | | | | | |
| Depreciation | (3,287,810) | | | | | | |
| Loss on disposition of assets | (14,350) | | | | | | |
| <ul style="list-style-type: none"> • Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred revenue. <table style="margin-left: 40px; width: 100%;"> <tr> <td></td> <td style="text-align: right;">204,100</td> </tr> </table> | | | 204,100 | | | | |
| | 204,100 | | | | | | |
| <ul style="list-style-type: none"> • The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position: <table style="margin-left: 40px; width: 100%;"> <tr> <td>Repayments of debt</td> <td style="text-align: right;">2,570,494</td> </tr> <tr> <td>Issuance of new debt</td> <td style="text-align: right;">(4,497,550)</td> </tr> <tr> <td>Repayment of capital lease</td> <td style="text-align: right;">24,917</td> </tr> </table> | | Repayments of debt | 2,570,494 | Issuance of new debt | (4,497,550) | Repayment of capital lease | 24,917 |
| Repayments of debt | 2,570,494 | | | | | | |
| Issuance of new debt | (4,497,550) | | | | | | |
| Repayment of capital lease | 24,917 | | | | | | |
| <ul style="list-style-type: none"> • In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due. <table style="margin-left: 40px; width: 100%;"> <tr> <td></td> <td style="text-align: right;">(16,000)</td> </tr> </table> | | | (16,000) | | | | |
| | (16,000) | | | | | | |
| <ul style="list-style-type: none"> • Some expenses reported in the Statement of Activities, such as compensated absences and other post-employment benefits, do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds. <table style="margin-left: 40px; width: 100%;"> <tr> <td></td> <td style="text-align: right;">(2,625,946)</td> </tr> </table> | | | (2,625,946) | | | | |
| | (2,625,946) | | | | | | |
| <ul style="list-style-type: none"> • Certain changes in the net pension liability, which are deferred to future reporting periods, are not reported in the governmental funds. <table style="margin-left: 40px; width: 100%;"> <tr> <td></td> <td style="text-align: right;"><u>(79,315)</u></td> </tr> </table> | | | <u>(79,315)</u> | | | | |
| | <u>(79,315)</u> | | | | | | |
| Change in net position of governmental activities | \$ <u>(1,252,382)</u> | | | | | | |

The accompanying notes are an integral part of these financial statements.

TOWN OF MEDWAY, MASSACHUSETTS

GENERAL FUND

STATEMENT OF REVENUES AND OTHER SOURCES, AND EXPENDITURES AND OTHER USES
- BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2015

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | Variance with Final Budget Positive (Negative) |
|--|----------------------------|-------------------------|---------------------------|---|
| | <u>Original Budget</u> | <u>Final Budget</u> | | |
| Revenues and Other Sources: | | | | |
| Taxes | \$ 30,896,924 | \$ 30,896,924 | \$ 30,896,924 | \$ - |
| Excises | 1,474,444 | 1,474,444 | 1,863,482 | 389,038 |
| Penalties, interest and other taxes | 109,000 | 109,000 | 266,673 | 157,673 |
| Intergovernmental | 11,306,030 | 11,306,030 | 11,405,501 | 99,471 |
| Licenses and permits | 290,000 | 290,000 | 476,377 | 186,377 |
| Fines and forfeits | 15,000 | 15,000 | 19,589 | 4,589 |
| Investment income | 43,000 | 43,000 | 66,314 | 23,314 |
| Miscellaneous | 13,000 | 13,000 | 130,705 | 117,705 |
| Transfer in | 628,786 | 628,786 | 704,330 | 75,544 |
| Use of free cash | <u>2,226,489</u> | <u>2,226,489</u> | <u>2,226,489</u> | <u>-</u> |
| Total Revenues and Other Sources | 47,002,673 | 47,002,673 | 48,056,384 | 1,053,711 |
| Expenditures and Other Uses: | | | | |
| General government | 3,074,762 | 3,074,762 | 2,875,926 | 198,836 |
| Public safety | 3,433,508 | 3,433,508 | 3,339,779 | 93,729 |
| Education | 25,480,634 | 25,480,634 | 25,470,578 | 10,056 |
| Public works | 2,636,762 | 2,636,762 | 2,583,320 | 53,442 |
| Health and human services | 374,036 | 374,036 | 357,576 | 16,460 |
| Culture and recreation | 777,694 | 777,694 | 767,806 | 9,888 |
| Debt service | 3,454,101 | 3,454,101 | 3,263,797 | 190,304 |
| Intergovernmental | 701,122 | 701,122 | 705,273 | (4,151) |
| Employee benefits | 6,690,059 | 6,690,059 | 6,207,893 | 482,166 |
| Transfers out | 369,995 | 369,995 | 369,995 | - |
| Tax title | <u>10,000</u> | <u>10,000</u> | <u>10,000</u> | <u>-</u> |
| Total Expenditures and Other Uses | <u>47,002,673</u> | <u>47,002,673</u> | <u>45,951,943</u> | <u>1,050,730</u> |
| Excess (deficiency) of revenues and other sources over expenditures and other uses | \$ <u>-</u> | \$ <u>-</u> | \$ <u>2,104,441</u> | \$ <u>2,104,441</u> |

The accompanying notes are an integral part of these financial statements.

TOWN OF MEDWAY, MASSACHUSETTS

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2015

| | Business-Type Activities Enterprise Fund | | | | Total |
|--|---|-------------------|----------------------|---------------------|----------------------|
| | Water Fund | Ambulance Fund | Sewer Fund | Solid Waste Fund | |
| ASSETS | | | | | |
| Current: | | | | | |
| Cash and short-term investments | \$ 1,184,994 | \$ 354,499 | \$ 1,229,917 | \$ 1,199,395 | \$ 3,968,805 |
| User fees, net of allowance for uncollectibles | 233,058 | 66,321 | 770,771 | 219,069 | 1,289,219 |
| Intergovernmental | <u>2,507,954</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,507,954</u> |
| Total current assets | 3,926,006 | 420,820 | 2,000,688 | 1,418,464 | 7,765,978 |
| Noncurrent: | | | | | |
| Capital assets | | | | | |
| Land and construction in progress | 2,512,983 | - | 254,967 | - | 2,767,950 |
| Other capital assets, net of accumulated depreciation | <u>20,435,664</u> | <u>200,112</u> | <u>12,286,213</u> | <u>-</u> | <u>32,921,989</u> |
| Total noncurrent assets | <u>22,948,647</u> | <u>200,112</u> | <u>12,541,180</u> | <u>-</u> | <u>35,689,939</u> |
| DEFERRED OUTFLOWS OF RESOURCES | <u>7,384</u> | <u>4,260</u> | <u>3,550</u> | <u>5,609</u> | <u>20,803</u> |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | 26,882,037 | 625,192 | 14,545,418 | 1,424,073 | 43,476,720 |
| LIABILITIES | | | | | |
| Current: | | | | | |
| Warrants payable | 212,162 | 8,228 | 56,482 | 8,580 | 285,452 |
| Accrued liabilities | 93,298 | 23,870 | 29,492 | 12,974 | 159,634 |
| Notes payable | 2,222,600 | - | - | - | 2,222,600 |
| Other liabilities | 17,323 | - | 5,408 | - | 22,731 |
| Current portion of long-term liabilities: | | | | | |
| Bonds payable | 652,121 | 30,000 | 196,000 | - | 878,121 |
| Compensated absences | <u>2,851</u> | <u>350</u> | <u>-</u> | <u>474</u> | <u>3,675</u> |
| Total current liabilities | 3,200,355 | 62,448 | 287,382 | 22,028 | 3,572,213 |
| Noncurrent: | | | | | |
| Bonds payable, net of current portion | 6,895,381 | 90,000 | 2,281,000 | - | 9,266,381 |
| Compensated absences, net of current portion | 25,655 | 3,145 | - | 4,263 | 33,063 |
| Accrued other post-employment benefits | 220,122 | 126,533 | 104,513 | 167,544 | 618,712 |
| Net pension liability | <u>178,809</u> | <u>103,159</u> | <u>85,966</u> | <u>135,825</u> | <u>503,759</u> |
| Total noncurrent liabilities | <u>7,319,967</u> | <u>322,837</u> | <u>2,471,479</u> | <u>307,632</u> | <u>10,421,915</u> |
| TOTAL LIABILITIES | 10,520,322 | 385,285 | 2,758,861 | 329,660 | 13,994,128 |
| NET POSITION | | | | | |
| Net investment in capital assets | 14,916,032 | 80,112 | 10,438,734 | - | 25,434,878 |
| Unrestricted | <u>1,445,683</u> | <u>159,795</u> | <u>1,347,823</u> | <u>1,094,413</u> | <u>4,047,714</u> |
| TOTAL NET POSITION | <u>\$ 16,361,715</u> | <u>\$ 239,907</u> | <u>\$ 11,786,557</u> | <u>\$ 1,094,413</u> | <u>\$ 29,482,592</u> |

The accompanying notes are an integral part of these financial statements.

TOWN OF MEDWAY, MASSACHUSETTS
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2015

| | Business-Type Activities Enterprise Fund | | | | Total |
|--|---|-------------------|----------------------|---------------------|----------------------|
| | Water Fund | Ambulance Fund | Sewer Fund | Solid Waste Fund | |
| Operating Revenues: | | | | | |
| Charges for services | \$ 2,024,138 | \$ 544,010 | \$ 1,111,077 | \$ 1,450,783 | \$ 5,130,008 |
| Other | 40,726 | - | 34 | 323 | 41,083 |
| Total Operating Revenues | <u>2,064,864</u> | <u>544,010</u> | <u>1,111,111</u> | <u>1,451,106</u> | <u>5,171,091</u> |
| Operating Expenses: | | | | | |
| Operating expenses | 1,224,831 | 553,906 | 957,546 | 1,257,520 | 3,993,803 |
| Depreciation | 722,935 | 32,072 | 352,115 | - | 1,107,122 |
| Total Operating Expenses | <u>1,947,766</u> | <u>585,978</u> | <u>1,309,661</u> | <u>1,257,520</u> | <u>5,100,925</u> |
| Operating Income (Loss) | 117,098 | (41,968) | (198,550) | 193,586 | 70,166 |
| Nonoperating Revenues (Expenses): | | | | | |
| Investment income | - | - | 10,007 | - | 10,007 |
| Interest expense | (204,849) | (5,100) | (76,509) | - | (286,458) |
| Total Nonoperating Revenues (Expenses), Net | <u>(204,849)</u> | <u>(5,100)</u> | <u>(66,502)</u> | <u>-</u> | <u>(276,451)</u> |
| Income (Loss) Before Transfers | (87,751) | (47,068) | (265,052) | 193,586 | (206,285) |
| Transfers: | | | | | |
| Transfers in | - | 176,381 | 44,055 | - | 220,436 |
| Transfers out | (210,307) | (76,790) | (74,078) | (105,265) | (466,440) |
| Change in Net Position | (298,058) | 52,523 | (295,075) | 88,321 | (452,289) |
| Net Position at Beginning of Year, as restated | <u>16,659,773</u> | <u>187,384</u> | <u>12,081,632</u> | <u>1,006,092</u> | <u>29,934,881</u> |
| Net Position at End of Year | <u>\$ 16,361,715</u> | <u>\$ 239,907</u> | <u>\$ 11,786,557</u> | <u>\$ 1,094,413</u> | <u>\$ 29,482,592</u> |

The accompanying notes are an integral part of these financial statements.

TOWN OF MEDWAY, MASSACHUSETTS
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2015

| | Business-Type Activities Enterprise Funds | | | | |
|---|--|-------------------|---------------------|---------------------|---------------------|
| | Water Fund | Ambulance Fund | Sewer Fund | Solid Waste Fund | Total |
| Cash Flows From Operating Activities: | | | | | |
| Receipts from customers and users | \$ 1,522,290 | \$ 556,773 | \$ 1,189,636 | \$ 1,463,824 | \$ 4,732,523 |
| Payments to vendors and employees | (994,135) | (555,450) | (910,781) | (1,242,664) | (3,703,030) |
| Net Cash Provided By Operating Activities | 528,155 | 1,323 | 278,855 | 221,160 | 1,029,493 |
| Cash Flows From Noncapital Financing Activities: | | | | | |
| Transfers in | - | 176,381 | 44,055 | - | 220,436 |
| Transfers out | (210,307) | (76,790) | (74,078) | (105,265) | (466,440) |
| Net Cash Provided By (Used For) Noncapital Financing Activities | (210,307) | 99,591 | (30,023) | (105,265) | (246,004) |
| Cash Flows From Capital and Related Financing Activities: | | | | | |
| Acquisition and construction of capital assets | (1,828,899) | - | (57,837) | - | (1,886,736) |
| Principal payments on bonds and notes | (38,502) | (30,000) | (75,000) | - | (143,502) |
| Proceeds of notes payable | 1,242,502 | - | 130,000 | - | 1,372,502 |
| Interest expense | (204,849) | (5,100) | (76,608) | - | (286,557) |
| Net Cash (Used For) Capital and Related Financing Activities | (829,748) | (35,100) | (79,445) | - | (944,293) |
| Cash Flows From Investing Activities: | | | | | |
| Investment income | - | - | 10,008 | - | 10,008 |
| Net Cash Provided By Investing Activities | - | - | 10,008 | - | 10,008 |
| Net Change in Cash and Short-Term Investments | (511,900) | 65,814 | 179,395 | 115,895 | (150,796) |
| Cash and Short-Term Investments, Beginning of Year | 1,696,894 | 288,685 | 1,050,522 | 1,083,500 | 4,119,601 |
| Cash and Short-Term Investments, End of Year | <u>\$ 1,184,994</u> | <u>\$ 354,499</u> | <u>\$ 1,229,917</u> | <u>\$ 1,199,395</u> | <u>\$ 3,968,805</u> |
| Reconciliation of Operating Income to Net Cash Provided By (Used For) Operating Activities: | | | | | |
| Operating income (loss) | \$ 117,098 | \$ (41,968) | \$ (198,550) | \$ 193,586 | \$ 70,166 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | | | | |
| Depreciation | 722,935 | 32,072 | 352,115 | - | 1,107,122 |
| Changes in assets and liabilities: | | | | | |
| Receivables | 48,278 | 12,763 | 78,527 | 12,718 | 152,286 |
| Due from other governments | (590,852) | - | - | - | (590,852) |
| Other assets | (7,384) | (4,260) | (3,550) | (5,609) | (20,803) |
| Warrants and accounts payable | 172,872 | (27,493) | 28,043 | (9,598) | 163,824 |
| Other liabilities | 47,039 | 16,975 | 14,984 | 24,561 | 103,559 |
| Accrued liabilities | 9,935 | 8,484 | 3,327 | (752) | 20,994 |
| Net pension liability | 8,234 | 4,750 | 3,959 | 6,254 | 23,197 |
| Net Cash Provided By Operating Activities | <u>\$ 528,155</u> | <u>\$ 1,323</u> | <u>\$ 278,855</u> | <u>\$ 221,160</u> | <u>\$ 1,029,493</u> |

The accompanying notes are an integral part of these financial statements.

TOWN OF MEDWAY, MASSACHUSETTS
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2015

| | <u>Private Purpose Trust Funds</u> | <u>Other Post-Employment Benefits Trust Fund</u> | <u>Agency Funds</u> |
|--|--|--|-------------------------|
| <u>ASSETS</u> | | | |
| Cash and short-term investments | \$ 918,469 | \$ 250,887 | \$ 556,728 |
| Receivable | - | - | 33,258 |
| Other Assets | - | - | 20,000 |
| Total Assets | <u>918,469</u> | <u>250,887</u> | <u>609,986</u> |
| <u>LIABILITIES AND NET POSITION</u> | | | |
| Accounts payable | 2,158 | - | 33,785 |
| Escrow deposits | - | - | 545,489 |
| Other liabilities | - | - | 30,712 |
| Total Liabilities | <u>2,158</u> | <u>-</u> | <u>609,986</u> |
| <u>NET POSITION</u> | | | |
| Total net position held in trust | <u>\$ 916,311</u> | <u>\$ 250,887</u> | <u>\$ -</u> |

The accompanying notes are an integral part of these financial statements.

TOWN OF MEDWAY, MASSACHUSETTS

FIDUCIARY FUNDS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2015

| | Private Purpose <u>Trust Funds</u> | Other Post-Employment Benefits Trust <u>Fund</u> |
|----------------------|--|---|
| Additions: | | |
| Investment income | \$ 5,310 | \$ 236 |
| Miscellaneous | 69,375 | - |
| Transfers in | <u>-</u> | <u>250,651</u> |
| Total additions | 74,685 | 250,887 |
| Deductions: | | |
| Education | <u>62,239</u> | <u>-</u> |
| Total deductions | <u>62,239</u> | <u>-</u> |
| Net increase | 12,446 | 250,887 |
| Net position: | | |
| Beginning of year | <u>903,865</u> | <u>-</u> |
| End of year | <u>\$ 916,311</u> | <u>\$ 250,887</u> |

The accompanying notes are an integral part of these financial statements.

TOWN OF MEDWAY, MASSACHUSETTS

Notes to Financial Statements

1. Summary of Significant Accounting Policies

The accounting policies of the Town of Medway, MA (the Town) conform to generally accepted accounting principles (GAAP) as applicable to governmental units. The following is a summary of the more significant policies:

A. Reporting Entity

The Town is a municipal corporation governed by an elected Board of Selectman. As required by generally accepted accounting principles, these financial statements present the government and applicable component units for which the government is considered to be financially accountable. In fiscal year 2015, it was determined that no entities met the required GASB 14 (as amended) criteria of component units.

B. Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide Financial Statements

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and excises.

Fund Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The Town reports the following major governmental funds:

- The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *community preservation fund* accounts for funds used for the acquisition, creation, and preservation of open space, historic resources, and community housing.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from

providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The government reports the following major proprietary funds:

- Water operations
- Ambulance services
- Sewer operations
- Solid waste collection fund

The *private-purpose trust fund* is used to account for trust arrangements, other than those properly reported in the pension trust fund or permanent fund, under which principal and investment income exclusively benefit individuals, private organizations, or other governments.

The *agency funds* account for fiduciary assets held by the Town in a custodial capacity as an agent on behalf of others. Agency funds report only assets and liabilities, and therefore, have no measurement focus.

The *other post-employment benefits trust fund* is used to account for assets that are dedicated to providing benefits to retirees. These funds reduce the unfunded actuarial liability of healthcare and other post-employment benefits. Contributions to this fund are irrevocable.

D. Cash and Short-Term Investments

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Cash balances are invested to the extent available, and interest earnings are recognized in the general fund. Certain special revenue, proprietary, and fiduciary funds segregate cash, and investment earnings become a part of those funds.

Deposits with financial institutions consist primarily of demand deposits, certificates of deposits, and savings accounts. A cash and investment pool is maintained that is available for use by all funds. Each fund's portion of this pool is reflected on the combined financial statements under the caption "cash and short-term investments". The interest earnings attributable to each fund type are included under investment income.

For purpose of the statement of cash flows, the proprietary funds consider investments with original maturities of three months or less to be short-term investments.

E. Property Tax Limitations

Legislation known as "Proposition 2½" has limited the amount of revenue that can be derived from property taxes. The prior fiscal year's tax levy limit is used as a base and cannot increase by more than 2.5 percent (excluding new growth), unless an override is voted. The actual fiscal year 2015 tax levy reflected an excess capacity of \$789,354.

F. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$10,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

| <u>Assets</u> | <u>Years</u> |
|------------------------|--------------|
| Buildings | 40 |
| Building improvements | 20 |
| Roads and improvements | 20 |
| Infrastructure | 30-75 |
| Vehicles | 5 |
| Office equipment | 5 |
| Computer equipment | 5 |

G. Compensated Absences

It is the Town's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vested sick and vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

H. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt, and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position.

I. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance". Fund equity for all other reporting is classified as "net position".

Fund Balance - Generally, fund balance represents the difference between the current assets and current liabilities. The Town reserves those portions of fund balance that are legally segregated for a specific future use or which do not represent available, spendable resources and therefore, are not available for appropriation or expenditure. Unassigned fund balance indicates that portion of fund balance that is available for appropriation in future periods.

The Town's fund balance classification policies and procedures are as follows:

- 1) Nonspendable funds are either unspendable in the current form (i.e., inventory or prepaid items) or can never be spent (i.e., perpetual care).
- 2) Restricted funds are used solely for the purpose in which the fund was established. In the case of special revenue funds, these funds are created by statute or otherwise have external constraints on how the funds can be expended.
- 3) Committed funds are reported and expended as a result of motions passed by the highest decision making authority in the government (i.e., Town Meeting).
- 4) Assigned funds are used for specific purposes as established by management. These funds, which include encumbrances, have been assigned for specific goods and services ordered but not yet paid for. This account also includes fund balance (free cash) voted to be used in the subsequent fiscal year.
- 5) Unassigned funds are available to be spent in future periods.

When an expenditure is incurred that would qualify for payment from multiple fund balance types, the Town uses the following order to liquidate liabilities: restricted, committed, assigned, and unassigned.

Net Position - Net position represents the difference between assets/deferred outflows and liabilities/deferred inflows. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining net position is reported as unrestricted.

J. Use of Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures for contingent assets and liabilities at the date of the basic financial statements and the reported amounts of the revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

2. Stewardship, Compliance, and Accountability

A. Budgetary Information

At the annual town meeting, the Finance Committee presents an operating and capital budget for the proposed expenditures of the fiscal year commencing the following July 1. The budget, as enacted by town meeting, establishes the legal level of control and specifies that certain appropriations are to be funded by particular revenues. The original budget is amended during the fiscal year at special town meetings as required by changing conditions. In cases of extraordinary or unforeseen expenses, the Finance Committee is empowered to transfer funds from the Reserve Fund (a contingency appropriation) to a departmental appropriation. "Extraordinary" includes expenses which are not in the usual line, or are great or exceptional. "Unforeseen" includes expenses which are not foreseen as of the time of the annual meeting when appropriations are voted.

Departments are limited to the line items as voted. Certain items may exceed the line item budget as approved if it is for an emergency and for the safety of the general public. These items are limited by the Massachusetts General Laws and must be raised in the next year's tax rate.

Formal budgetary integration is employed as a management control device during the year for the General Fund and Proprietary Funds. Effective budgetary control is achieved for all other funds through provisions of the Massachusetts General Laws.

At year-end, appropriation balances lapse, except for certain unexpended capital items and encumbrances which will be honored during the subsequent year.

B. Budgetary Basis

The general fund final appropriation appearing on the "Budget and Actual" page of the fund financial statements represents the final amended budget after all reserve fund transfers and supplemental appropriations.

C. Budget/GAAP Reconciliation

The budgetary data for the general and proprietary funds is based upon accounting principles that differ from generally accepted accounting principles (GAAP). Therefore, in addition to the GAAP basis financial statements, the results of operations of the general fund are presented in accordance with budgetary accounting principles to provide a meaningful comparison to budgetary data.

The following is a summary of adjustments made to the actual revenues and other sources, and expenditures and other uses, to conform to the budgetary basis of accounting.

| <u>General Fund</u> | <u>Revenues and Other Financing Sources</u> | <u>Expenditures and Other Financing Uses</u> |
|--|---|--|
| Revenues/Expenditures (GAAP basis) | \$ 44,971,910 | \$ 46,109,999 |
| Other financing sources/uses (GAAP basis) | <u>584,297</u> | <u>537,400</u> |
| Subtotal (GAAP Basis) | 45,556,207 | 46,647,399 |
| Adjust tax revenue to accrual basis | 163,509 | - |
| Reverse beginning of year appropriation carryforwards from expenditures | - | (1,384,293) |
| Add end-of-year appropriation carryforwards from expenditures | - | 802,187 |
| To record use of free cash | 2,226,489 | - |
| To remove stabilization fund | 110,179 | (123,350) |
| Other timing issue | <u>-</u> | <u>10,000</u> |
| Budgetary basis | <u>\$ 48,056,384</u> | <u>\$ 45,951,943</u> |

D. Deficit Fund Equity

The following funds had deficits as of June 30, 2015:

| | |
|-----------------------------------|---------------------|
| Chapter 90 | \$ (366,191) |
| McGovern windows | (130,518) |
| Rt 109 earmark | (60,565) |
| 94-142 | (33,099) |
| State 911 support incentive grant | (30,033) |
| Brentwood drainage | (25,059) |
| MADEP water audit | (10,763) |
| Title I | (7,701) |
| Insurance | (4,255) |
| SPED program improvement | (4,068) |
| Title II Teacher Quality | (1,300) |
| COA transportation revolving | (1,054) |
| Zoning review fees | <u>(207)</u> |
| | <u>\$ (674,813)</u> |

The Town's special revenue and capital project funds reflect various individual deficit fund balance accounts which will be funded by future departmental revenues, bond proceeds, and transfers from other funds.

3. Cash and Short-Term Investments

The custodial credit risk for investments is the risk that, in the event of a failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned. Massachusetts General Law Chapter 44, Section 55, limits the Town's deposits "in a bank or trust company or banking company to an amount not exceeding sixty percent 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." The Town does not have a deposit policy for custodial credit risk.

The Town did not have any bank balances that were exposed to custodial credit risk as uninsured, uncollateralized, and collateral held by pledging bank's trust department not in the Town's name.

4. Taxes Receivable

Real estate and personal property taxes are levied and based on values assessed on January 1 of every year. Assessed values are established by the Board of Assessor's for 100% of the estimated fair market value. Taxes are due on a quarterly basis and are subject to penalties and interest if they are not paid by the respective due date. Real estate and personal property taxes levied are recorded as receivables in the fiscal year they relate to.

Fourteen days after the due date for the final tax bill for real estate taxes, a demand notice may be sent to the delinquent taxpayer. Fourteen days after the demand notice has been sent, the tax collector may proceed to file a lien against the delinquent taxpayers' property. The Town has an ultimate right to foreclose on property for unpaid taxes. Personal property taxes cannot be secured through the lien process.

Taxes receivable at June 30, 2015 consist of the following (in thousands):

Real Estate

| | |
|-------|-------------|
| 2015 | \$ 293 |
| 2014 | 43 |
| 2013 | 21 |
| 2012 | 1 |
| Prior | <u>(10)</u> |

348

Personal Property

| | |
|-------|----------|
| 2015 | 387 |
| 2014 | 2 |
| 2013 | 1 |
| 2012 | 2 |
| 2011 | 2 |
| Prior | <u>9</u> |

403

Tax Liens

1,298

Deferred Taxes

76

Total

\$ 2,125

5. Allowance for Doubtful Accounts

The receivables reported in the accompanying entity-wide financial statements reflect the following estimated allowances for doubtful accounts (in thousands):

| | <u>Governmental</u> | <u>Business-Type</u> |
|----------------|---------------------|----------------------|
| Property taxes | \$ 231 | \$ - |
| Excises | \$ 97 | \$ - |
| Utilities | \$ - | \$ 307 |
| Other | \$ - | \$ 13 |

6. Intergovernmental Receivables

This balance represents reimbursements requested from Federal and State agencies for expenditures incurred in fiscal 2015.

7. Interfund Fund Transfers

Transfers between Governmental and Business-Type Activities do not offset by \$(175,107). This is due to transfers between the Agency and Other Post-Employment Benefits Trust funds and Governmental funds.

8. Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows (in thousands):

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|------------------|------------------|---------------------------|
| Governmental Activities: | | | | |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | \$ 84,675 | \$ 4,493 | \$ - | \$ 89,168 |
| Machinery, equipment, and furnishings | 10,359 | 812 | (49) | 11,122 |
| Infrastructure | 28,967 | 1,512 | - | 30,479 |
| Total capital assets, being depreciated | 124,001 | 6,817 | (49) | 130,769 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (29,040) | (2,005) | - | (31,045) |
| Machinery, equipment, and furnishings | (7,443) | (592) | 35 | (8,000) |
| Infrastructure | (21,815) | (690) | - | (22,505) |
| Total accumulated depreciation | (58,298) | (3,287) | 35 | (61,550) |
| Total capital assets, being depreciated, net | 65,703 | 3,530 | (14) | 69,219 |
| Capital assets, not being depreciated: | | | | |
| Land | 21,228 | - | - | 21,228 |
| Construction in progress | 24,141 | 562 | - | 24,703 |
| Total capital assets, not being depreciated | 45,369 | 562 | - | 45,931 |
| Governmental activities capital assets, net | <u>\$ 111,072</u> | <u>\$ 4,092</u> | <u>\$ (14)</u> | <u>\$ 115,150</u> |

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|------------------|------------------|---------------------------|
| Business-Type Activities: | | | | |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | \$ 14 | \$ - | \$ - | \$ 14 |
| Machinery, equipment, and furnishings | 2,227 | 157 | - | 2,384 |
| Infrastructure | <u>54,617</u> | <u>-</u> | <u>-</u> | <u>54,617</u> |
| Total capital assets, being depreciated | 56,858 | 157 | - | 57,015 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (14) | - | - | (14) |
| Machinery, equipment, and furnishings | (982) | (131) | - | (1,113) |
| Infrastructure | <u>(21,990)</u> | <u>(976)</u> | <u>-</u> | <u>(22,966)</u> |
| Total accumulated depreciation | <u>(22,986)</u> | <u>(1,107)</u> | <u>-</u> | <u>(24,093)</u> |
| Total capital assets, being depreciated, net | 33,872 | (950) | - | 32,922 |
| Capital assets, not being depreciated: | | | | |
| Land | 615 | - | - | 615 |
| Construction in progress | <u>423</u> | <u>1,730</u> | <u>-</u> | <u>2,153</u> |
| Total capital assets, not being depreciated | <u>1,038</u> | <u>1,730</u> | <u>-</u> | <u>2,768</u> |
| Business-type activities capital assets, net | <u>\$ 34,910</u> | <u>\$ 780</u> | <u>\$ -</u> | <u>\$ 35,690</u> |

Depreciation expense was charged to functions of the Town as follows (in thousands):

| | |
|---|-----------------|
| Governmental Activities: | |
| General government | \$ 123 |
| Public safety | 299 |
| Education | 1,840 |
| Public works | 930 |
| Culture and recreation | <u>95</u> |
| Total depreciation expense - governmental activities | <u>\$ 3,287</u> |
| Business-Type Activities: | |
| Water | \$ 723 |
| Ambulance | 32 |
| Sewer | <u>352</u> |
| Total depreciation expense - business-type activities | <u>\$ 1,107</u> |

9. Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of net assets by the Town that is applicable to future reporting periods. Deferred outflows of resources have a positive effect on net position, similar to assets.

The following is a summary of deferred outflow of resources balances as of June 30, 2015:

| | <u>Entity-wide Basis</u> | |
|---|------------------------------------|-------------------------------------|
| | <u>Governmental Activities</u> | <u>Business-type Activities</u> |
| Net difference between projected and actual pension investment earnings | \$ 689,188 | \$ 20,803 |

10. Warrants Payable

Warrants payable represent 2015 expenditures paid by July 15, 2015.

11. Anticipation Notes Payable

The Town had the following notes outstanding at June 30, 2015:

| | <u>Interest Rate</u> | <u>Date of Issue</u> | <u>Date of Maturity</u> | <u>Balance at 6/30/15</u> |
|--------------------|--------------------------|--------------------------|-----------------------------|-------------------------------|
| MWPAT CW11-20 | 0.15% | 04/15/12 | 04/15/16 | \$ 500,000 |
| MWPAT T5 97-1086-C | 0.00% | 12/12/12 | 12/12/15 | 200,000 |
| MWPAT DW-13-13A | 0.10% | 05/01/15 | 05/01/16 | <u>1,722,600</u> |
| Total | | | | <u>\$ 2,422,600</u> |

The following summarizes activity in notes payable during fiscal year 2015:

| | <u>Balance Beginning of Year</u> | <u>New Issues</u> | <u>Maturities</u> | <u>Balance End of Year</u> |
|----------------------------|--|-----------------------|-----------------------|------------------------------------|
| MWPAT CW11-20 | \$ 500,000 | \$ - | \$ - | \$ 500,000 |
| MWPAT T5 97-1086-C | 200,000 | - | - | 200,000 |
| Tanker truck | 270,000 | - | (270,000) | - |
| Sewer | 75,000 | - | (75,000) | - |
| MWPAT DW-13-13 | 1,501,102 | - | (1,501,102) | - |
| Water mains and tank mixer | 260,000 | - | (260,000) | - |
| MWPAT DW-13-13A | <u>-</u> | <u>1,722,600</u> | <u>-</u> | <u>1,722,600</u> |
| Total | <u>\$ 2,806,102</u> | <u>\$ 1,722,600</u> | <u>\$ (2,106,102)</u> | <u>\$ 2,422,600</u> |

12. Capital Lease Obligations

The Town is the lessee of certain equipment under a capital lease expiring in 2018. Future minimum lease payments under the capital lease consisted of the following as of June 30, 2015:

| <u>Fiscal Year</u> | <u>Capital Leases</u> |
|---|---------------------------|
| 2016 | \$ 28,317 |
| 2017 | 28,317 |
| 2018 | <u>28,317</u> |
| Total minimum lease payments | 84,951 |
| Less amounts representing interest | <u>5,237</u> |
| Present Value of Minimum Lease Payments | <u>\$ 79,714</u> |

13. Long-Term Debt

A. General Obligation Bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds currently outstanding are as follows:

| <u>Governmental Activities:</u> | <u>Serial Maturities Through</u> | <u>Interest Rate(s) %</u> | <u>Amount Outstanding as of 6/30/15</u> |
|---------------------------------|--|-------------------------------|---|
| MWPAT (Title V Septic Mgmt.) | 08/01/18 | 0.00% | \$ 26,620 |
| Multipurpose | 03/01/16 | 4.28% | 155,000 |
| Multipurpose | 04/15/22 | 3.73% | 1,200,000 |
| MWPAT (Title V Septic Mgmt.) | 08/01/23 | 0.00% | 33,351 |
| Multipurpose | 11/15/25 | 4.00% | 6,595,000 |
| Multipurpose | 10/15/29 | 2.92% | 495,000 |
| FY2011 refunding | 06/15/16 | 1.29% | 120,000 |
| Surface refunding | 08/15/23 | 2.54% | 90,000 |
| Town hall remodeling | 08/15/20 | 2.28% | 90,000 |
| Energy conservation | 08/15/29 | 3.00% | 2,980,000 |
| Public way | 08/15/15 | 2.07% | 120,000 |
| Police communication | 08/15/15 | 2.07% | 55,000 |
| Architectural services | 08/15/15 | 2.07% | 50,000 |
| General obligation | 02/15/32 | 2.02% | 4,255,000 |
| General obligation | 09/15/32 | 1.98% | 4,320,000 |
| Multipurpose | 05/15/33 | 2.22% | 5,620,000 |
| General obligation | 03/15/16 | 3.00% | <u>4,497,550</u> |
| Total Governmental Activities: | | | <u>\$ 30,702,521</u> |

| <u>Business-Type Activities:</u> | <u>Serial</u> <u>Maturities</u> <u>Through</u> | <u>Interest</u> <u>Rate(s) %</u> | <u>Amount</u> <u>Outstanding</u> <u>as of</u> <u>6/30/15</u> |
|--|--|-------------------------------------|---|
| Water corrosion control | 03/01/16 | 4.28% | \$ 60,000 |
| Water well | 10/15/29 | 3.18% | 1,290,000 |
| Water well | 10/15/29 | 3.15% | 405,000 |
| Water equipment | 10/15/17 | 2.18% | 75,000 |
| Meters | 10/16/19 | 2.45% | 525,000 |
| Water storage tank | 08/15/29 | 2.99% | 590,000 |
| Well | 08/15/29 | 2.97% | 430,000 |
| Water meters | 08/15/15 | 2.07% | 10,000 |
| Water | 02/15/32 | 2.02% | 2,360,000 |
| General obligation | 03/15/16 | 3.00% | 301,400 |
| MWPAT DW13-13 | 07/15/35 | 2.00% | 1,501,102 |
| Sewer projects | 04/21/17 | 5.00% | 12,000 |
| Sewer projects | 10/15/29 | 3.17% | 1,240,000 |
| Sewer projects | 08/15/29 | 3.01% | 750,000 |
| General obligation | 09/15/32 | 1.98% | 160,000 |
| Sewer projects | 03/15/16 | 3.00% | 315,000 |
| General obligation | 02/15/32 | 2.02% | 120,000 |
| Total Business-Type Activities: | | | \$ 10,144,502 |

B. Future Debt Service

The annual payments to retire all general obligation long-term debt outstanding as of June 30, 2015 are as follows:

| <u>Governmental</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---------------------|----------------------|---------------------|----------------------|
| 2016 | \$ 2,853,044 | \$ 892,808 | \$ 3,745,852 |
| 2017 | 2,335,494 | 803,158 | 3,138,652 |
| 2018 | 2,320,494 | 733,985 | 3,054,479 |
| 2019 | 2,305,494 | 659,047 | 2,964,541 |
| 2020 | 2,203,599 | 584,278 | 2,787,877 |
| 2021 - 2025 | 10,074,396 | 1,953,437 | 12,027,833 |
| 2026 - 2030 | 6,580,000 | 745,053 | 7,325,053 |
| 2031 - 2033 | 2,030,000 | 100,300 | 2,130,300 |
| Total | \$ 30,702,521 | \$ 6,472,066 | \$ 37,174,587 |

| <u>Business-Type</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------|----------------------|---------------------|----------------------|
| 2016 | \$ 878,121 | \$ 283,974 | \$ 1,162,095 |
| 2017 | 803,041 | 267,751 | 1,070,792 |
| 2018 | 783,389 | 245,518 | 1,028,907 |
| 2019 | 754,767 | 222,050 | 976,817 |
| 2020 | 721,174 | 197,329 | 918,503 |
| 2021 - 2025 | 2,943,081 | 710,062 | 3,653,143 |
| 2026 - 2030 | 2,563,154 | 294,718 | 2,857,872 |
| 2031 - 2033 | 697,775 | 37,043 | 734,818 |
| Total | \$ 10,144,502 | \$ 2,258,445 | \$ 12,402,947 |

C. Changes in General Long-Term Liabilities

During the year ended June 30, 2015, the following changes occurred in long-term liabilities (in thousands):

| | Total Balance <u>7/1/14</u> | Additions | Reductions | Total Balance <u>6/30/15</u> | Less Current Portion | Equals Long-Term Portion <u>6/30/15</u> |
|--|-----------------------------------|-----------------|-------------------|------------------------------------|----------------------------|--|
| <u>Governmental Activities</u> | | | | | | |
| Bonds payable | \$ 28,775 | \$ 4,498 | \$ (2,570) | \$ 30,703 | \$ (2,853) | \$ 27,850 |
| Other: | | | | | | |
| Capital lease | 105 | - | (25) | 80 | (26) | 54 |
| Compensated absences | 786 | - | (309) | 477 | (48) | 429 |
| Accrued other post-employment benefits | 17,533 | 2,934 | - | 20,467 | - | 20,467 |
| Net pension liability | 15,921 | 768 | - | 16,689 | - | 16,689 |
| Totals | <u>\$ 63,120</u> | <u>\$ 8,200</u> | <u>\$ (2,904)</u> | <u>\$ 68,416</u> | <u>\$ (2,927)</u> | <u>\$ 65,489</u> |

| | Total Balance <u>7/1/14</u> | Additions | Reductions | Total Balance <u>6/30/15</u> | Less Current Portion | Equals Long-Term Portion <u>6/30/15</u> |
|--|-----------------------------------|-----------------|-----------------|------------------------------------|----------------------------|--|
| <u>Business-Type Activities</u> | | | | | | |
| Bonds payable | \$ 8,802 | \$ 2,118 | \$ (775) | \$ 10,145 | \$ (878) | \$ 9,267 |
| Other: | | | | | | |
| Compensated absences | 39 | - | (2) | 37 | (4) | 33 |
| Accrued other post-employment benefits | 529 | 90 | - | 619 | - | 619 |
| Net pension liability | 481 | 23 | - | 504 | - | 504 |
| Totals | <u>\$ 9,851</u> | <u>\$ 2,231</u> | <u>\$ (777)</u> | <u>\$ 11,305</u> | <u>\$ (882)</u> | <u>\$ 10,423</u> |

14. Subsequent Events

Debt

Subsequent to June 30, 2015, the Town has incurred the following additional debt:

| | <u>Amount</u> | <u>Interest Rate</u> | <u>Issue Date</u> | <u>Maturity Date</u> |
|------------------------|---------------|----------------------|-------------------|----------------------|
| Bond anticipation note | \$ 2,654,348 | 1.25% | 09/22/15 | 09/15/16 |

15. Deferred Inflows of Resources

Deferred inflows of resources are the acquisition of net assets by the Town that are applicable to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities.

The following is a summary of deferred inflow of resources balances as of June 30, 2015:

| | <u>Fund Basis</u> | | |
|----------------------|---------------------------|---------------------|-----------------|
| | <u>Governmental Funds</u> | | |
| | Community | | |
| | <u>General Fund</u> | <u>Preservation</u> | <u>Nonmajor</u> |
| Unavailable revenues | \$ 2,075,138 | \$ 7,199 | \$ 56,446 |

16. Restricted Net Position

The accompanying entity-wide financial statements report restricted net position when external constraints from grantors or contributors are placed on net position.

Permanent fund restricted net position is segregated between nonexpendable and expendable. The nonexpendable portion represents the original restricted principal contribution, and the expendable represents accumulated earnings which are available to be spent based on donor restrictions.

17. Governmental Funds - Balances

Fund balances are segregated to account for resources that are either not available for expenditure in the future or are legally set aside for a specific future use.

The Town implemented GASB Statement No. 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying existing governmental fund type definitions.

The following types of fund balances are reported at June 30, 2015:

Nonspendable - Represents amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. This fund balance classification includes general fund reserves for prepaid expenditures and nonmajor governmental fund reserves for the principal portion of permanent trust funds.

Restricted - Represents amounts that are restricted to specific purposes by constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. This fund balance classification includes general fund encumbrances funded by bond issuances, various special revenue funds, and the income portion of permanent trust funds.

Committed - Represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision-making authority. This fund balance classification includes special article appropriations approved at Town Meeting and various special revenue funds.

Assigned - Represents amounts that are constrained by the Town's intent to use these resources for a specific purpose. This fund balance classification includes general fund encumbrances that have been established by various Town departments for the expenditure of current year budgetary financial resources upon vendor performance in the subsequent budgetary period.

Unassigned - Represents amounts that are available to be spent in future periods.

Following is a breakdown of the Town's fund balances at June 30, 2015:

| | <u>General Fund</u> | <u>Community Preservation</u> | <u>Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---------------------------------------|-------------------------|-----------------------------------|--|---|
| Nonspendable | | | | |
| Nonexpendable permanent funds | \$ - | \$ - | \$ 110,869 | \$ 110,869 |
| Total Nonspendable | - | - | 110,869 | 110,869 |
| Restricted | | | | |
| Bonded capital projects | - | - | 332,363 | 332,363 |
| Special revenue funds | - | 5,600,266 | 2,750,028 | 8,350,294 |
| Expendable permanent funds | - | - | 658,384 | 658,384 |
| Total Restricted | - | 5,600,266 | 3,740,775 | 9,341,041 |
| Committed | | | | |
| Reserve for continuing appropriations | | | | |
| General government | 315,424 | - | - | 315,424 |
| Education | 72,622 | - | - | 72,622 |
| Public works | 209,979 | - | - | 209,979 |
| Culture and recreation | 73,127 | - | - | 73,127 |
| Stabilization storm reserve | 212,389 | - | - | 212,389 |
| Stabilization health insurance | 52,699 | - | - | 52,699 |
| Stabilization ESCO | 125,298 | - | - | 125,298 |
| Stabilization capital improvements | 340,905 | - | - | 340,905 |
| Stabilization DPS facility | 2,168 | - | - | 2,168 |
| Fiscal stability | 804,159 | - | - | 804,159 |
| Total Committed | 2,208,770 | - | - | 2,208,770 |
| Assigned | | | | |
| Encumbrances | | | | |
| General government | 20,492 | - | - | 20,492 |
| Public safety | 18,654 | - | - | 18,654 |
| Education | 84,429 | - | - | 84,429 |
| Public works | 2,721 | - | - | 2,721 |
| Culture and recreation | 6,632 | - | - | 6,632 |
| Employee benefits | 1,892 | - | - | 1,892 |
| Reserve for excluded debt | 434,698 | - | - | 434,698 |
| Reserve for debt service | 677,608 | - | - | 677,608 |
| Reserved for expenditures | 665,000 | - | - | 665,000 |
| Total Assigned | 1,912,126 | - | - | 1,912,126 |

| | <u>General Fund</u> | <u>Community Preservation</u> | <u>Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---------------------------------|-------------------------|-----------------------------------|--|---|
| Unassigned | | | | |
| Special revenue | - | - | (519,236) | (519,236) |
| Capital projects | - | - | (155,577) | (155,577) |
| General trust stabilization | 1,925,866 | - | - | 1,925,866 |
| General operating stabilization | 683,407 | - | - | 683,407 |
| General fund | <u>3,997,890</u> | - | - | <u>3,997,890</u> |
| Total Unassigned | <u>6,607,163</u> | - | <u>(674,813)</u> | <u>5,932,350</u> |
| Total Fund Balance | <u>\$ 10,728,059</u> | <u>\$ 5,600,266</u> | <u>\$ 3,176,831</u> | <u>\$ 19,505,156</u> |

18. General Fund Unassigned Fund Balance

The unassigned general fund balance reported on the balance sheet is stated in accordance with generally accepted accounting principles (GAAP), which differs in certain respects from the Massachusetts Uniform Municipal Accounting System (UMAS). The following paragraphs summarize the major differences.

The accompanying financial statements include an estimate for future potential tax refunds, which is not recognized under UMAS.

The following summarizes the specific differences between GAAP basis and budgetary basis of reporting the general fund unassigned fund balance:

| | |
|--------------------------|---------------------|
| GAAP basis balance | \$ 6,607,163 |
| Stabilization fund | (2,609,273) |
| Tax refund estimate | <u>865,976</u> |
| Statutory (UMAS) Balance | <u>\$ 4,863,866</u> |

19. Commitments and Contingencies

Outstanding Legal Issues - There are several pending legal issues in which the Town is involved. The Town's management is of the opinion that the potential future settlement of such claims would not materially affect its financial statements taken as a whole.

Grants - Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

20. Post-Employment Healthcare and Life Insurance Benefits

Other Post-Employment Benefits

GASB Statement 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, requires governments to account for other post-employment benefits (OPEB), primarily healthcare, on an accrual basis rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially required contribution as an expense on the Statement of Activities when a future retiree earns their post-employment benefits, rather than when they use their post-employment benefit. To the extent that an entity does not fund their actuarially required contribution, a post-employment benefit liability is recognized on the Statement of Net Position over time.

A. Plan Description

In addition to providing the pension benefits described, the Town provides post-employment healthcare and life insurance benefits for retired employees through the Town's plan. The benefits, benefit levels, employee contributions, and employer contributions are governed by Chapter 32 of the Massachusetts General Laws. As of July 1, 2013, the actuarial valuation date, approximately 152 retirees and 310 active employees meet the eligibility requirements. The plan does not issue a separate financial report.

B. Benefits Provided

The Town provides medical, prescription drug, mental health/substance abuse, and life insurance to retirees and their covered dependents. All active employees who retire from the Town and meet the eligibility criteria will receive these benefits.

C. Funding Policy

Retirees contribute 50% of the cost of the health plan, as determined by the Town. The Town contributes the remainder of the health plan costs on a pay-as-you-go basis.

D. Annual OPEB Costs and Net OPEB Obligation

The Town's fiscal 2015 annual OPEB expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost per year and amortize the unfunded actuarial liability over a period of thirty years. The following table shows the components of the Town's annual OPEB cost for the year ending June 30, 2015, the amount actually contributed to the plan, and the change in the Town's net OPEB obligation based on an actuarial valuation as of July 1, 2013.

| | |
|---|----------------------|
| Annual Required Contribution (ARC) | \$ 4,513,444 |
| Interest on net OPEB obligation | 722,514 |
| Adjustment to ARC | <u>(1,139,695)</u> |
| Annual OPEB cost | 4,096,263 |
| Contributions made | <u>(1,072,732)</u> |
| Increase in net OPEB obligation | 3,023,531 |
| Net OPEB obligation - beginning of year | <u>18,062,845</u> |
| Net OPEB obligation - end of year | <u>\$ 21,086,376</u> |

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

| <u>Fiscal Year Ended</u> | <u>Annual OPEB Cost</u> | <u>Percentage of OPEB Cost Contributed</u> | <u>Net OPEB Obligation</u> |
|--------------------------|-------------------------|--|----------------------------|
| 2015 | \$ 4,096,263 | 26% | \$ 21,086,376 |
| 2014 | \$ 3,940,458 | 25% | \$ 18,062,845 |
| 2013 | \$ 3,251,584 | 28% | \$ 15,097,892 |

The Town's net OPEB obligation as of June 30, 2015 is recorded as a component of the "other long-term liabilities" line item.

E. Funded Status and Funding Progress

The funded status of the plan as of July 1, 2013, the date of the most recent actuarial valuation was as follows:

| | |
|---|----------------------|
| Actuarial accrued liability (AAL) | \$ 38,407,572 |
| Less actuarial value of plan assets | <u>(50,489)</u> |
| Unfunded actuarial accrued liability (UAAL) | <u>\$ 38,357,083</u> |
| Funded ratio (actuarial value of plan assets/AAL) | <u>0.1%</u> |
| Covered payroll (active plan members) | <u>\$ 18,282,384</u> |
| UAAL as a percentage of covered payroll | <u>210%</u> |

Actuarial valuations of an ongoing plan involve estimates of the value of reported amount and assumptions about the probability of occurrence of events far into the future. Examples included assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are

compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the Notes to the Financial Statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

F. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the plan as understood by the Town and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the Town and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2013, actuarial valuation the entry age actuarial cost method was used. The actuarial value of assets was not determined as the Town has not advanced funded its obligation. The actuarial assumptions included a 4.0% investment rate of return and an initial annual healthcare cost trend rate of 8%, which decreases to a 5% long-term rate for all healthcare benefits after 2019. The amortization costs for the initial UAAL is a level percentage of payroll for a period of 30 years, on a closed basis.

21. Retirement System

The Town follows the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, with respect to the employees' retirement funds.

A. Plan Description

Substantially all employees of the Town (with the exception of school department employees who serve in a teaching capacity) are members of the Norfolk County Contributory Retirement System (the System), a cost sharing, multiple-employer public employee retirement system (PERS). Eligible employees must participate in the System. The pension plan provides pension benefits, deferred allowances, and death and disability benefits. Chapter 32 of the Massachusetts General Laws establishes the authority of the System, contribution percentages and benefits paid. The System Retirement Board does not have the authority to amend benefit provisions. Additional information is disclosed in the System's annual financial reports publically available from the System located at 480 Neponset Street, Building 15, Canton, Massachusetts 02021 or from the System's website at www.norfolkcountyretirement.org.

B. Benefits Provided

The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. Benefit payments are based upon a member's age, length of creditable service, level of compensation and group classification. Members become vested after 10 years of creditable service. A retirement allowance may be received upon reaching age 65 or upon attaining 20 years of service. The plan also provides for early retirement at age 55 if the participant (1) has a record of 10 years of creditable service, (2) was on the Town payroll on January 1, 1978, (3) voluntarily left Town employment on or after that date, and (4) left accumulated annuity deductions in the fund. A retirement allowance consists of two parts: an annuity and a pension. A member's accumulated total deductions and a portion of the interest they generate constitute the annuity. The difference between the total retirement allowance and the annuity is the pension. The average retirement benefit is approximately 80-85% pension and 15-20% annuity.

Per Chapter 176 of the Acts of 2011, for members who retire on or after April 2, 2012, if in the 5 years of creditable service immediately preceding retirement, the difference in the annual rate of regular compensation between any 2 consecutive years exceeds 100 percent, the normal yearly amount of the retirement allowance shall be based on the average annual rate of regular compensation received by the member during the period of 5 consecutive years preceding retirement.

Employees who resign from service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total deductions. In addition, depending upon the number of years of creditable service, such employees are entitled to receive zero, fifty, or one hundred percent of the regular interest which has accrued upon those deductions. However, effective July 1, 2010, members voluntarily withdrawing with less than 10 years of service get credited interest each year at a rate of 3% and do not forfeit any interest previously earned on contributions.

C. Contributions

Participants contribute a set percentage of their gross regular compensation annually. Employee contribution percentages are specified in Chapter 32 of the Massachusetts General Laws. The employee's individual contribution percentage is determined by their date of entry into the system. In addition, all employees hired after January 1, 1979 contribute an additional 2% on all gross regular compensation over the rate of \$30,000 per year. The percentages are as follows:

| | |
|-------------------------------------|----|
| Before January 1, 1975 | 5% |
| January 1, 1975 - December 31, 1983 | 7% |
| January 1, 1984 - June 30, 1996 | 8% |
| Beginning July 1, 1996 | 9% |

Employers are required to contribute at actuarially determined rates as accepted by the Public Employee Retirement Administration Commission (PERAC).

The Town's contribution to the System for the year ended June 30, 2015 was \$1,565,052, which was equal to its annual required contribution.

D. Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the System and additions to/deductions from System's fiduciary net position have been determined on the same basis as they are reported by System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

E. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the Town reported a liability of \$17,193,151 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2014, the Town's proportion was 3.31514 percent.

For the year ended June 30, 2015, the Town recognized pension expense of \$1,861,400. In addition, the Town reported deferred outflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> |
|--|---|
| Net difference between projected and actual earnings on pension plan investments | \$ 709,991 |
| Total | <u>\$ 709,991</u> |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended June 30: | |
|---------------------|-------------------|
| 2016 | \$ 177,498 |
| 2017 | 177,498 |
| 2018 | 177,498 |
| 2019 | <u>177,497</u> |
| Total | <u>\$ 709,991</u> |

Actuarial assumptions: The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|----------------------------------|
| COLA | 3% of the first \$15,000 |
| Salary increases | 4% per year, including longevity |
| Investment rate of return | 8.25% |

Mortality rates were based on the RP-200 mortality table (sex-distinct, healthy employees for actives and healthy annuitants for retirees) projected with scale BB and Generational Mortality. Disabled mortality is the healthy retiree table ages set forward 2 years.

The long-term expected rate of return on pension plan investments was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range (expected returns, net of pension plan investment expense and inflation) is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

| <u>Asset Class</u> | <u>Target Asset Allocation</u> | <u>Long-term Expected Real Rate of Return</u> |
|----------------------|--------------------------------|---|
| Fixed income | 19.00% | 1.90% |
| Domestic equity | 32.00% | 7.70% |
| International equity | 17.50% | 6.40% |
| Real estate | 9.00% | 5.20% |
| Private equity | 8.50% | 11.90% |
| Hedge funds | 9.00% | 5.50% |
| Real assets | 5.00% | 5.50% |

Discount Rate: The discount rate used to measure the total pension liability was 8.25%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the proportionate share of the net pension liability to changes in the discount rate: The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 8.25 percent, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (7.25%) or 1 percentage-point higher (9.25%) than the current rate:

| <u>Fiscal Year Ended</u> | <u>1% Decrease (7.25%)</u> | <u>Current Discount Rate (8.25%)</u> | <u>1% Increase (9.25%)</u> |
|--------------------------|--------------------------------|--|--------------------------------|
| 6/30/2015 | \$ 21,576,648 | \$ 17,193,151 | \$ 13,425,791 |

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued System financial report.

22. Massachusetts Teachers' Retirement System (MTRS)

A. Plan Description

The Massachusetts Teachers' Retirement System (MTRS) is a public employee retirement system (PERS) that administers a cost-sharing multi-employer defined benefit plan, as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, Financial Reporting for Pension Plans. MTRS is managed by the Commonwealth on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is responsible for all contributions and future benefit requirements of the MTRS. The MTRS covers certified teachers in cities (except Boston), towns, regional school districts, charter schools, educational collaboratives, and Quincy College. The MTRS is part of the Commonwealth's reporting entity and does not issue a stand-alone audited financial report.

Management of MTRS is vested in the Massachusetts Teachers' Retirement Board (MTRB), which consists of seven members—two elected by the

MTRS members, one who is chosen by the six other MTRB members, the State Treasurer (or their designee), the State Auditor (or their designee), a member appointed by the Governor, and the Commissioner of Education (or their designee), who serves ex-officio as the Chairman of the MTRB.

B. Benefits Provided

MTRS provides retirement, disability, survivor, and death benefits to members and their beneficiaries. Massachusetts General Laws (MGL) establishes uniform benefit and contribution requirements for all contributory PERS. These requirements provide for superannuation retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated on the basis of the last five years or any five consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member's age, length of creditable service, and group creditable service, and group classification. The authority for amending these provisions rests with the Legislature.

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of twenty years of creditable service or upon reaching the age of 55 with ten years of service. Normal retirement for most employees occurs at age 65. Most employees who joined the system after April 1, 2012 cannot retire prior to age 60.

The MTRS' funding policies have been established by Chapter 32 of the MGL. The Legislature has the authority to amend these policies. The annuity portion of the MTRS retirement allowance is funded by employees, who contribute a percentage of their regular compensation. Costs of administering the plan are funded out of plan assets.

C. Contributions

Member contributions for MTRS vary depending on the most recent date of membership:

| <u>Hire Date</u> | <u>% of Compensation</u> |
|---------------------|---|
| Prior to 1975 | 5% of regular compensation |
| 1975 - 1983 | 7% of regular compensation |
| 1984 to 6/30/1996 | 8% of regular compensation |
| 7/1/1996 to present | 9% of regular compensation |
| 7/1/2001 to present | 11% of regular compensation (for teachers hired after 7/1/01 and those accepting provisions of Chapter 114 of the Acts of 2000) |
| 1979 to present | An additional 2% of regular compensation in excess of \$30,000 |

D. Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of January 1, 2014 rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of January 1, 2014, rolled back to June 30, 2013. This valuation used the following assumptions:

- (a) 8.0% investment rate of return, (b) 3.5% interest rate credited to the annuity savings fund and (c) 3.0% cost of living increase per year.
- Salary increases are based on analyses of past experience but range from 4.0% to 7.5% depending on length of service.
- Mortality rates were as follows:
 - Pre-retirement - reflects RP-2000 Employees table adjusted for “white-collar” employment projected 22 years with Scale AA (gender distinct)
 - Post-retirement - reflects RP-2000 Healthy Annuitant table adjusted for large annuity amounts and projected 17 years with Scale AA (gender distinct)
 - Disability – reflects RP-2000 Healthy Annuitant table adjusted for large annuity amounts and projected 17 years with Scale AA (gender distinct) set forward 3 years for males.

Investment assets of the MTRS are with the Pension Reserves Investment Trust (PRIT) Fund. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund’s target asset allocation as of June 30, 2014 and 2013 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> | |
|--------------------------|--------------------------|---|-------------|
| | | <u>2014</u> | <u>2013</u> |
| Global equity | 43.0% | 7.2% | 7.70% |
| Core fixed income | 13.0% | 2.5% | 2.00% |
| Hedge funds | 10.0% | 5.5% | 4.75% |
| Private equity | 10.0% | 8.8% | 9.00% |
| Real estate | 10.0% | 6.3% | 6.00% |
| Value added fixed income | 10.0% | 6.3% | 6.30% |
| Timber/natural resources | 4.0% | 5.0% | 5.00% |
| Total | 100.0% | | |

E. Discount Rate

The discount rate used to measure the total pension liability was 8.0%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Commonwealth's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

F. Sensitivity Analysis

The following illustrates the sensitivity of the collective net pension liability to changes in the discount rate. In particular, the table presents the MTRS collective net pension liability assuming it was calculated using a single discount rate that is one-percentage-point lower or one-percentage-point higher than the current discount rate (amounts in thousands):

| <u>Fiscal Year Ended</u> | <u>1% Decrease to 7%</u> | <u>Current Discount Rate 8%</u> | <u>1% Increase to 9%</u> |
|--------------------------|--------------------------|---------------------------------|--------------------------|
| June 30, 2013 | \$ 21,426,000 | \$ 17,234,000 | \$ 13,672,000 |
| June 30, 2014 | \$ 20,247,000 | \$ 15,896,000 | \$ 12,200,000 |

G. Special Funding Situation

The Commonwealth is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers. Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68) and the Commonwealth is a nonemployer contributing entity in MTRS. Since the employers do not contribute directly to MTRS, there is no net pension liability to recognize for each employer.

H. Town Proportions

In fiscal year 2014 (the most recent measurement period), the Commonwealth's proportionate share of the MTRS' collective net pension liability and pension expense that is associated with the Town was \$42,198,485 and \$2,931,731 respectively, based on a proportionate share of .26546%. As required by GASB 68, the Town has recognized its portion of the collective pension expense as both a revenue and expense in the government-wide Statement of Activities.

23. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. There were no significant reductions in insurance coverage from the previous year and have been no material settlements in excess of coverage in any of the past three fiscal years.

24. Beginning Net Position Restatement

The beginning (July 1, 2014) net position of the Town has been restated as follows:

Government-Wide Financial Statements:

| | Governmental | Business-Type Activities | | | | Total |
|------------------------|----------------------|--------------------------|-------------------|----------------------|---------------------|----------------------|
| | Activities | Water Fund | Ambulance Fund | Sewer Fund | Solid Waste Fund | |
| As previously reported | \$ 85,696,429 | \$ 16,830,348 | \$ 285,793 | \$ 12,163,639 | \$ 1,135,663 | \$ 30,415,443 |
| GASB 68 implementation | (15,920,889) | (170,575) | (98,409) | (82,007) | (129,571) | (480,562) |
| As restated | <u>\$ 69,775,540</u> | <u>\$ 16,659,773</u> | <u>\$ 187,384</u> | <u>\$ 12,081,632</u> | <u>\$ 1,006,092</u> | <u>\$ 29,934,881</u> |

**TOWN OF MEDWAY, MASSACHUSETTS
SCHEDULE OF FUNDING PROGRESS
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2015
(Unaudited)**

Other Post-Employment Benefits

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) - Entry Age (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percent- age of Covered Payroll [(b-a)/c] |
|--------------------------------|--|--|------------------------------------|--------------------------|---------------------------|--|
| 7/1/2013 | \$ 50,489 | \$ 38,407,572 | \$ 38,357,083 | 0.1% | \$ 18,282,384 | 210.1% |
| 7/1/2011 | \$ - | \$ 31,351,424 | \$ 31,351,424 | 0.0% | N/A | N/A |
| 7/1/2009 | \$ - | \$ 29,616,372 | \$ 29,616,372 | 0.0% | N/A | N/A |
| 7/1/2007 | \$ - | \$ 37,604,481 | \$ 37,604,481 | 0.0% | N/A | N/A |

See Independent Auditors' Report.

TOWN OF MEDWAY, MASSACHUSETTS
SCHEDULE OF PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2015
(Unaudited)

| | |
|--|----------------------|
| <u>Norfolk County Retirement System:</u> | <u>2015</u> |
| Proportion of the net pension liability for the most recent measurement date | 3.31514% |
| Proportionate share of the net pension liability for the most recent measurement date | \$ 17,193,151 |
| Covered-employee payroll for the most recent measurement date | \$ 9,196,377 |
| Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 187.0% |
| Plan fiduciary net position as a percentage of the total pension liability | 60.1% |
| <u>Massachusetts Teachers' Retirement System:</u> | |
| Proportion of the net pension liability for the most recent measurement date | 0.26546% |
| The Town's proportionate share of the net pension liability for the most recent measurement date | \$ - |
| Commonwealth of Massachusetts' total proportionate share of the net pension liability that is associated with the Town | <u>42,198,485</u> |
| Total net pension liability associated with the Town | <u>\$ 42,198,485</u> |
| Covered-employee payroll for the most recent measurement date | \$ 16,276,664 |
| The Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 0% |
| Plan fiduciary net position as a percentage of the total pension liability | 61.64% |

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available

See Independent Auditors' Report.

TOWN OF MEDWAY, MASSACHUSETTS

**SCHEDULE OF CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION**

**JUNE 30, 2015
(Unaudited)**

| <u>Norfolk County Retirement System:</u> | <u>2015</u> |
|--|--------------------|
| Contractually required contribution for the current fiscal year | \$ 1,565,052 |
| Contributions in relation to the contractually required contribution | <u>(1,565,052)</u> |
| Contribution deficiency (excess) | \$ <u><u>-</u></u> |
| Covered-employee payroll for the current fiscal year | \$ 9,196,377 |
| Contributions as a percentage of covered-employee payroll | 17% |

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available

See Independent Auditors' Report.

AGENDA

ITEM #2

**Approval – Submission for Hazard Mitigation
Grant Program Funds**

Associated backup materials attached:

- Memo from Stephanie Mercandetti
- Letter of intent

**Community & Economic
Development Department**
Stephanie A. Mercandetti,
Director



Medway Town Hall
155 Village Street
Medway, MA 02053
Phone: (508) 321-4918
Email:
smercandetti@townofmedway.org

TOWN OF MEDWAY

Date: May 11, 2016

To: Board of Selectmen

From: Stephanie Mercandetti, Director, Community & Economic Development

Re: Submission of Request to Update the Town's Hazard Mitigation Plan

The Federal Emergency Management Agency (FEMA) has made available the next round of grant funding for the Pre-Disaster Mitigation Grant Program. Eligible projects including planning such as updating local multi-hazard mitigation plans. The Town's local plan expired in April 2016. It is important that the Town must have a present plan in order to be eligible in the future to apply and receive funding from the Hazard Mitigation Grant for project related activities.

Grants will fund 75% of the cost with a 25% local share match. It is estimated that the federal share amounts, awarded on a population basis, will be up to \$18,000 for plan updates and will require up to a \$6,000 non-federal cost match.

For this funding round, the Massachusetts Emergency Management Agency (MEMA) will be submitting one application to FEMA for planning grants on behalf of interested communities. Municipalities must submit a letter of intent signed by the Chief Elected Official to MEMA no later than May 25th.

Enclosed please find the draft letter of intent for your review. I will be in attendance at the Board's meeting on May 16th to address any questions you may have.

Board of Selectmen

John A. Foresto, Chair
Maryjane White, Vice-Chair
Richard A. D'Innocenzo, Clerk
Dennis P. Crowley
Glenn D. Trindade



Medway Town Hall
155 Village Street
Medway, MA 02053
Phone (508) 533-3264
Fax (508) 321-4988

TOWN OF MEDWAY
COMMONWEALTH OF MASSACHUSETTS

May 11, 2016

Massachusetts Emergency Management Agency
Attn: Sarah White
400 Worcester Road
Framingham MA 01702

RE: Letter of Intent and Non-Federal Cost Share Commitment for 2016 Pre-Disaster Mitigation Grant Program

Dear Ms. White;

Through this letter the Town of Medway wishes to be considered for 2016 Pre-Disaster Mitigation Grant funding to update our Local Multi-hazard Mitigation Plan. Our current plan was approved on April 12, 2011 and expired on April 11, 2016.

In addition, we commit to providing a non-federal cost share of up to \$6,000 which is 25% of the total cost of the planning project we will undertake if awarded. The non-federal cost share will be comprised of Town funds. On May 9, 2016, Town Meeting approved the request for the appropriation of funds.

Our community is committed to making our community more resilient from natural hazards and reducing our overall vulnerability. We will be addressing the following hazards in our plan: Flood, Dam Failure, Wind-Related (Hurricanes, Tornadoes), Winter Storms, Fire-Related (Brush Fires, Drought), Geologic (Earthquakes, Landslides) and Extreme Temperatures. Flooding is the most prevalent and serious natural hazard identified by local officials. Additionally, severe winter weather and brush fires are also a concern for us. In our community, there are some critical infrastructure sites that are situated in both a FEMA floodplain and within locally identified flood areas such as the Walker Street Bridge, Milford Street Culvert, Main Street Culvert and the Town's Populatic Street Well. With the assistance of a Hazard Mitigation Grant, the Town has been working on drainage improvements to the Brentwood Subdivision (built in the 1970's), an area identified in the recently expired plan which is prone to flooding.

The Town is committed to implementing this planning process by reconvening and expanding our local hazard mitigation planning team utilized in the development of our prior plan. The local team will include the following Town departments: Administration, Department of Public Services, Fire Department, Police Department, Community and Economic Development, Building Department, and Board of Health. The local hazard mitigation planning team will be spearheaded by Town Administrator Michael Boynton. The local hazard mitigation planning team will meet a minimum of four times during the planning process. As part of our outreach for the planning update process, we will hold a minimum of two public meetings as well as solicit input from key stakeholders in the community including local organizations and business associations, such as the Medway Business Council, regional institutions and residents. The Town has a long-standing demonstrated commitment to working with a variety of stakeholder groups including its most recent membership in the Central Norfolk County Regional Emergency Planning Committee.

We hope that you consider our commitment letter for our Hazard mitigation Planning Update and include our community in the 2016 application to the Federal Emergency Management Agency for funding. We look forward to this opportunity.

Very truly yours,

John A. Foresto, Chair
Board of Selectmen

Cc: Michael Boynton, Town Administrator
Thomas Holder, Director, Medway Department of Public Services
Chief Jeff Lynch, Medway Fire Department
Chief Allen Tingley, Medway Police Department
Bridget Graziano, Conservation Agent
Beth Hallal, Health Director
Jack Mee, Building Commissioner
Stephanie Mercandetti, Director, Medway Community & Economic Development

AGENDA

ITEM #3

Approval – Contract with Clean Harbor for Household Hazardous Waste Disposal - \$10,000

Associated backup materials attached:

- Proposed contract

Proposed Motion: I move that the Board authorize the Chairman to execute a contract with Clean Harbor for household hazardous waste disposal in an amount not to exceed \$10,000, subject to the review and approval of both Town Counsel and the Town Accountant.

HOUSEHOLD HAZARDOUS WASTE COLLECTION AGREEMENT

This AGREEMENT shall be effective as of the date it becomes fully executed by and between the Town of Medway (hereinafter "Community"), and Clean Harbors Environmental Services, Inc. (hereinafter "Clean Harbors"), a Massachusetts corporation.

Community and Clean Harbors hereby agree as follows:

1. On May 21, 2016, Clean Harbors shall have present at Alder Road (the "Site") an employee or agent of Clean Harbors (the "Site Chemist") trained in the identification and handling of household hazardous wastes ("Wastes") as defined by state and federal laws and regulations, and such personnel, equipment and materials as are necessary to handle, containerize, label, load and transport said wastes for disposal in a manner which conforms to state and federal laws and regulations.
2.
 - a. Community agrees to pay Clean Harbors for services under this agreement in accordance with the attached Rate Schedule ("Rates") with the condition the Community not pay more than \$10,000.00 (the "Contract Limit").
 - b. The Site Chemist will make a determination and notify the Community Coordinator when the costs of acceptance, transportation and disposal of Household Waste accepted by Clean Harbors at the site has reached the Contract Limit. The Community Coordinator must be present at all times and will be responsible for terminating the collection program upon notification by the Site Chemist that the contract Limit has been reached.
 - c. Clean Harbors shall not be obligated to accept any waste for transportation or disposal after the Contract Limit has been reached.
 - d. Community agrees to pay Clean Harbors within forty-five days of receipt of the invoice at the appropriate town office.
3. The Community shall provide a police officer to maintain order and an authorized representative ("Community Coordinator") at the Site to carry out the responsibilities specified in Paragraph 2.b. above.
4. Clean Harbors shall accept only household hazardous wastes for transportation and disposal from those individuals who are approved by the Community Coordinator in such amounts as are approved by the Community Coordinator.
5. The Community hereby grants to Clean Harbors the absolute right to reject any Wastes delivered to the site.
6. Clean Harbors shall be deemed to be the "generator" of all Wastes accepted by Clean Harbors at the Site.
7. Clean Harbors shall transport for disposal all Wastes which it has accepted at the Site. Such Wastes shall be transported to licensed facilities for lawful disposal.
8. Clean Harbors represents that it shall possess on the day of collection:

- a. A valid Environmental Protection Agency identification number for generation and transportation of hazardous wastes;
 - b. A valid state transporter's license for transportation of hazardous and acutely hazardous wastes;
 - c. A vehicle identification device for each vehicle used by Clean Harbors to transport Wastes from the Site;
 - d. Authorization from the Interstate Commerce Commission and the appropriate state agency to operate a common carrier.
 - e. Liability insurance for claims resulting from bodily injury or death and property damage evidenced by a Certificate of Insurance.
 - f. All other state and federal permits and licenses necessary to legally transport Wastes in interstate commerce.
9. Title to all Wastes accepted by Clean Harbors at the Site shall pass to Clean Harbors.
10. Clean Harbors represents that it understands the currently known hazards to persons, property and the environment resulting from the transportation, treatment and disposal of Wastes. Clean Harbors further represents that it will perform all services under this Agreement in a safe, efficient and lawful manner, using industry-accepted practices and methods.
11. The Community shall use best efforts to assure that all Wastes approved by the Community Coordinator are the Household Wastes of community residents. The community represents and warrants that execution of this Agreement by the signatory below has been duly authorized and is in conformance with applicable provisions of state and local law.
12. Clean Harbors shall perform this Agreement as an independent contractor and shall have and maintain complete control over its employees, agents and operations. Clean Harbors and its agents and employees, shall not represent, act, purport to act, or be deemed to be the agent, representative, employee or servant of the Community. Community agents or employees, the Community Coordinator and the police officer identified in Paragraph 2 shall not represent, act, purport to act or be deemed the agent, representative, employee or servant of Clean Harbors.
13. Any notice or other communication given under this Agreement shall be in writing and mailed or delivered as follows:

To Community:

Town of Medway
Director, Department of Public Services
151 Village Street
Medway, MA 02053

To Clean Harbors:

Clean Harbors Environmental Services, Inc.
42 Longwater Drive
Norwell, MA 02061-9149

Attn: General Counsel (Urgent Contract Matter)

14. INDEMNIFICATION

Clean Harbors hereby indemnifies and agrees to hold harmless and defend the Community and its employees, officials and agents from and against all claims and liability, including all claims for bodily injury or property damage that may arise out of the Clean Harbors performance of its obligations under this contract, to the extent the same are caused by Clean Harbors' negligence or willful misconduct.

15. INSURANCE

- (a) Clean Harbors shall, at its own expense, obtain and maintain general liability and motor vehicle liability insurance policies protecting the Community in connection with any operations included in this Contract, and shall have the Community as an additional insured on the policies. General liability coverage shall be in the amount of at least \$1,000,000 per occurrence and \$2,000,000 aggregate for bodily injury liability and property damage liability.
 - (b) Clean Harbors shall, before commencing performance of this Contract, provide by insurance for the payment of compensation and the furnishing of other benefits in accordance with Mass. Gen. L. Ch. 152, as amended, to all employed under the Contract and shall continue such insurance in full force and effect during the term of the Contract.
 - (c) All insurance coverage shall be in force from the time of the contract to the date when all work under the Contract is completed and accepted by the Community. Certificates and any and all renewals substantiating that required insurance coverage is in effect shall be filed with the Community and shall list the Community as additional insured for each policy. Any cancellation of insurance required by this contract, whether by the insurers or the insured, shall not be valid unless written notice thereof is given by the party proposing cancellation to the other party and to the Community at least fifteen days prior to the intended effective date thereof, which date should be expressed in said notice. Clean Harbors shall provide a copy of additional insured endorsements for all policies that require the Community to be listed as an additional insured.
16. If any section, subsection, sentence or clause of this Agreement shall be deemed to be illegal, invalid or unenforceable for any reason, such illegality, invalidity or unenforceability shall not affect the legality, validity or enforceability of other sections of this Agreement.
17. Any waiver by either party of any provision or condition of this Agreement shall not be construed or deemed to be a waiver of any other provision or condition of this Agreement, nor a waiver of a subsequent breach of the same provision or condition.
18. The validity, interpretation and performance of this Agreement shall be governed and construed in accordance with the laws of the Commonwealth of Massachusetts and the parties agree to submit to the jurisdiction of the courts of the Commonwealth of Massachusetts for any disputes arising under this Agreement. Pursuant to General Laws Chapter 62C Section 49A, the undersigned certifies under the pains and penalties of perjury that Clean Harbors is in compliance with the laws of the Commonwealth relating to taxes, reporting of employees and contractors, and withholding and remitting child support.
19. As provided in Commonwealth of Massachusetts contract FAC53, this contract will not be governed by Prevailing Wage Rate Requirements unless a specific job falls under the Public Works definition (which states that anything which alters the appearance of a structure is a Prevailing Wage job). Any service which meets this criterion is subject to Prevailing Wage Rates and these rates will be posted by the Operational Services Division as part of the state

contract and will be valid for the entire duration of the contract, including all extensions. All employees of Clean Harbors engaged in these activities must be paid at least these rates for any work performed under this Contract determined to be working in a public building or on a public work.

IN WITNESS WHEREOF, the parties hereto execute this Agreement by their duly authorized representatives.

Town of Medway
By its Board of Selectmen

Date: _____

Clean Harbors Environmental
Services, Inc.

By: _____

Title: _____

Date: _____

Thomas Holder, Director of DPS
Town of Medway
Date: _____

Approved as to form:

Barbara J. Saint André, Town Counsel

Date: _____

AGENDA

ITEM #4

Presentation – Agricultural Committee

No associated backup materials.

AGENDA

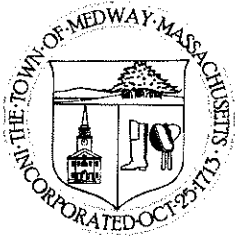
ITEM #5

Approval – 2 Year Contract with All State Asphalt Inc., for Chip Sealing - \$50,000

Associated backup materials attached:

- Memo from Tom Holder
- Contract

Proposed Motion: I move that the Board authorize the Chairman to execute a 2 year contract with All State Asphalt Inc., for chip sealing as presented.



TOWN OF MEDWAY
DEPARTMENT OF PUBLIC SERVICES
MEDWAY, MASSACHUSETTS

*Entrusted To
Manage The
Public
Infrastructure*

THOMAS M. HOLDER
DIRECTOR

DAVID D'AMICO
DEPUTY DIRECTOR

MEMORANDUM

To: Board of Selectmen
From: Thomas Holder, Director | Department of Public Services
Date: May 16, 2016
RE: **Rubberized Chip Seal Contract –for All State Asphalt Inc.**

Please find attached three (3) copies of a contract for Rubberized Chip Seal on roadways.

Contractor to furnish and apply Liquid Asphalt and treated stone on existing bituminous streets. Contract estimated at \$50,000. The Contract term will be for two years.

Bid Opening on 2/25/2016 No Bids for Rubber Chip Seal. Then, solicited a bid from All State Asphalt. All State Asphalt returned email bid on 2/26/2016

Bid opening results. – All State Asphalt Inc.

| | |
|---|---------|
| Chip Seal Single Stone Seal per sq yard | \$ 2.19 |
| Chip Seal Double Stone Seal per sq yard | \$ 4.10 |
| Chip Seal Rubberized Single Chip Seal per sq yard | \$ 4.60 |

We greatly appreciate your consideration of this issue.

HIGHWAY - WATER - SEWER - FLEET - PARKS - FACILITIES - SOLID WASTE

TOWN OFFICES | 155 VILLAGE STREET | MEDWAY, MASSACHUSETTS 02053 | TEL 508-533-3275



Town of Medway
155 VILLAGE STREET
MEDWAY, MASSACHUSETTS 02053

SOLE SOURCE JUSTIFICATION

DATE: 4/27/2016

DEPARTMENT: DPS

SIGNATURE: DAVE DAMICO

DESCRIPTION:

Contractor to furnish and apply Liquid Asphalt and treated stone on existing bituminous streets. Contract estimated at \$50,000. The Contract term will be for two years.
Called Rubberized Chip Seal

VENDOR NAME & ADDRESS:

All State Asphalt, Inc. 325 Amherst Road, P.O. Box 91, Sunderland, MA 01375
413-665-7021

AMOUNT: Not to exceed \$50,000 for 2 year contract

JUSTIFICATION:

Central Registry Published bid on 2/3/2016, Newspaper published on 2/5/2016
Bid Opening on 2/25/2016
No Bids for Rubber Chip Seal.
Then, called All State Asphalt and solicited a Bid for Rubber Chip Seal- Vendor return email bid on 2/26/2016
This vendor was also the only vendor who send in a Bid for the Last "Bid Opening" of 3/27/2014. Their bid pricing for 2014 and 2016 was about the same cost per square yard.

EXHIBIT B

AGREEMENT BETWEEN TOWN AND CONTRACTOR

THIS AGREEMENT shall be effective as of the date it becomes fully executed by all parties hereto for **CHIP SEAL** (hereinafter referred to as the "Services"), by and between **ALL STATES ASPHALT, INC.**, a corporation duly organized under the laws of the Commonwealth of Massachusetts, with a usual place of business at 325 AMHERST ROAD, SUNDERLAND, MA 01375, (hereinafter referred to as the "CONTRACTOR"), and the Town of Medway, (hereinafter referred to as the "TOWN").

WITNESSETH that the CONTRACTOR and the TOWN, for the consideration hereinafter named, agree as follows:

ARTICLE 1: CONTRACT DOCUMENTS

The Contract Documents consist of the following, and in the event of conflicts or discrepancies among them, they shall be interpreted on the basis of the following priorities:

- 1) This agreement between town and contractor
- 2) Contractor's bid or proposal
- 3) Invitation for bids, bid specifications, request for proposals or purchase description
- 4) Copies of all required bonds, certificates of insurance and licenses required under the contract.

EACH OF WHICH IS ATTACHED HERETO. These documents form the entire Agreement between the parties and there are no other agreements between the parties. Any amendment or modification to this Agreement must be in writing and signed by an official with the authority to bind the Town.

ARTICLE 2: SCOPE OF WORK

The CONTRACTOR shall furnish all materials, labor and equipment, and perform all work shown on the Contract Documents, CHIP SEAL and the CONTRACTOR agrees to do everything required by this Agreement and the Contract Documents.

ARTICLE 3: TERMS OF AGREEMENT

This service agreement is effective as of the date of execution by ALL Parties and shall remain in effect for 24 months from the date of contract execution.

ARTICLE 4: THE CONTRACT SUM

The TOWN shall pay the CONTRACTOR for the performance of this Agreement on a per unit basis per Contractor's proposal. Services to be ordered by individual release by authorized personnel only. Quantities may vary. Total Contract amount shall not exceed \$50,000. (Fifty Thousand Dollars).

ARTICLE 5: PAYMENT

- (a) The TOWN shall make payment as follows unless other arrangements for a particular project have been made in advance by the DPS Director:

One final payment of the entire release amount per Contract forty-five days after receipt of an invoice, provided the work be then fully completed or the goods and supplies delivered and the Agreement fully performed.

- (b) With any invoice, the CONTRACTOR shall submit evidence satisfactory to the TOWN that the goods or supplies have been delivered and/or that the work has been completed in accordance with this Agreement, and that all payrolls, material bills and other indebtedness connected with the work have been paid. The billings shall include, if applicable, all charges for CONTRACTOR, subcontractors, plans, equipment, models, renderings, travel, reproductions, postage and delivery, and all other expenses. There shall not be any markup for overhead, administration or profit for any of the above listed services.
- (c) Payments upon substantial completion of contracts for construction of public works shall be governed by General Laws chapter 30 section 39G.

ARTICLE 6: NON-PERFORMANCE

In the case of any default on the part of the CONTRACTOR with respect to any of the terms of this Agreement, the TOWN shall give written notice thereof, and if said default is not made good within such time as the TOWN shall specify in writing, the TOWN shall notify the CONTRACTOR in writing that there has been a breach of the Agreement, and thereafter the TOWN shall have the right to secure the completion of the work remaining to be done on such terms and in such manner as the TOWN shall determine, and the CONTRACTOR shall pay the TOWN any money that the TOWN shall pay another CONTRACTOR for the completion of the work, in excess of what the TOWN would have paid the CONTRACTOR for the completion of the work, and the CONTRACTOR shall reimburse the TOWN for all expenses incurred by reason of said breach. In case of such breach, the CONTRACTOR shall be entitled to receive payment only for work satisfactorily completed prior to said breach, less any retainage the TOWN is entitled to. The amount of any balance due the CONTRACTOR shall be determined by the TOWN and certified to the CONTRACTOR.

ARTICLE 7: TERMINATION

- (a) By executing this Agreement, the CONTRACTOR assumes the risk that the necessary funding for completion of the project will be secured. If adequate funding for the project cannot be secured after execution of this contract, the Town Accountant shall certify that fact in writing for the parties.
- (b) Notwithstanding any other provision of this Agreement, the Town reserves the right at any time to suspend or terminate this Agreement in whole or in part for its convenience or due to an unavailability of funds upon fourteen (14) days written notice to CONTRACTOR. Town shall incur no liability by reason of such termination for convenience except for the obligation to pay for work performed and accepted accruing through the date of termination less any offset or claim of Town. Such obligation shall not exceed the available appropriation. CONTRACTOR shall have no right to recover

other amounts, including but not limited to amounts for lost profits, indirect, incidental or consequential damages.

- (c) If for any reason the TOWN terminates the Agreement due to lack of funding, CONTRACTOR hereby releases the TOWN and every member, agency, and agent thereof from all claims and liability to the CONTRACTOR for everything done, furnished for or relating to the work pursuant to this agreement.

ARTICLE 8: NOTICE

All notices required to be given under this Agreement shall be in writing and shall be effective upon receipt by hand delivery or certified mail to:

Town of Medway:

Town of Medway - DPS
David D'Amico, DPS Deputy Director
155 Village Street
Medway, MA 02053

ALL STATES ASPHALT Inc

Alan Chicoine
Division Manager
325 Amherst Road
Sunderland, MA 01375

ARTICLE 9. INSURANCE

- (a) The CONTRACTOR shall, at its own expense, obtain and maintain commercial general liability, including products-completed operations coverage, and motor vehicle liability insurance policies protecting the TOWN in connection with any operations included in this Contract, and shall have the TOWN named as an additional insured on the policies. General liability coverage shall be in the amount of at least \$1,000,000 per occurrence and \$2,000,000 aggregate for bodily injury liability and property damage liability. The commercial general liability policy shall contain additional insured endorsements of ISO CG 20 37 and either ISO CG 20 33 or CG 20 10, or their equivalent. **The Contractor shall provide a copy of additional insured endorsements for all policies that require the Town to be listed as an additional insured.**
- (b) The CONTRACTOR shall, before commencing performance of this Contract, provide by insurance for the payment of compensation and the furnishing of other benefits in accordance with Mass. Gen. L. Ch. 152, as amended, to all employed under the Contract and shall continue such insurance in full force and effect during the term of the Contract.

All insurance coverage shall be in force from the time of the Agreement until six (6) years beyond the date when all work under the Contract is completed and accepted by the TOWN. **Certificates and any and all renewals substantiating that required insurance coverage is in effect shall be filed with the TOWN and shall list the TOWN as additional insured for each policy.** Since this insurance is normally written on a year-to-year basis, the CONTRACTOR shall notify the TOWN should coverage become unavailable or if its policy should change. If the insurance required by this contract is to be cancelled, whether by the insurers or the insured, such cancellation shall

not be valid unless written notice thereof is given by the party proposing cancellation to the other party and to the Town at least fifteen days prior to the intended effective date thereof, which date should be expressed in said notice. Such cancellation shall not waive or excuse the Contractor's responsibility for complying with the insurance requirements of this Contract.

To the fullest extent permitted by law, the CONTRACTOR shall indemnify, defend, and save harmless the TOWN and all of the TOWN'S officers, agents and employees from and against all suits and claims **of liability of every name and nature, including costs of defending any action, for or on account of any injuries to persons or damage to property of the TOWN or any person, firm, corporation** or association arising out of or resulting from any act, omission, or negligence of the CONTRACTOR, subcontractors and its and their agents or employees. The foregoing provisions shall survive the termination or expiration of this Agreement and shall not be deemed to be released, waived or modified in any respect by reason of any surety or insurance provided by the CONTRACTOR under the Contract.

ARTICLE 10: SUBCONTRACTING OF WORK

The CONTRACTOR shall not subcontract any of the work that it is required to perform under this Contract to any corporation, entity or person without the prior written approval of the TOWN.

ARTICLE 11: MATERIALS AND WORKMANSHIP

Unless otherwise specified, all materials and equipment incorporated in the work under the Contract shall be new. All workmanship shall be first class and by persons qualified in the respective trades.

ARTICLE 12: PREVAILING WAGE RATES

The CONTRACTOR shall pay the prevailing wage and comply with Mass. General Laws chapter 149, sections. 26 - 27D, and a Statement of Compliance shall be included in the Contract Documents. Pursuant to Mass. General Laws chapter 149, sections 26 and 27B, the CONTRACTOR shall file weekly certified payroll records with the TOWN for all employees who have worked on the Project. The TOWN and the CONTRACTOR shall preserve said records for a period of not less than three years from the date of completion of the Agreement.

ARTICLE 13: PERFORMANCE AND PAYMENT BONDS

- (a) The CONTRACTOR shall furnish a performance bond from a surety company qualified to do business under the laws of the Commonwealth of Massachusetts which is satisfactory to the TOWN in the full amount (100%) of the Contract price.
- (b) The CONTRACTOR shall furnish a payment bond from a surety company qualified to do business under the laws of the Commonwealth of Massachusetts which is satisfactory to the TOWN in the full amount (100%) of the Agreement price for payment of all labor and materials used to carry out the Agreement.

ARTICLE 14: GUARANTEE OF WORK

- (a) If, within any guarantee period, repairs or changes are required in connection with guaranteed work, which in the opinion of the TOWN are rendered necessary as a result of the use of materials, equipment or workmanship which are inferior, defective or not in accordance with the terms of the Agreement, the CONTRACTOR shall, promptly upon receipt of notice from the TOWN and at its own expense:
- (1) Make goods and services conform to this Agreement;
 - (2) Make good all damage to the site, or equipment or contents thereof, which, in the opinion of the TOWN, is the result of the use of materials, equipment or workmanship which are inferior, defective, or not in accordance with the terms of the Agreement; and
 - (3) Make good any work or material, or the equipment or site, which is disturbed in fulfilling any such guarantee.

ARTICLE 15: GOVERNING LAW

The CONTRACTOR shall perform the work required under this Agreement in conformity with requirements and standards of the TOWN and all applicable laws of the Commonwealth of Massachusetts, its political subdivisions, and the Federal Government.

This Agreement and performance thereunder are governed by the laws of the Commonwealth of Massachusetts and all other applicable by-laws and administrative rules, regulations and orders.

ARTICLE 16: BINDING AGREEMENT AND ASSIGNMENT OF INTEREST

This Agreement shall be binding upon the TOWN and the CONTRACTOR and the partners, successors, heirs, executors, administrators, assigns and legal representatives of the TOWN and the CONTRACTOR. Neither the TOWN nor the CONTRACTOR shall assign, sublet or transfer any interest in this Agreement without the written consent of each other, and such consent shall not be unreasonably withheld.

ARTICLE 17: LICENSURE AND COMPLIANCE WITH MASSACHUSETTS TAX LAW

By executing this Agreement, CONTRACTOR agrees and certifies that it is licensed to perform the services required by this Agreement, and that it will secure such licensure for so long as it is bound to perform services under this Agreement. Documentation of such licensure shall be attached to this Agreement as an Exhibit. CONTRACTOR shall comply with all applicable laws, ordinances, rules or regulations or codes of the State or Town in performing the work embraced by this Agreement.

Pursuant to Mass. General Laws chapter 62C, section 49A, the CONTRACTOR certifies under the penalties of perjury that the CONTRACTOR has complied with all laws of the Commonwealth relating to taxes, reporting of employees and contractors, and withholding and remitting of child support.

ARTICLE 18: CORPORATE CONTRACTOR

The CONTRACTOR shall endorse upon this Agreement (or attach hereto) a Clerk's Certificate certifying the authority of the party signing this Agreement for the corporation and the existence of such corporation. Such certificate shall be accompanied by a letter or other instrument stating that such authority continues in force and effect as of the date of submission. The certificate and letter will be Exhibit D to this Agreement. This Agreement shall not be enforceable against the Town unless and until the CONTRACTOR complies with this section.

ARTICLE 19: GENERAL LAWS

The following provisions of state statute apply to the work performed under this agreement, and these provisions supersede any conflicting provision of this agreement: General Laws chapter 30 §39F; chapter 30 §39G; chapter 30 §39I; chapter 30 §39M; chapter 30 §39N; chapter 30 §39O; chapter 30 §39P; chapter 30 §39R; chapter 149 §25; chapter 149 §26; chapter 149 §34; chapter 149 §34A; chapter 149 §334B; copies of these statutes are attached hereto and the applicable sections are incorporated herein by reference.

Each and every other provision of law or clause required by law to be inserted in this agreement shall be deemed to be inserted herein, and the agreement shall be read and enforced as though it were included herein and any provision contrary to such law or clause shall be deemed null and void. If through mistake or otherwise any such provision is not correctly inserted, then upon application of either party, the agreement shall forthwith be physically amended to make such insertion.

ARTICLE 20: SCHEDULING AND PENALTIES

- (a) The Contractor shall provide a contact telephone number and e-mail address to be used by the Town of Medway Highway Superintendent or his designee to schedule work releases. The Town shall contact the Contractor Monday through Friday, 7:00 am to 3:00 pm. at either the telephone number or email address supplied by the Contractor to schedule work releases. The Contractor shall respond within 36 hours to the Superintendent or his designee (excluding Sundays). Failure to respond to a scheduling request within 36 hours will result in the Town receiving a 15 percent discount on all work associated with the work release requested to be scheduled.
- (b) The Contractor agrees to schedule work within a 30 day period from the time of a scheduling contact from the Town unless an alternate time is selected by mutual agreement.
- (c) The Contractor agrees to mobilize and be ready for work as scheduled for any given work release. Failure to mobilize as scheduled will result in the Town receiving a 15 percent discount on all work associated with the work release. In addition, the Contractor agrees to compensate the Town for all preparation work associated with the work release including crew time, equipment, and police details for any no show/no notification. This amount will be calculated by the Town and subtracted from the next payment due to the Contractor; if no further payment is due to the Contractor from the Town, then the amount calculated by the Town will be billed to the Contractor, payable within fifteen days of the date billed.
- (d) The Town recognizes the need to re-schedule work from time to time due to weather and other unforeseen conditions. The Contractor shall notify the Highway Superintendent or his designee of a need to reschedule work at least 36 hours in advance of the scheduled time (excluding Sundays). Work to be rescheduled must be completed within 14 days of the original schedule. Work will not be allowed to be rescheduled more than one time unless mutually agreed to by the Town.


(e) The obligations of the TOWN hereunder shall be subject to appropriation on a fiscal year basis. In the absence of appropriation, this agreement shall be terminated immediately without liability of the TOWN for damages, lost profits, penalties, or other charges arising from early termination

IN WITNESS WHEREOF the parties hereto have executed copies of this Agreement the day and year first above written. *

*If a Corporation, attach to each signed copy of this Agreement an attested copy of the vote of the Corporation authorizing the said signing and sealing.

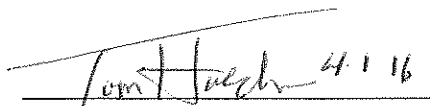
CONTRACTOR: ALL STATES ASPHALT Inc

**TOWN OF MEDWAY
By its Board of Selectmen**


By: 
Alan L. Chicoine

Title: Division Manager


Corporate Seal:


Thomas Holder – Director
Department of Public Service

DATE Signed: _____


Town Accountant

Approved As To Form


Town Counsel

Dated: 4/25/16

Dated: 4-4-16

Funding Source:

Account: ACCOUNTS VARIOUS

Exhibit C

CERTIFICATE OF COMPLIANCE WITH
MASSACHUSETTS TAX LAWS

Pursuant to Massachusetts General Law Chapter 62C, Section 49A, the undersigned acting on behalf of the Contractor*, certify under penalties of perjury that to the best knowledge and belief, the Contractor* is in compliance with all laws of the Commonwealth relating to taxes, reporting of employee and contractors, and withholding and remitting child support.

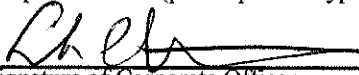
Individual

N/A
Signature _____ Date _____

Name (please print or type) Social Security Number

Corporate

All States Asphalt, Inc.
Corporate Name (please print or type)


Signature of Corporate Officer _____ Date March 25, 2016

Alan L. Chicoine _____
Name of Corporate Officer (please print or type) Title Division Manager

04-2216868
Taxpayer Identification Number

* As used in this certification, the word "Contractor" shall mean any natural person, business, partnership, corporation, union, committee, club, or other organization, entity, or group of individuals.

Exhibit E

CERTIFICATE OF AUTHORITY

At a duly authorized meeting of the Board of Directors of the

All States Asphalt, Inc. held on 2/1/16 it
(Name of Corporation) (Date)

was voted that:

Alan L. Chicoine Division Manager
(Name) (Officer)

Of this company, he and she hereby is authorized to execute contracts and bonds in the name and on behalf of said company, and affix its corporate seal hereto; and such execution of any contract or obligation in this company's name on its behalf by such

Division Manager under seal of the company,
(Officer)

Shall be valid and binding upon this company.

A true copy,

ATTEST:

Heather Whittier

Heather Whittier

TITLE:

Assistant Secretary

PLACE OF BUSINESS:

325 Amherst Road

Sunderland, MA 01375

DATE OF THIS CONTRACT:

March 25, 2016

Asst.

I hereby certify that I am the clerk of the All States Asphalt, Inc.
(Name of Corporation)

And that Alan L. Chicoine is duly elected Division Manager
(NAME) (POSITION)

Of said company, and that the above vote has not been amended or rescinded and remains in full force and effect as of the date of this contract.

Heather Whittier
Asst.(CLERK) Heather Whittier

CORPORATE SEAL:

Exhibit F



Town of Medway, Massachusetts 02053

CERTIFICATE OF NON-COLLUSION

REVENUE ENFORCEMENT AND PROTECTION ACT

Massachusetts General Laws, Chapter 701 of the Acts of 1983, requires that each bidder must certify as follows:

CERTIFICATE OF NON-COLLUSION

The undersigned certifies under penalties of perjury that this bid or proposal has been made and submitted in good faith and without collusion or fraud with any other person. As used in this certification, the word "person" shall mean any natural person, business, partnership, corporation, union, committee, club, or other organization, entity, or group of individuals.

Alan L. Chicoine Signature of individual submitting bid or proposal
Division Manager

All States Asphalt, Inc.

Name of Business (please type or print)

Exhibit G

PUBLIC CONTRACTOR DEBARMENT

The undersigned certifies under penalty of perjury that the below named contractor is not presently debarred from doing public construction work in the commonwealth under the provisions of section twenty-nine F of chapter twenty-nine, or any other applicable debarment provisions of any other chapter of the General Laws or any rule or regulation promulgated thereunder.

OSHA TRAINING

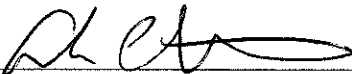
Pursuant to G.L. c. 30, §39S, the Contractor hereby certifies under penalties of perjury as follows:

Contractor is able to furnish labor that can work in harmony with all other elements of labor employed or to be employed in the work;

All employees to be employed at the worksite will have successfully completed a course in construction safety and health approved by the United States Occupational Safety and Health Administration that is at least 10 hours in duration at the time the employee begins work and they shall furnish documentation of successful completion of said course with the first certified payroll report for each employee; and

All employees to be employed in the work subject to this contract have successfully completed a course in construction safety and health approved by the United States Occupational Safety and Health Administration that is at least 10 hours in duration.

COMPLETE AND SIGN BELOW:



Authorized Person's Signature

March 25, 2016

Date

Alan L. Chicoine, Division Manager

Print Name & Title of Signatory

All States Asphalt, Inc.

Name of Contractor



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

3/22/2016

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

| | | | |
|--|--|---|--|
| PRODUCER Reagan Insurance 8 E Main Street P O Box 191 Marcellus NY 13108 | | CONTACT NAME: PHONE (A/C, No, Ext): 315-673-2094 E-MAIL ADDRESS: INSURER(S) AFFORDING COVERAGE NAIC # | |
| INSURED All States Asphalt, Inc. & Subsidiaries 325 Amherst Rd., P.O. Box 91 Sunderland MA 01375 | | INSURER A :Old Republic Insurance Company 24147 INSURER B :Hanover Insurance Companies 22292 INSURER C : INSURER D : INSURER E : INSURER F : | |

COVERAGES

CERTIFICATE NUMBER: 1201748863

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

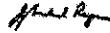
| INSR LTR | TYPE OF INSURANCE | ADDD | SUBR | INSR | WVD | POLICY NUMBER | POLICY EFF (MM/DD/YYYY) | POLICY EXP (MM/DD/YYYY) | LIMITS |
|----------|--|------|------|------|-----|---------------|-------------------------|-------------------------|---|
| A | GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input checked="" type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC | Y | Y | | | MWZY305791 | 2/1/2016 | 2/1/2017 | EACH OCCURRENCE \$1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$400,000 MED EXP (Any one person) \$10,000 PERSONAL & ADV INJURY \$1,000,000 GENERAL AGGREGATE \$5,000,000 PRODUCTS - COMP/OP AGG \$2,000,000 \$ |
| A | AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS UMBRELLA LIAB <input type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED <input type="checkbox"/> RETENTION \$ | Y | Y | | | MWWTB305792 | 2/1/2016 | 2/1/2017 | COMBINED SINGLE LIMIT (Ea accident) \$1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ Hired Phys Dmg \$145,000 EACH OCCURRENCE \$ AGGREGATE \$ \$ |
| A | WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below | Y/N | | Y | N/A | MWC305790 | 2/1/2016 | 2/1/2017 | <input checked="" type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$1,000,000 E.L. DISEASE - EA EMPLOYEE \$1,000,000 E.L. DISEASE - POLICY LIMIT \$1,000,000 |
| B | Leased/Rented Equip. & Installation Coverage | | | | | RHS875076310 | 2/1/2016 | 2/1/2017 | \$850,000 Ded. \$2,500 \$1,000,000 Ded. \$1,000 |

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

Additional Insured and Waiver of Subrogation are applicable only if required by contract/MCS90 endorsement applies
 General Liability policy is on a primary & non-contributory basis & includes completed operations
 Auto policy is on a primary & non-contributory basis/Auto Hired Physical Damage Deds \$250 Comp/\$500 Coll
 *Workers Compensation: NY,CT,NH,VT,RI,ME,NJ,DE,MA

Certificate holder is named as an additional insured on the General Liability and Auto Liability policies.
 Project: Chip Seal

CERTIFICATE HOLDER**CANCELLATION**

| | |
|--|--|
| Town of Medway Department of Public Services 155 Village Street Medway MA 02053 | SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE  |
|--|--|

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED – VENDORS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

SCHEDULE

| Name Of Additional Insured Person(s) Or Organization(s) (Vendor) | Your Products |
|--|-----------------------------|
| All persons or organizations when required by written contract or agreement | All products of the insured |
| Information required to complete this Schedule, if not shown above, will be shown in the Declarations. | |

A. Section II – Who Is An Insured is amended to include as an additional insured any person(s) or organization(s) (referred to throughout this endorsement as vendor) shown in the Schedule, but only with respect to "bodily injury" or "property damage" arising out of "your products" shown in the Schedule which are distributed or sold in the regular course of the vendor's business.

However:

1. The insurance afforded to such vendor only applies to the extent permitted by law; and
2. If coverage provided to the vendor is required by a contract or agreement, the insurance afforded to such vendor will not be broader than that which you are required by the contract or agreement to provide for such vendor.

B. With respect to the insurance afforded to these vendors, the following additional exclusions apply:

1. The insurance afforded the vendor does not apply to:
 - a. "Bodily injury" or "property damage" for which the vendor is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages that the vendor would have in the absence of the contract or agreement;
 - b. Any express warranty unauthorized by you;
 - c. Any physical or chemical change in the product made intentionally by the vendor;
 - d. Repackaging, except when unpacked solely for the purpose of inspection, demonstration, testing, or the substitution of parts under instructions from the manufacturer, and then repackaged in the original container;

- e. Any failure to make such inspections, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business, in connection with the distribution or sale of the products;
- f. Demonstration, installation, servicing or repair operations, except such operations performed at the vendor's premises in connection with the sale of the product;
- g. Products which, after distribution or sale by you, have been labeled or relabeled or used as a container, part or ingredient of any other thing or substance by or for the vendor; or
- h. "Bodily injury" or "property damage" arising out of the sole negligence of the vendor for its own acts or omissions or those of its employees or anyone else acting on its behalf. However, this exclusion does not apply to:
 - (1) The exceptions contained in Sub-paragraphs d. or f.; or

(2) Such inspections, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business, in connection with the distribution or sale of the products.

- 2. This insurance does not apply to any insured person or organization, from whom you have acquired such products, or any ingredient, part or container, entering into, accompanying or containing such products.

C. With respect to the insurance afforded to these vendors, the following is added to **Section III – Limits Of Insurance**:

If coverage provided to the vendor is required by a contract or agreement, the most we will pay on behalf of the vendor is the amount of insurance:

- 1. Required by the contract or agreement; or
- 2. Available under the applicable Limits of Insurance shown in the Declarations;

whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

THIS FORM APPLIES IN: MA

IL 10 (12/06) OLD REPUBLIC INSURANCE COMPANY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DESIGNATED INSURED

This endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE FORM
GARAGE COVERAGE FORM
MOTOR CARRIER COVERAGE FORM
TRUCKERS COVERAGE FORM

SCHEDULE

Name of Person(s), or Organization(s):

As required by contract or agreement

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

Each person or organization shown in the Schedule is an "insured" for Liability Coverage or Liability Insurance, but only to the extent that the person or organization qualifies as an "insured" under WHO IS INSURED or Who Is An Insured provision contained in the Coverage Form/Policy.

PCA 010 11 03

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PRIMARY AND NONCONTRIBUTORY – OTHER INSURANCE CONDITION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

The following is added to the **Other Insurance** Condition and supersedes any provision to the contrary:

Primary And Noncontributory Insurance

This insurance is primary to and will not seek contribution from any other insurance available to an additional insured under your policy provided that:

(1) The additional insured is a Named Insured under such other insurance; and

(2) You have agreed in writing in a contract or agreement that this insurance would be primary and would not seek contribution from any other insurance available to the additional insured.

IL 10 (12/06) OLD REPUBLIC INSURANCE COMPANY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WAIVER OF TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

This endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE FORM
GARAGE COVERAGE FORM
MOTOR CARRIER COVERAGE FORM
TRUCKERS COVERAGE FORM

SCHEDULE

Name of Person or Organization: All persons or organizations as required by contract or agreement

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

The Transfer Of Rights Of Recovery Against Others To Us Condition is changed by adding the following:

We waive any right of recovery we may have against the person(s) or organization(s) shown in the Schedule because of payments we make for injury or damage. This waiver applies only to the person or organization shown in the Schedule.

POLICY NUMBER:

COMMERCIAL GENERAL LIABILITY
CG 20 10 04 13

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED – OWNERS, LESSEES OR CONTRACTORS – SCHEDULED PERSON OR ORGANIZATION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

| Name Of Additional Insured Person(s) Or Organization(s) | Location(s) Of Covered Operations |
|--|-----------------------------------|
| All persons or organizations when required by written contract or agreement | All locations |
| Information required to complete this Schedule, if not shown above, will be shown in the Declarations. | |

A. Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by:

1. Your acts or omissions; or
2. The acts or omissions of those acting on your behalf;

in the performance of your ongoing operations for the additional insured(s) at the location(s) designated above.

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

B. With respect to the insurance afforded to these additional insureds, the following additional exclusions apply:

This insurance does not apply to "bodily injury" or "property damage" occurring after:

1. All work, including materials, parts or equipment furnished in connection with such work, on the project (other than service, maintenance or repairs) to be performed by or on behalf of the additional insured(s) at the location of the covered operations has been completed; or
2. That portion of "your work" out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.

POLICY NUMBER:

COMMERCIAL GENERAL LIABILITY
CG 20 37 04 13

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED – OWNERS, LESSEES OR CONTRACTORS – COMPLETED OPERATIONS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

SCHEDULE

| Name Of Additional Insured Person(s) Or Organization(s) | Location And Description Of Completed Operations |
|--|--|
| All persons or organizations when required by written contract or agreement | All completed operations |
| Information required to complete this Schedule, if not shown above, will be shown in the Declarations. | |

A. Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury" or "property damage" caused, in whole or in part, by "your work" at the location designated and described in the Schedule of this endorsement performed for that additional insured and included in the "products-completed operations hazard".

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

B. With respect to the insurance afforded to these additional insureds, the following is added to Section III – Limits Of Insurance:

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or
2. Available under the applicable Limits of Insurance shown in the Declarations;

whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

POLICY NUMBER:

COMMERCIAL GENERAL LIABILITY
CG 24 04 05 09

WAIVER OF TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

SCHEDULE

| |
|--|
| Name Of Person Or Organization: All Persons Or Organizations As Required By Contract or Agreement |
|--|

| |
|--|
| Information required to complete this Schedule, if not shown above, will be shown in the Declarations. |
|--|

The following is added to Paragraph 8. **Transfer Of Rights Of Recovery Against Others To Us** of Section IV – Conditions:

We waive any right of recovery we may have against the person or organization shown in the Schedule above because of payments we make for injury or damage arising out of your ongoing operations or "your work" done under a contract with that person or organization and included in the "products-completed operations hazard". This waiver applies only to the person or organization shown in the Schedule above.

POLICY NUMBER:

WAIVER OF OUR RIGHT TO RECOVER FROM OTHERS ENDORSEMENT

We have the right to recover our payments from anyone liable for an injury covered by this policy. We will not enforce our right against the person or organization named in the Schedule. (This agreement applies only to the extent that you perform work under a written contract that requires you to obtain this agreement from us.)

This agreement shall not operate directly or indirectly to benefit anyone not named in the Schedule.

SCHEDULE

BLANKET COVERAGE AS REQUIRED BY WRITTEN CONTRACT

DATE OF ISSUE:

1983 National Council on Compensation Insurance.

PERFORMANCE BOND

KNOW ALL MEN BY THESE PRESENTS: That we All States Asphalt, Inc.
(Name of Contractor)

a Corporation hereinafter called "Principal" and
(Corporation, Partnership, Joint Venture or Individual)

Liberty Mutual Insurance Company of Boston, State of Massachusetts
(Surety) (City & State)

hereinafter called the "Surety" and licensed by the State
Division of Insurance to do business under the laws of the Commonwealth of Massachusetts, are
held and firmly bound to the ~~City~~/Town of Medway, Massachusetts, hereinafter called
"Owner", in the penal sum of
Fifty Thousand and 00/100 ----- Dollars

(\$ 50,000.00) in lawful money of the United States, for the payment of which
sum well and truly to be made, we bind ourselves, our heirs, executors, administrators and
successors, jointly and severally, firmly by these presents.

THE CONDITION OF THIS OBLIGATION is such that Whereas, the Principal entered into a
certain contract with the Owner, dated the 28th day of March, 2016 (the
"Construction Contract"), for the construction described as follows: _____
Chip Seal

NOW, THEREFORE, if the Principal shall well, truly and faithfully perform its duties, all the
undertakings, covenants, terms, conditions, and agreements of the Construction Contract during
the original term thereof, and any extensions thereof which may be granted by the Owner, with
or without notice to the Surety, and if he shall satisfy all claims and demands incurred under the
Construction Contract, and shall fully indemnify and save harmless the Owner from all costs and
damages which it may suffer by reason of failure to do so, and shall reimburse and repay the
Owner all outlay and expense which the Owner may incur in making good any default, then this
obligation shall be void; otherwise to remain in full force and effect.

PROVIDED, FURTHER, that the Surety's obligation under this Bond shall arise after (1) the
Owner has declared the Principal in default of the Construction Contract or any provision thereof
or (2) has declared that the Principal has failed, or is otherwise unable or unwilling, to execute
the work consistent with, and in conformance to, the Construction Contract (collectively referred
to as a "Contractor Default"). The determination of a Contractor Default shall be made solely by
the Owner. The Owner need not terminate the Construction Contract to declare a Contractor
Default or to invoke its rights under this Bond.

When the Surety's obligation under this Bond arises, the Surety, at its sole expense and at the
consent and election of the Owner, shall promptly take one of the following steps: (1) arrange for
the Principal to perform and complete the work of the Construction Contract; (2) arrange for a
contractor other than the Principal to perform and complete the work of the Construction
Contract; (3) reimburse the Owner, in a manner and at such time as the Owner shall decide, for
all costs and expenses incurred by the Owner in performing and completing the work of the

Construction Contract. Surety will keep Owner reasonably informed of the progress, status and results of any investigation of any claim of the Owner.

If the Surety does not proceed as provided in this Bond with due diligence and all deliberate speed, the Surety shall be deemed to be in default of this Bond, and the Owner shall be entitled to enforce any remedy available to the Owner.

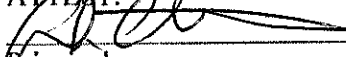
After the Surety's obligation under this Bond arises, the Surety is obligated, to the limit of the amounts of this Bond, for (1) the correction of defective work and completion of the Construction Contract; (2) additional design, professional services, and legal costs, including attorneys' fees, resulting from the Contractor Default or from the default of the Surety under this Bond; (3) any additional work beyond the Construction Contract made necessary by the Contractor Default or default of the Surety under this Bond; (4) indemnification obligation of the Principal, if any, as provided in the Construction Contract; and (5) liquidated damages as provided in the Construction Contract, or if none are so specified, actual and foreseeable consequential damages resulting from the Contractor Default or default of the Surety under this Bond.

Any proceeding, legal or equitable, under this Bond shall be instituted in any court of competent jurisdiction in the Commonwealth of Massachusetts.

The Surety, for value received, hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the Construction Contract or to the work to be performed thereunder or the specifications accompanying the same shall in any way affect its obligation on this Bond, and it does hereby waive notice of any such change, extension of time, alteration or addition to the terms of the Construction Contract or to the work or to the specifications.

IN WITNESS WHEREOF, this instrument is executed in Three (3) counterparts, each one of which shall be deemed an original, this the 28th day of March, 2016.

ATTEST:


Principal

Heather Whitt
Asst. (Principal Secretary) Heather Whittier
All States Asphalt, Inc.

By

Alan L. Chicoine, Division Manager

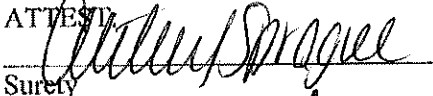
325 Amherst Road, P.O. Box 91

Sunderland, MA 01375
(Address-Zip Code)

Sue E LaBombard (SEAL)
Witness as to Principal
Sue E. LaBombard

325 Amherst Rd., PO Box 91
Sunderland, MA 01375
(Address-Zip Code)

ATTEST:


Surety

Monique Laroche By
(Attorney-in-Fact)

Monique Laroche, Attorney-in-Fact

Liberty Mutual Insurance Company

175 Berkely Street,
Boston, MA 02116

(Address-Zip Code)

Courtney Sprague (SEAL)

Witness as to Surety
James P. Reagan Agency, Inc.

8 East Main Street, P.O. Box 191
Marcellus, NY 13108

(Address-Zip Code)

NOTE: Date of Bond must not be prior to date of Contract. If Contractor is a Partnership, all partners should execute Bond.

PAYMENT BOND

KNOW ALL MEN BY THESE PRESENTS: That we _____

All States Asphalt, Inc. a Corporation
(Name of Contractor) (Corporation, Partnership, Joint Venture or Individual)

hereinafter called "Principal" and Liberty Mutual Insurance Company of Boston,
(Surety)

State of Massachusetts hereinafter called the "Surety" and licensed by the State
(City and State)

Division of Insurance to do business under the laws of the Commonwealth of Massachusetts, are held and firmly bound to the ~~City~~/Town of Medway, Massachusetts, hereinafter called "Owner", in the penal sum of Fifty Thousand and 00/100 Dollars (\$ 50,000.00) in lawful money of the United States, for the payment of which sum well and truly to be made, we bind ourselves, our heirs, executors, administrators and successors, jointly and severally, firmly by these presents.

THE CONDITION OF THIS OBLIGATION is such that Whereas, the Principal entered into a certain contract with the Owner, dated the 28th day of March, 2016, for the construction described as follows:

NOW, THEREFORE, if the Principal shall promptly make payment to all persons, firms, subcontractors, and corporations furnishing materials for or performing labor in the prosecution of the work provided for in such contract, and any authorized extension or modification thereof, including all amounts due for materials, lubricants, oil, gasoline, coal and coke, repairs on machinery, equipment and tools, consumed or used in connection with the construction of such work, and all insurance premiums on said work, and for all labor, performed in such work whether by subcontractor or otherwise, then this obligation shall be void; otherwise to remain in full force and effect.

PROVIDED, FURTHER, that the said Surety, for value received hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the contract or to the work to be performed thereunder or the specifications accompanying the same shall in any way affect its obligation on this bond, and it does hereby waive notice of any such change, extension of time, alteration or addition to the terms of this contract or to the work or to the specifications.

PROVIDED, FURTHER, that no final settlement between the Owner and the Contractor shall abridge the right of any beneficiary hereunder, whose claim may be unsatisfied.

IN WITNESS WHEREOF, this instrument is executed in Three (3) counterparts, each one of which shall be deemed an original, this the 28th day of March, 2016.

INDIVIDUAL ACKNOWLEDGMENT

State of N/A
County of _____

On this _____ day of _____, _____, before me personally appeared _____ known to me to be the person _____ described in and who executed the foregoing instrument, and ___he___ duly acknowledged to me that ___he___ executed the same.

Notary Public

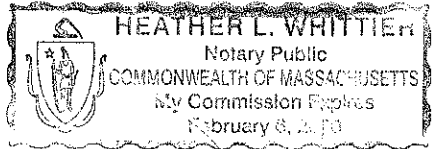
CORPORATION ACKNOWLEDGMENT

State of Massachusetts
County of Franklin

On this 23 day of March, 2016 , before me personally appeared Alan L. Chicoine to me known, who being by me duly sworn, did depose and say: that he/she resides at Phillipston, MA ; that he/she is Division Manager of the corporation described in and which executed the foregoing instrument; that he/she knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation; and that he/she signed his/her name thereto by like order.

 Heather L. Whitt

Notary Public



SURETY ACKNOWLEDGMENT

State of New York
County of Onondaga

On this 28th day of March, 2016 , before me personally appeared Monique Laroche to me known, who being by me duly sworn, did depose and say: that he/she resides in the City of Camillus, NY ; that he/she is the Attorney-In-Fact of the above signed surety, the corporation described in and which executed the within instrument; that he/she knows the corporate seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation; and that he/she signed his/her name thereto by like order.

 Courtney P. Parady
Notary Public

COURTNEY PEPPER PARDY
Notary Public, State of New York
Qualified in Onondaga Co. No. 01PAG304020
My Commission Expires May 19, 2018

ATTEST:

Courtney Sprague
Surety

Monique Laroche
(Attorney-in-Fact)

By Monique Laroche, Attorney-in-Fact

Liberty Mutual Insurance Company

175 Berkely Street,
Boston, MA 02116

(Address-Zip Code)

Courtney Sprague

(SEAL)

Witness as to Surety

James P. Reagan Agency, Inc.

8 East Main Street, P.O. Box 191
Marcellus, NY 13108

(Address-Zip Code)

NOTE: Date of Bond must not be prior to date of Contract. If Contractor is a Partnership, all partners should execute Bond.

THIS POWER OF ATTORNEY IS NOT VALID UNLESS IT IS PRINTED ON RED BACKGROUND.

This Power of Attorney limits the acts of those named herein, and they have no authority to bind the Company except in the manner and to the extent herein stated.

Certificate No. 7276353

American Fire and Casualty Company
The Ohio Casualty Insurance Company

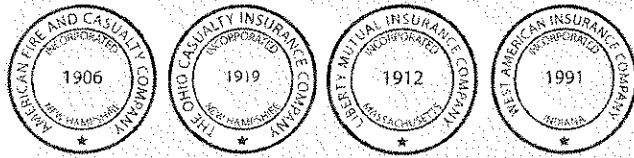
Liberty Mutual Insurance Company
West American Insurance Company

POWER OF ATTORNEY

KNOWN ALL PERSONS BY THESE PRESENTS: That American Fire & Casualty Company and The Ohio Casualty Insurance Company are corporations duly organized under the laws of the State of New Hampshire, that Liberty Mutual Insurance Company is a corporation duly organized under the laws of the State of Massachusetts, and West American Insurance Company is a corporation duly organized under the laws of the State of Indiana (herein collectively called the "Companies"), pursuant to and by authority herein set forth, does hereby name, constitute and appoint, Courtney P. Sprague; Edward J. Reagan; Francis A. Lowther; Monique Laroche; Natalie M. Jimenez; Robert B. Parrish

all of the city of Marcellus, state of NY each individually if there be more than one named, its true and lawful attorney-in-fact to make, execute, seal, acknowledge and deliver, for and on its behalf as surety and as its act and deed, any and all undertakings, bonds, recognizances and other surety obligations, in pursuance of these presents and shall be as binding upon the Companies as if they have been duly signed by the president and attested by the secretary of the Companies in their own proper persons.

IN WITNESS WHEREOF, this Power of Attorney has been subscribed by an authorized officer or official of the Companies and the corporate seals of the Companies have been affixed thereto this 1st day of March, 2016



American Fire and Casualty Company
The Ohio Casualty Insurance Company
Liberty Mutual Insurance Company
West American Insurance Company

By: David M. Carey
David M. Carey, Assistant Secretary

STATE OF PENNSYLVANIA ss
COUNTY OF MONTGOMERY

On this 1st day of March, 2016, before me personally appeared David M. Carey, who acknowledged himself to be the Assistant Secretary of American Fire and Casualty Company, Liberty Mutual Insurance Company, The Ohio Casualty Insurance Company, and West American Insurance Company, and that he, as such, being authorized so to do, execute the foregoing instrument for the purposes therein contained by signing on behalf of the corporations by himself as a duly authorized officer.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my notarial seal at Plymouth Meeting, Pennsylvania, on the day and year first above written.



COMMONWEALTH OF PENNSYLVANIA
Notarial Seal
Teresa Pastella, Notary Public
Plymouth Twp., Montgomery County
My Commission Expires March 28, 2017
Member, Pennsylvania Association of Notaries

By: Teresa Pastella
Teresa Pastella, Notary Public

This Power of Attorney is made and executed pursuant to and by authority of the following By-laws and Authorizations of American Fire and Casualty Company, The Ohio Casualty Insurance Company, Liberty Mutual Insurance Company, and West American Insurance Company which resolutions are now in full force and effect reading as follows:

ARTICLE IV - OFFICERS - Section 12. Power of Attorney. Any officer or other official of the Corporation authorized for that purpose in writing by the Chairman or the President, and subject to such limitation as the Chairman or the President may prescribe, shall appoint such attorneys-in-fact, as may be necessary to act in behalf of the Corporation to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations. Such attorneys-in-fact, subject to the limitations set forth in their respective powers of attorney, shall have full power to bind the Corporation by their signature and execution of any such instruments and to attach thereto the seal of the Corporation. When so executed, such instruments shall be as binding as if signed by the President and attested to by the Secretary. Any power or authority granted to any representative or attorney-in-fact under the provisions of this article may be revoked at any time by the Board, the Chairman, the President or by the officer or officers granting such power or authority.

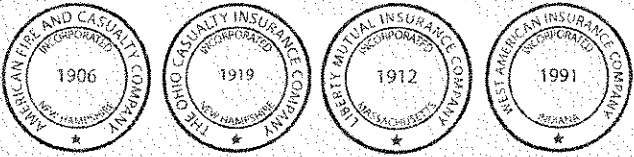
ARTICLE XIII - Execution of Contracts - SECTION 5. Surety Bonds and Undertakings. Any officer of the Company authorized for that purpose in writing by the chairman or the president, and subject to such limitations as the chairman or the president may prescribe, shall appoint such attorneys-in-fact, as may be necessary to act in behalf of the Company to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations. Such attorneys-in-fact subject to the limitations set forth in their respective powers of attorney, shall have full power to bind the Company by their signature and execution of any such instruments and to attach thereto the seal of the Company. When so executed such instruments shall be as binding as if signed by the president and attested by the secretary.

Certificate of Designation - The President of the Company, acting pursuant to the Bylaws of the Company, authorizes David M. Carey, Assistant Secretary to appoint such attorneys-in-fact as may be necessary to act on behalf of the Company to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations.

Authorization - By unanimous consent of the Company's Board of Directors, the Company consents that facsimile or mechanically reproduced signature of any assistant secretary of the Company, wherever appearing upon a certified copy of any power of attorney issued by the Company in connection with surety bonds, shall be valid and binding upon the Company with the same force and effect as though manually affixed.

I, Gregory W. Davenport, the undersigned, Assistant Secretary, of American Fire and Casualty Company, The Ohio Casualty Insurance Company, Liberty Mutual Insurance Company, and West American Insurance Company do hereby certify that the original power of attorney of which the foregoing is a full, true and correct copy of the Power of Attorney executed by said Companies, is in full force and effect and has not been revoked.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the seals of said Companies this 28th day of March, 2016



By: Gregory W. Davenport
Gregory W. Davenport, Assistant Secretary

Not valid for mortgage, note, loan, letter of credit, currency rate, interest rate or residual value guarantees.

To confirm the validity of this Power of Attorney call 1-610-832-8240 between 9:00 am and 4:30 pm EST on any business day.



LIBERTY MUTUAL INSURANCE COMPANY
 FINANCIAL STATEMENT — DECEMBER 31, 2014

| Assets | | Liabilities | |
|---|--------------------------------|---|--------------------------------|
| Cash and Bank Deposits..... | \$744,221,142 | Unearned Premiums..... | \$6,288,178,795 |
| *Bonds — U.S Government..... | 1,718,117,704 | Reserve for Claims and Claims Expense | 16,879,324,618 |
| *Other Bonds..... | 11,205,872,087 | Funds Held Under Reinsurance Treaties..... | 211,983,009 |
| *Stocks | 9,533,437,819 | Reserve for Dividends to Policyholders..... | 1,246,547 |
| Real Estate..... | 277,742,849 | Additional Statutory Reserve..... | 40,877,587 |
| Agents' Balances or Uncollected Premiums..... | 4,150,041,316 | Reserve for Commissions, Taxes and | |
| Accrued Interest and Rents..... | 129,261,358 | Other Liabilities | 2,664,248,124 |
| Other Admitted Assets..... | <u>14,896,464,393</u> | Total | <u>\$26,085,858,680</u> |
| Total Admitted Assets..... | <u>\$42,655,158,668</u> | Special Surplus Funds..... | \$53,954,363 |
| | | Capital Stock..... | 10,000,000 |
| | | Paid in Surplus..... | 8,829,117,542 |
| | | Unassigned Surplus..... | 7,676,228,083 |
| | | Surplus to Policyholders | <u>16,569,299,988</u> |
| | | Total Liabilities and Surplus..... | <u>\$42,655,158,668</u> |



* Bonds are stated at amortized or investment value; Stocks at Association Market Values.
 The foregoing financial information is taken from Liberty Mutual Insurance Company's financial statement filed with the state of Massachusetts Department of Insurance.

I, TIM MIKOLAJEWSKI, Assistant Secretary of Liberty Mutual Insurance Company, do hereby certify that the foregoing is a true, and correct statement of the Assets and Liabilities of said Corporation, as of December 31, 2014, to the best of my knowledge and belief.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Corporation at Seattle, Washington, this 20th day of March, 2015.

T. Mikolajewski

Assistant Secretary

AGENDA

ITEM #6

Review/Approval – June 9, 2016 Special Town Meeting Warrant

Associated backup materials attached:

- June 9, 2016 Special Town Meeting Warrant

NOTE: PLEASE VOTE RECOMMENDATIONS

**TOWN OF MEDWAY
WARRANT FOR JUNE 9, 2016
SPECIAL TOWN MEETING**

NORFOLK ss:

To either of the Constables of the Town of Medway

GREETINGS:

In the name of the Commonwealth of Massachusetts, you are hereby required to notify and warn the inhabitants of said Town who are qualified to vote in Town affairs to meet at the Medway High School, 88 Summer Street, on **Thursday, June 9, 2016 at 7:00 PM**, then and there to act on the following articles:

ARTICLE 1: (Synthetic Turf and Tire Derived Materials Moratorium)

To determine whether the Town of Medway will adopt a moratorium on the engineering, planning, construction or installation of any synthetic turf (monofilament carpet with infill), any surface covering of loose fill and playground pour-in-place surface covering made from tire derived material on any land, of any size, owned by the town for a three-year time period starting on June 1, 2016 and ending on June 1, 2019: or take any other action relative thereto.

CITIZEN PETITION

BOARD OF SELECTMEN RECOMMENDATION:

FINCOM RECOMMENDATION:

ARTICLE 2: (CPA Funds: Choate Park and Other Recreation Improvements)

To see if the Town will vote to raise and appropriate, borrow, and/or transfer from Community Preservation Funds a sum of money not to exceed \$450,000 for the purpose of funding design and engineering services and the preparation of public bid documents for the purpose of making improvements, including accessibility enhancements, to recreational facilities at Choate Park, the Medway Middle School, Cassidy Fields, and Oakland Park, and for the payment of all other costs incidental and related thereto, and to authorize the Board of Selectmen and Town officers to take all related actions necessary or appropriate to carry out this article, or act in any manner relating thereto.

BOARD OF SELECTMEN

BOARD OF SELECTMEN RECOMMENDATION:

FINCOM RECOMMENDATION:

And you are hereby directed to serve this warrant by posting printed attested copies thereof at two locations in each precinct at least FOURTEEN days before the day of said meeting. Hereof fail not and make due return of this warrant with your doings thereon to the Clerk of said Town at or before the time of said meeting.

Given under our hands in Medway, this 16th day of May 2016.

A TRUE COPY:

SELECTMEN OF THE TOWN OF MEDWAY

John Foresto, Chairman

Maryjane White, Vice Chairman

Richard D’Innocenzo, Clerk

Dennis Crowley, Member

Glenn Trindade, Member

ATTEST: _____
Paul Trufant, Constable

AGENDA

ITEM #7

**Approval – Host Community Agreement with
COMMCAN, INC.**

Associated backup materials attached:

- Host Community Agreement

Proposed Motion: I move that the Board authorize the Chairman to execute the host community agreement with COMMCAN Inc., as presented.

COMMCAN, INC.

Host Community Agreement
Registered Marijuana Dispensary - Cultivation & Processing Facility
Medway, Massachusetts

This Host Community Benefit Agreement for a Registered Marijuana Dispensary cultivation and processing facility, ("RMD") is entered into this ____ day of _____, 2016 by and between CommCan, Inc. a Massachusetts not-for-profit corporation formed under MGL ch.180 *et seq.* with a principal office address of 730 Main Street, Millis, Massachusetts 02054 ("OPERATOR") and the Town of Medway, a Massachusetts municipal corporation with a principal address of 155 Village Street, Medway, Massachusetts 02053 ("TOWN"). The obligations of OPERATOR and the TOWN recited herein are specifically contingent upon OPERATOR obtaining a Final Certificate of Registration for operation of a RMD in the TOWN from the Department of Public Health ("DPH") and upon OPERATOR obtaining municipal approvals for construction and operation of the RMD cultivation and processing facility from the TOWN.

WHEREAS, OPERATOR has submitted three (3) applications to operate RMDs in the Commonwealth of Massachusetts, consisting of one (1) cultivation facility in Medway and three (3) retail locations in communities other than Medway;

WHEREAS, OPERATOR intends to locate a RMD cultivation and processing facility at 2 Marc Road, Medway, in accordance with regulations issued by the DPH and zoning by-laws issued by the TOWN;

WHEREAS, OPERATOR has obtained a letter of support from the TOWN for the siting and operation of a RMD cultivation and processing facility in the TOWN;

WHEREAS, OPERATOR intends to provide certain benefits to the TOWN in the event that OPERATOR obtains a Final Certificate of Registration to operate a RMD cultivation and processing facility in the TOWN and has received all state and local approvals, and begins providing marijuana for medical use to patients, their caregivers, the public, or other RMDs:

NOW, THEREFORE, in consideration of the above, OPERATOR offers the TOWN and the TOWN accepts this Host Community Agreement in accordance with MGL ch.44 §53A:

1. In the event that OPERATOR obtains a Final Certificate of Registration from DPH for the operation of a RMD cultivation and processing facility in the TOWN and receives any and all necessary and required permits and licenses issuable by the TOWN, which said permits and/or licenses allow OPERATOR to locate, occupy and operate the RMD cultivation and processing facility in the TOWN, then OPERATOR agrees to provide the TOWN with the following benefits:
 - a. Self-contained Breathing Apparatus (SCBA) devices for the fire department, with a total value of two hundred sixty-three thousand two-hundred dollars (\$263,200). This gift will be provided in four (4) equal annual installments of sixty-five thousand eight hundred (\$65,800), commencing on August 1, 2017 ("Payment Commencement Date"), with the following three (3) payments due on or before that anniversary date;
 - b. A Youth Activity Program through the Medway Public Library funding at the rate of ten thousand dollars (\$10,000) per year, with such gift commencing on February 1, 2018, and provided annually thereafter for the duration of this Agreement;

- c. School Department health and substance abuse prevention curriculum funding at the rate of ten thousand dollars (\$10,000) per year, with such gift commencing on February 1, 2018, and provided annually thereafter for the duration of this Agreement; and
 - d. Department of Public Services Department of Transportation (“DPS DOT”) Drug Testing Program Funding at the rate of ten thousand dollars (\$10,000) per year, with such gift commencing on February 1, 2018, and provided annually thereafter for the duration of this Agreement.
2. In addition to the items identified above in Paragraphs 1 (a)-(d), OPERATOR shall provide an annual financial contribution of twenty-five thousand dollars (\$25,000) to the Town for any municipal purpose, provided that such payments shall commence on February 1, 2018, and shall continue on an annual basis thereafter, with each annual gift to be made on or before February 1st of each year for the duration of this agreement.
3. Notwithstanding the gifts identified above in Paragraphs 1 and 2, at all times during the term of this Agreement, real property, owned or operated by OPERATOR shall be treated as taxable, and all applicable real estate and personal property and excise taxes for that property shall be paid either directly by OPERATOR or by its landlord. OPERATOR shall not challenge the taxability of such property and shall not submit an application for any statutory exemption from such taxes, except to ensure that the property is assessed at the fair cash value of such property as described in M.G.L. c. 59 §38.
4. Notwithstanding Paragraph 3 above: (a) if real and/or personal property owned or operated by OPERATOR is determined to be exempt for taxation or partially exempt, or (b) if the value of such property is abated with the effect of reducing or eliminating the tax which would otherwise be paid if assessed at the fair cash value of such property as described in M.G.L. c. 59 §38, then OPERATOR shall pay to the TOWN an amount which when added to the taxes, if any, paid on such property, shall be equal to the taxes which would have been payable on such property at fair cash value and at the otherwise applicable tax rate, if there had been no abatement or exemption. The payment described in this Paragraph 4 shall be in addition to the payments made by OPERATOR under Paragraphs 1(a)-(d) and 2 of this Agreement.
5. In the event that OPERATOR becomes eligible for status as a charitable organization and a related decrease or elimination of real property taxes, and tax revenue from OPERATOR’s cultivation and processing facility located in the TOWN is reduced or eliminated, OPERATOR will continue to make the assessed, fair cash value tax payment directly to the TOWN as an additional payment under this Agreement.
6. If the TOWN receives other payments from OPERATOR (other than additional voluntary payments made by OPERATOR including property taxes under Paragraphs 3, 4 and 5 above) or from the Department of Revenue or any other source, the funds for which have been collected by assessment against OPERATOR, including but not limited to taxes imposed by an act of the Massachusetts Legislature, or a mandate from the TOWN for said payments, the amounts due from OPERATOR to the TOWN under Paragraphs 1(a)-(d) and 2 this Agreement shall be reduced by the amount of such other payments.

7. OPERATOR will endeavor to hire local, qualified employees to the extent consistent with law and with the demands of OPERATOR's business. OPERATOR will also endeavor in a good faith, legal and non-discriminatory manner to use local vendors and suppliers where possible.
8. OPERATOR shall coordinate with the Medway Police Department in the development and implementation of required security measures, under 105 CMR 725.110 and otherwise, including in determining the placement of exterior security cameras. OPERATOR will maintain a cooperative relationship with the Medway Police Department, including but not limited to periodic meetings to review operational concerns and communication to Medway Police Department of any suspicious activities on the site.
9. It shall be the responsibility of the OPERATOR, as a condition in the special permit process and herein, to make repairs and improvements to Marc Road, included but not limited to drainage, surface, lighting, and safety improvements, as identified as necessary by the Town's consulting engineer and Department of Public Services.
10. The purpose of this Agreement is to assist the TOWN in addressing any public health, safety and other effects or impacts the RMD cultivation and processing facility may have on the TOWN. The TOWN shall use the above-referenced payments in its sole discretion consistent with the purpose of this Agreement, which may include allocating a portion of said payments for community wellness programs, educational programs, parks and recreation, public safety, and other efforts and initiatives for the support of the health of the citizens of the TOWN. However, the TOWN is under no obligation to use the foregoing payments in any particular manner.
11. The obligations of OPERATOR and the TOWN recited herein are contingent upon the issuance of a Final Certificate of Registration by the DPH to OPERATOR to operate a RMD cultivation and processing facility in the TOWN, and OPERATOR conducting operations in TOWN.
12. This Agreement shall terminate at the time that any of the following occurs: the TOWN notifies OPERATOR of the TOWN's termination of this Agreement; the TOWN notifies OPERATOR of the TOWN's termination of this Agreement for CAUSE (to be defined); OPERATOR ceases to operate a RMD cultivation and processing facility in the TOWN; OPERATOR ceases to operate a RMD in the Commonwealth. CAUSE shall be defined as if OPERATOR violates any laws of the Commonwealth with respect to the operation of a RMD, and such violation remains uncured for sixty (60) days; or if OPERATOR fails to make payments to the TOWN as required under this Agreement, and such failure remains uncured for sixty (60) days.
13. This Agreement is binding upon the parties hereto, their successors, assigns and legal representatives. OPERATOR shall not assign, sublet or otherwise transfer this Agreement, in whole or in part, without the prior written consent of the Town, which consent shall not be unreasonably withheld.
14. OPERATOR shall comply with all laws, rules, regulations and orders applicable to the work provided pursuant to this Agreement, such provisions being incorporated herein by reference,

and shall be responsible for obtaining all necessary licenses, permits, and approvals required for the performance of such work.

15. Should TOWN enter into an agreement with any other RMD for siting in TOWN at material terms more favorable to that RMD than the terms of this Agreement are to OPERATOR, specifically requiring cash payments or gifts which are less on an annual basis than those described in this Agreement in Paragraphs 1(a)-(d) and 2, and not considering other terms of this Agreement, the OPERATOR shall have the opportunity to request that this agreement be reopened to discuss the specific term or terms in question for the purpose of providing a level playing field.
16. Any and all notices, or other communications required or permitted under this Agreement shall be in writing and delivered postage prepaid mail, return receipt requested; by hand; by registered or certified mail; or by other reputable delivery services, to the Parties at the addresses set forth on the first page of this Agreement or furnished from time to time in writing hereafter by one party to the other party. Any such notices or correspondence shall be deemed given when so delivered by hand, if so mailed, when deposited with the USPS or, if sent by private overnight or other delivery service, when deposited with such delivery service.
17. If any term or condition of this Agreement or any application thereof shall to any extent be held invalid, illegal or unenforceable, then the validity, legality, and enforceability of the remaining terms and conditions of this Agreement shall not be deemed affected thereby unless one or both of the Parties would be substantially or materially prejudiced.
18. This Agreement, including all documents incorporated therein by reference, constitutes the entire integrated agreement between the parties with respect to the matters described. This Agreement supersedes all prior agreements, negotiation and representations, either written or oral and it shall not be modified or amended except by a written document executed by the Parties hereto.
19. This Agreement shall be for a period of five (5) years, and shall automatically be reopened for negotiations on the first day of the fourth (4th) year after the Payment Commencement Date (August 1, 2017) to discuss renewal possibilities. The Parties agree that if they are unable to reach an agreement on a successor Host Community Agreement, the terms of this Agreement shall continue for two (2) additional years.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

20. In the event that the non-medical use of marijuana is authorized under the laws of the Commonwealth, and OPERATOR cultivates marijuana at its facility in TOWN, that is sold for non-medical purposes, OPERATOR agrees to gift to the TOWN annually on August 1 payments in an amount of one percent (1%) of OPERATOR's gross revenues generated by the OPERATOR's production of marijuana that is sold for non-medical use, subtracted by payments made under Paragraphs 1(b)-(d) and 2 of this Agreement, with a maximum of \$155,000.00 per year, on an annual basis, where such amount of \$155,000.00 shall include the payments under Paragraphs 1(b)-(d) and 2.

Agreed to by CommCan, Inc. and the Town of Medway, Massachusetts as of the ____ day of _____, 2016.

FOR THE TOWN OF MEDWAY, ITS
BOARD OF SELECTMEN:

John Foresto

Maryjane White

Richard D'Innocenzo

Glenn Trindade

Dennis Crowley

FOR OPERATOR COMMCAN, INC, ITS
PRESIDENT:

Ellen Rosenfeld
President, CommCan, Inc.

TREASURER:

Treasurer, ComCan, Inc.

AGENDA

ITEM #8

Execution of PILOT Agreement

Associated backup materials attached:

- PILOT Agreement

Proposed motion: I move that the Board execute the PILOT agreement as authorized by Annual Town Meeting.

PAYMENT IN LIEU OF TAXES AGREEMENT

This Payment in Lieu of Taxes Agreement (“PILOT”) is made as of the ___ day of [month], 2016, by and between the Town of Medway, a municipal corporation and body politic of the Commonwealth of Massachusetts (the “Town”), and Exelon West Medway II, LLC, a Delaware limited liability company (“Exelon”) having offices at 300 Exelon Way, Kennett Square, Pennsylvania 19348, each individually a “Party” and collectively, the “Parties.”

WITNESSETH:

WHEREAS, an affiliate of Exelon owns 94± acres of real property located in the Town as depicted on Exhibit A attached hereto and incorporated herein by reference (the “Site”);

WHEREAS, an affiliate of Exelon owns existing real and personal property comprised of six pairs of Rolls Royce Avon combustion turbines and associated appurtenances with a total capacity of 173± megawatts (“MW”) of energy (the “Existing Facility”) on the Site;

WHEREAS, Exelon is developing two new dual fueled generating units capable of producing 200± MW of energy (the “New Facility”) on the Site;

WHEREAS, Exelon will be subject to certain local taxes in connection with its ownership of the real and personal property related to the New Facility;

WHEREAS, Exelon and the Town agree that having an accurate projection of their respective property tax expenses and revenues with respect to the New Facility is essential to the development of the New Facility, provides long-term revenue certainty for the Town and is in their mutual best interests;

WHEREAS, G.L. c. 59 §38H authorizes the Town to enter into an agreement for a negotiated payment in lieu of taxes imposed on real and personal property;

WHEREAS, Exelon and the Town acknowledge that a comprehensive agreement for payments in lieu of taxes under the authority of G.L. c. 59, §38H fixing and maintaining mutually acceptable payments based on reasonable and accurate fair cash values for all real and personal property associated with the New Facility for twenty (20) years commencing with commercial operations of the New Facility is appropriate and serves their respective interests; and

WHEREAS, Exelon and the Town have reached this PILOT as a result of good faith negotiations so that Exelon’s payments to the Town shall be the equivalent of the property tax obligations which would otherwise be owed to the Town by Exelon during the term of this PILOT based on full and fair cash valuation.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the Parties do hereby covenant and agree as follows:

1. Property to be Taxed. The real and personal property that comprises the New Facility to be owned by Exelon which shall be taxed subject to the terms of this PILOT is described in Exhibit A attached hereto and incorporated herein by reference as the New Facility. The New Facility also shall include any material additions, improvements, repairs, replacements, modifications or other changes to the New Facility certified pursuant to Section 5 which occur after the execution of this PILOT. This PILOT covers all real and personal property taxes otherwise due for the New Facility but does not affect any payments, other than real and personal property taxes, owed by Exelon to the Town, including, but not limited to, payments due under the Host Community Agreement between the Town and Exelon dated as of even date herewith (the "HCA"), vehicle excise taxes, and amounts for customary services provided by the Town to Exelon and the New Facility such as water and sewer services.

The Existing Facility and the remainder of the Site will continue to be assessed and taxed pursuant to G.L. c. 59 and is not subject to this PILOT. Moreover, nothing contained in this PILOT, including, without limitation, any exhibits thereto, shall relieve Exelon, its agents or assigns, nor any other entity leasing or otherwise occupying existing Exelon properties in the Town from any payment obligations for any real or personal property related to the Existing Facility or on any property otherwise owned by Exelon, including, without limitation, all equipment and utilities appurtenant thereto and thereon. Items being assessed by the Town and/or the Commonwealth of Massachusetts and subject to real and/or personal property tax obligations shall continue to be subject to the same assessment and payment mechanisms in effect as of October 14, 2015.

2. Term. This PILOT shall govern the taxation of the New Facility for twenty (20) years commencing in the year the New Facility commences commercial operations. During the construction period and prior to Commercial Operation Date, no payments will be required with respect to the work in progress. "Commercial Operation Date" or "COD" shall mean the date of initial commercial operation of the New Facility. Regular property tax payments will continue to be due on the Existing Facility.

For the purposes of this PILOT, each fiscal year shall begin on July 1 and shall end on June 30 of the following calendar year. By way of example, fiscal year 2016 means July 1, 2015 - June 30, 2016.

The initial payment hereunder shall be due in full within thirty (30) days of the sooner of the issuance of a Certificate of Occupancy for the New Facility by the Town's Building Commissioner or December 31, 2017. Thereafter, payments shall be made on a quarterly basis.

This PILOT may sooner terminate pursuant to Sections 7 and 13. Upon termination, the Town shall assess the New Facility in the normal course pursuant to G.L. c. 59.

After July 1 of the eighteenth (18th) year of this PILOT, but on or before June of the following year, the Town may notify Exelon if it desires to terminate this PILOT effective on June 30, 2038. In the event the Town exercises its rights under this Section, the Parties shall negotiate in good faith in an effort to agree upon a successor agreement to take effect at the conclusion of the twenty (20) year term. In the event the Parties are unable to reach agreement

on a successor agreement, the New Facility shall be taxed on an *ad valorem* basis pursuant to G.L. c. 59.

3. PILOT Payments. The Parties agree that the respective PILOT Payments (“PILOT Payments”) shall be the amounts listed below for each of the years included in the term of this PILOT in lieu of paying any other real or personal property taxes with respect to the New Facility.

| YEAR | QUARTER | NEW PLANT PILOT VALUE | PILOT PAYMENT ANNUAL TOTAL | QUARTERLY PILOT PAYMENT AMOUNTS | CPA PAYMENT AMOUNT (3% of PILOT Payment) (Due September 1 Annually) |
|------|---------|-----------------------|----------------------------|---------------------------------|---|
| 1 | 1 | \$210,000,000.00 | \$3,830,400.00 | | \$114,912.00 |
| 2 | | \$208,950,000.00 | \$3,811,248.00 | | \$114,337.44 |
| | 1 | | | \$952,812.00 | |
| | 2 | | | \$952,812.00 | |
| | 3 | | | \$952,812.00 | |
| | 4 | | | \$952,812.00 | |
| 3 | | \$207,905,250.00 | \$3,792,191.76 | | \$113,765.75 |
| | 1 | | | \$948,047.94 | |
| | 2 | | | \$948,047.94 | |
| | 3 | | | \$948,047.94 | |
| | 4 | | | \$948,047.94 | |
| 4 | | \$206,865,723.75 | \$3,773,230.80 | | \$113,196.92 |
| | 1 | | | \$943,307.70 | |
| | 2 | | | \$943,307.70 | |
| | 3 | | | \$943,307.70 | |
| | 4 | | | \$943,307.70 | |
| 5 | | \$205,831,395.13 | \$3,754,364.65 | | \$112,630.94 |
| | 1 | | | \$938,591.16 | |
| | 2 | | | \$938,591.16 | |
| | 3 | | | \$938,591.16 | |
| | 4 | | | \$938,591.16 | |
| 6 | | \$204,802,238.16 | \$3,735,592.82 | | \$112,067.78 |
| | 1 | | | \$933,898.21 | |
| | 2 | | | \$933,898.21 | |
| | 3 | | | \$933,898.21 | |
| | 4 | | | \$933,898.21 | |
| 7 | | \$203,778,226.96 | \$3,716,914.86 | | \$111,507.45 |
| | 1 | | | \$929,228.71 | |
| | 2 | | | \$929,228.71 | |
| | 3 | | | \$929,228.71 | |
| | 4 | | | \$929,228.71 | |
| 8 | | \$202,759,335.83 | \$3,698,330.29 | | \$110,949.91 |
| | 1 | | | \$924,582.57 | |
| | 2 | | | \$924,582.57 | |
| | 3 | | | \$924,582.57 | |
| | 4 | | | \$924,582.57 | |
| 9 | | \$201,745,539.15 | \$3,679,838.63 | | \$110,395.16 |
| | 1 | | | \$919,959.66 | |
| | 2 | | | \$919,959.66 | |
| | 3 | | | \$919,959.66 | |
| | 4 | | | \$919,959.66 | |
| 10 | | \$200,736,811.46 | \$3,661,439.44 | | \$109,843.18 |
| | 1 | | | \$915,359.86 | |
| | 2 | | | \$915,359.86 | |
| | 3 | | | \$915,359.86 | |
| | 4 | | | \$915,359.86 | |
| 11 | | \$199,733,127.40 | \$3,643,132.24 | | \$109,293.97 |
| | 1 | | | \$910,783.06 | |
| | 2 | | | \$910,783.06 | |
| | 3 | | | \$910,783.06 | |
| | 4 | | | \$910,783.06 | |

| | | | | | |
|----|---|------------------|-----------------|--------------|----------------|
| 12 | | \$198,734,461.76 | \$3,624,916.58 | | \$108,747.50 |
| | 1 | | | \$906,229.15 | |
| | 2 | | | \$906,229.15 | |
| | 3 | | | \$906,229.15 | |
| | 4 | | | \$906,229.15 | |
| 13 | | \$197,740,789.45 | \$3,606,792.00 | | \$108,203.76 |
| | 1 | | | \$901,698.00 | |
| | 2 | | | \$901,698.00 | |
| | 3 | | | \$901,698.00 | |
| | 4 | | | \$901,698.00 | |
| 14 | | \$196,752,085.50 | \$3,588,758.04 | | \$107,662.74 |
| | 1 | | | \$897,189.51 | |
| | 2 | | | \$897,189.51 | |
| | 3 | | | \$897,189.51 | |
| | 4 | | | \$897,189.51 | |
| 15 | | \$195,768,325.08 | \$3,570,814.25 | | \$107,124.43 |
| | 1 | | | \$892,703.56 | |
| | 2 | | | \$892,703.56 | |
| | 3 | | | \$892,703.56 | |
| | 4 | | | \$892,703.56 | |
| 16 | | \$194,789,483.45 | \$3,552,960.18 | | \$106,588.81 |
| | 1 | | | \$888,240.04 | |
| | 2 | | | \$888,240.04 | |
| | 3 | | | \$888,240.04 | |
| | 4 | | | \$888,240.04 | |
| 17 | | \$193,815,536.03 | \$3,535,195.38 | | \$106,055.86 |
| | 1 | | | \$883,798.84 | |
| | 2 | | | \$883,798.84 | |
| | 3 | | | \$883,798.84 | |
| | 4 | | | \$883,798.84 | |
| 18 | | \$192,846,458.35 | \$3,517,519.40 | | \$105,525.58 |
| | 1 | | | \$879,379.85 | |
| | 2 | | | \$879,379.85 | |
| | 3 | | | \$879,379.85 | |
| | 4 | | | \$879,379.85 | |
| 19 | | \$191,882,226.06 | \$3,499,931.80 | | \$104,997.95 |
| | 1 | | | \$874,982.95 | |
| | 2 | | | \$874,982.95 | |
| | 3 | | | \$874,982.95 | |
| | 4 | | | \$874,982.95 | |
| 20 | | \$190,922,814.93 | \$3,482,432.14 | | \$104,472.96 |
| | 1 | | | \$870,608.04 | |
| | 2 | | | \$870,608.04 | |
| | 3 | | | \$870,608.04 | |
| | 4 | | | \$870,608.04 | |
| | | | \$73,076,003.27 | | \$2,192,280.10 |

Sum of PILOT and CPA Payments

\$75,268,283.37

Such amounts shall be paid on a quarterly basis and shall be delivered to Town of Medway Collector of Taxes, 155 Village Street, Medway, MA 02053. Such amounts shall be paid each year in accordance with the following schedule: 1st quarter due August 1st; 2nd quarter due November 1st; 3rd quarter due February 1st; 4th quarter due May 1st. Should any due date fall on a weekend or holiday, payment shall be due the first business day following such date.

4. Community Preservation Act Payments. The Parties agree that in addition to the PILOT Payments provided for herein, the Town shall be entitled to receive an additional PILOT Payment of three percent (3%) of each PILOT Payment in order to compensate the Town for Community Preservation Act payments it is entitled to receive under the Town bylaws and Massachusetts law. Such payment shall be paid annually on or before September 1st.

5. Certifications. Exelon shall send a certification to the Town within ten (10) days of the Commercial Operation Date notifying the Town of such date. Thereafter, Exelon shall submit to the Town no later than the March 1st preceding the beginning of each fiscal year covered by this PILOT an annual certification which describes any material additions, improvements, repairs, replacements, modifications, retirements or other changes that have occurred since the final completion of the New Facility or since Exelon's last annual certification, as applicable, in accordance with G.L. c. 59, §29. In each annual certification, Exelon shall designate a representative who is available to answer any questions that the Town may have regarding the information that was provided in such annual certification.

6. Adjustments. If, during the term of this PILOT, (i) the New Facility is physically unable to operate for a period of eighteen (18) consecutive months following COD due to casualty or *Force Majeure* as defined below; (ii) there is any regulatory or legal proceeding or government investigation that results in an unfavorable judgment, order, decree, stipulation or injunction that prevents Exelon from constructing or operating the New Facility; or (iii) the New Facility is taken out of service permanently, Exelon may elect to terminate this PILOT.

In the event that the annual certification submitted in accordance with Section 5 of this PILOT indicates that there have been material capital improvements to the New Facility that materially increase its nameplate capacity above 200 MW, then, within thirty (30) days of receipt of each annual certification, the Town's Principal Assessor and Exelon shall agree upon a revised future payment schedule for the New Facility reflecting a *pro rata* increase in such payments. The revised PILOT Payment schedule shall take effect for the subsequent fiscal year. In the event that the parties are unable to agree upon a revised payment schedule within such thirty (30) day period, the Parties shall resolve the dispute in accordance with Section 22 below. In the event that the dispute resolution process set forth in Section 22 is initiated, the Town shall have a limited right to audit and inspect Exelon's records during the informal negotiation stage of the process, as and to the extent provided in G.L. c. 59. The scope of such audits shall be limited to reviewing information that is reasonably necessary to ascertain the accuracy of the information provided or omitted on Exelon's most recent annual certification. Such examinations shall be made upon not less than seven (7) days' prior notice during normal business hours at the New Facility and in such manner as to not unreasonably interfere with Exelon's normal business activities. If such records are not kept at the New Facility, Exelon shall deliver (at its sole expense) copies of such records to the office of the Town's Principal Assessor. Any information provided to the Town as part of an audit shall be treated as

confidential. In the event the Town requests documents or information that Exelon determines is proprietary, upon request by Exelon, the Parties will enter into a commercially reasonable confidentiality agreement in order to limit disclosure of such information.

In the event that the Town shall vote pursuant to G.L. c. 59, §21C *et seq.* to increase local property taxes for the purpose of a general override, a debt exclusion override or a capital exclusion override, the amounts due under this PILOT shall be adjusted upward proportionally to the same extent as the percentage to value increases born by taxpayers in the Town. This increase(s) shall continue for the duration of the term approved by the Town.

For the purpose of this PILOT, *Force Majeure* shall mean any cause not within the reasonable control of Exelon which precludes it from carrying out, in whole or in part, its obligations under this PILOT, including, but not limited to, Acts of God; winds; hurricanes; tornadoes; extreme weather; fires; epidemics; landslides; earthquakes; floods; other natural catastrophes; strikes; lock-outs or other industrial disturbances; acts of public enemies; acts, failures to act or orders of any kind of any governmental authority acting in its regulatory or judicial capacity; insurrections; military action; war, whether or not it is declared; sabotage; riots; civil disturbances or explosions. Nothing in this provision is intended to excuse Exelon from performing due to any governmental act, failure to act, or order, where it was reasonably within Exelon's power to prevent such act, failure to act, or order. Notwithstanding anything in the PILOT to the contrary, *Force Majeure* shall not mean:

- (a) Customary inclement weather (in contrast to extreme weather) affecting construction, operation, or decommissioning of the New Facility.
- (b) Unavailability of equipment, repairs or parts for the New Facility, except to the extent due to a qualifying event of *Force Majeure* (whether such event affects Exelon directly or any supplier, manufacturer, shipper or warehouseman).
- (c) Any nonpayment under this PILOT.
- (d) Economic hardship of Exelon.

7. Failure to Make Timely Payments; Right to Cure. In accordance with G.L. c. 59, §57, the Town may assess penalties for late payments of PILOT Payments due under the provisions of this PILOT. The Town expressly reserves all rights available to it respecting the collection of such PILOT Payments. In the event a payment is not timely received by the Town, the Town shall issue a notice of default to Exelon and Exelon shall have thirty (30) days (the "Cure Period"; the Cure Period is not intended to modify the timing or amount of any penalties or interest that accrue under G.L. c. 59, §57, which shall be in addition to the penalty set forth below) from receipt of such notice within which to cure such default. If Exelon fails to timely cure the default, then within thirty (30) days after the end of the Cure Period, and at its sole option, the Town may declare this PILOT null and void, and the New Facility shall be taxed on an *ad valorem* basis pursuant to G.L. c. 59. In addition, in the event of payment default that is uncured at the end of the Cure Period and that is not the subject of a good faith dispute, Exelon

shall pay a late fee of one thousand dollars (\$1,000) per day for each day that any payment under this PILOT is due, provided, however, that no more than twenty-five thousand dollars (\$25,000) shall be due and owing for each instance of late payment or nonpayment. Interest shall also accrue on all late payments in accordance with G.L. c. 59, §57.

8. Mutual Benefits. The Parties acknowledge that this PILOT is the result of good faith negotiations between the Parties and extensive efforts to determine the fair cash value of the New Facility and is fair and beneficial to them because it resolves all issues regarding taxation of the New Facility, avoiding substantial litigation cost and uncertainty. The Town acknowledges that this PILOT is beneficial to it because it will result in steady, predictable, and reasonable PILOT Payments from the New Facility. Exelon acknowledges that this PILOT is beneficial to it because it provides predictability and certainty with respect to taxation of the New Facility.

9. HCA. The obligations under this PILOT are completely severable from the obligations of the Parties under the HCA. A default under this PILOT shall not be considered a cross-default under the HCA. A default under the HCA shall not be considered a default under this PILOT.

10. No Precedent. This PILOT is entered into in good faith to resolve future disputes and to achieve predictability and economic stability for both Parties by establishing a schedule of PILOT Payments based on reasonable, accurate, and reliable fair cash values for the New Facility. Accordingly, Exelon and the Town agree that neither Party shall seek to use the PILOT Payments agreed to under this PILOT in any future proceedings regarding the value of the New Facility in the Town (except for disputes related to this PILOT) or in any other proceeding regarding the value of any other Exelon property, including the Existing Facility.

11. Advice of Counsel. The Parties have entered into this PILOT only after full and due consideration thereof and with the advice of their counsel and of their independent consultants.

12. Conditions Precedent. The obligations of the Parties under this PILOT are conditioned on (i) approval of this PILOT by the Town acting by Town meeting; (ii) the Town promptly submitting this PILOT to the Massachusetts Department of Revenue (“DOR”) and DOR approving this PILOT in writing within thirty (30) days of receipt; and (iii) the achievement of the Commercial Operation Date. In the event that DOR objects to this PILOT, this PILOT shall become null and void and of no further effect unless otherwise agreed by the Parties in writing.

13. Change in Law.

(a) Exelon and the Town hereby stipulate and agree that no portion of this PILOT shall be enforceable, and the PILOT shall terminate if a court of competent jurisdiction or a Massachusetts State agency having applicable jurisdiction has determined or declared any material portion of this PILOT to be illegal, void, or unenforceable, such determination or declaration materially alters the economic benefits and burdens of the Parties, and such determination or declaration is not subject to further appeal by either Party.

(b) Exelon and the Town hereby stipulate and agree that no portion of this PILOT shall be enforceable, and the PILOT shall terminate if the Massachusetts General Court abolishes an *ad valorem* tax on property used for the production of electricity.

(c) In the event that the Massachusetts General Court enacts another means of taxation or assessment in addition to *ad valorem* taxation applicable to the New Facility during the term of the PILOT, the PILOT Payments due under the PILOT shall be reduced each year by the amount of such taxes or assessments actually paid by Exelon.

14. Renegotiation Obligations. Exelon and the Town agree that in the event this PILOT terminates pursuant to the provisions of Section 13 of this PILOT, and that such event does not occur through the direct fault of either Party, that the Parties will in good faith attempt to negotiate a new agreement which will seek to accomplish and implement the objectives and purposes of this PILOT for the same term as is addressed by this PILOT.

15. Exelon's Representations and Warranties. Exelon hereby makes the following representations and warranties to the Town:

(a) Exelon West Medway II, LLC, is a Delaware limited liability company, validly existing and in good standing under the laws of the state of Delaware and each has the full power and authority to carry on its business as it is now being conducted.

(b) This PILOT constitutes the legal, valid and binding obligation of Exelon enforceable in accordance with its terms, except to the extent that the enforceability may be limited by applicable bankruptcy, insolvency or other laws affecting other enforcement of creditors' rights generally or by general equitable principles. Exelon has taken all necessary action to authorize and approve the execution and delivery of this PILOT.

(c) To the best of Exelon's knowledge, none of the documents or information furnished by or on behalf of Exelon to the Town in connection with negotiation and execution of this PILOT contains any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements contained herein or therein, in the light of the circumstances in which they were made, not misleading.

(d) The person executing this PILOT on behalf of Exelon has the full power and authority to bind it to each and every provision of this PILOT.

16. Town's Representations and Warranties. The Town hereby makes the following representations and warranties to Exelon:

(a) The Town is a municipal corporation and body politic of the Commonwealth of Massachusetts.

(b) Subject to satisfaction of the conditions precedent in Section 12, this PILOT constitutes the legal, valid and binding obligation of the Town enforceable in accordance with its terms. The Town will take all necessary action to authorize and approve the execution and delivery of this PILOT.

(c) The person executing this PILOT on behalf of the Town has the full power and authority to bind it to each and every provision of this PILOT.

17. Notices. All notices, demands, requests, consents or other communications required or permitted to be given or made under the PILOT shall be in writing and addressed to the following:

If to the Town:

Michael E. Boynton
Town Administrator
Medway Town Hall
155 Village Street
Medway, MA 02053
(508) 533-3200 (phone)
mboynton@townofmedway.org

with a copy to:

Barbara J. Saint Andre, Esq.
Petrini & Associates, P.C.
372 Union Avenue
Framingham, MA 01702
(508) 665-4310 (phone)
BSaintandre@petrinilaw.com

If to Exelon:

Jack Hughes
Exelon West Medway II, LLC
9 Summer Street
Medway, MA 02053
jack.hughes@exeloncorp.com
508-533-3919

with a copy to:

Todd D. Cutler, Esq.
Associate General Counsel
Exelon West Medway II, LLC
300 Exelon Way, Suite 340
Kennett Square, PA 19348
todd.cutler@exeloncorp.com
610.765.5602

Notices hereunder shall be deemed properly served: (a) by hand delivery, on the day and at the time on which delivered to the intended recipient at the address set forth in the PILOT; (b) if sent by mail, on the third business day after the day on which deposited in the United States certified or registered mail, postage prepaid, return receipt requested, addressed to the intended recipient at its address set forth in the PILOT; or (c) if by Federal Express or other reputable express mail service, on the next business day after delivery to such express mail service, addressed to the intended recipient at its address set forth in the PILOT. Notices may also be transmitted by electronic mail, provided that any notice transmitted solely by electronic mail which is not confirmed as received by the receiving Party shall be followed up by personal delivery or overnight delivery within forty-eight (48) hours. Either Party may change its address and contact person for the purposes of this Section by giving notice thereof in the manner required herein.

18. Entire and Complete Agreement; Binding Effect. This PILOT, along with the Exhibit(s) attached (or to be attached) hereto, and the HCA constitute the entire and complete agreement of the parties with respect to the subject matter hereof, exclusive of all prior understandings, arrangements and commitments, all of which, whether oral or written, having been merged herein, except for contemporaneous or subsequent written understandings, arrangements, or commitments signed by the parties intended to be bound thereby. This PILOT shall bind and inure to the benefit of the Parties to this PILOT and any successor or assignee acquiring an interest hereunder.

19. Survival. Termination of this PILOT for any reason shall not relieve Exelon of any obligation accrued or accruing prior to such termination, including, but not limited to, the obligations to make payments due on or before such termination as set forth in Sections 3 and 4.

20. Other Documents. Each Party promises and agrees to execute and deliver any instruments and to perform any acts which may be necessary or reasonably requested by the other Party in order to give full effect to this PILOT.

21. Governing Law. This PILOT and the rights and duties of the Parties hereunder shall be governed by and shall be construed, enforced and performed in accordance with the laws of the Commonwealth of Massachusetts without regard to principles of conflicts of law.

22. Dispute Resolution. Unless otherwise expressly provided for in this PILOT, the dispute resolution procedures of this Section shall be the exclusive mechanism to resolve disputes arising under this PILOT between the Town and Exelon. The Town and Exelon agree to use their respective best efforts to resolve any dispute(s) that may arise regarding this PILOT.

Any dispute that arises under or with respect to this PILOT that cannot be resolved in the daily management and implementation of this PILOT shall in the first instance be the subject of informal negotiations between representatives of Exelon and the Town Administrator of Medway, as the case may be, who shall use their respective best efforts to resolve such dispute. The period for informal negotiations shall not exceed thirty (30) days from the time the

dispute arises, unless it is modified by written agreement of the Parties involved in the dispute. The dispute shall be considered to have arisen when one Party sends the other Party a written notice of dispute.

In the event that the Parties cannot resolve a dispute by informal negotiations under the preceding paragraph of this Section, the Parties agree to submit the dispute to mediation. Within fourteen (14) days following the expiration of the time period for informal negotiations, the Parties shall propose and agree upon a neutral and otherwise qualified mediator. In the event that the Parties fail to agree upon a mediator, the Parties shall request the American Arbitration Association to appoint a mediator. The period for mediation shall commence upon the appointment of the mediator and shall not exceed sixty (60) days, unless such time period is modified by written agreement of the Parties. The decision to continue mediation shall be in the sole discretion of each Party. The Parties will bear their own costs of the mediation.

In the event that the Parties cannot resolve a dispute by informal negotiations or mediation, venue for judicial enforcement shall be Norfolk County Superior Court, Dedham, Massachusetts. Notwithstanding the foregoing, injunctive relief may be sought without resorting to alternative dispute resolution to prevent irreparable harm that would be caused by a breach of this PILOT. In any such judicial action, the "Prevailing Party" shall be entitled to payment from the opposing party of its reasonable costs and fees, including but not limited to attorneys' fees, arising from the civil action. As used herein, the phrase "Prevailing Party" shall mean the party who, in the reasonable discretion of the finder of fact, most substantially prevails in its claims or defenses in the civil action.

23. Confidentiality. The Parties understand that the Town is subject to, among other laws, the Massachusetts Public Records Act, G.L. c. 66, §10 and G.L. c. 4, §7, cl. 26, pursuant to which all documents and records made or received by the Town shall, absent an exemption or law to the contrary, constitute a public record subject to disclosure. To the extent not inconsistent with the Town's duty set forth in the preceding sentence, if either Party or its representatives provides to the other Party or its representatives confidential information, including business plans, strategies, financial information, proprietary, patented, licensed, copyrighted or trademarked information, and/or technical information regarding the design, operation and maintenance of the facility or of a Party's business ("Confidential Information"), the receiving Party shall protect the Confidential Information from disclosure to third parties with the same degree of care accorded its own confidential and proprietary information, but in any event not less than a commercially reasonable degree of care, and refrain from using such Confidential Information except in the negotiation and performance of this PILOT.

Notwithstanding any other provision herein, neither Party shall be required to hold confidential any information that: (i) becomes publicly available other than through the receiving Party; (ii) is required to be disclosed by a governmental authority, under all applicable laws or pursuant to a validly issued subpoena, but a receiving Party subject to any such requirement shall promptly notify the disclosing Party of such requirement; (iii) is independently developed by the receiving

Party; or (iv) becomes available to the receiving Party without restriction from a third party under no obligation of confidentiality.

24. Amendments. This PILOT may only be amended or modified by a written amendment to the PILOT signed by both Parties hereto.

25. Severability. If any section, phrase or portion of the PILOT is, for any reason, held or adjudged to be invalid, illegal or unenforceable by any court of competent jurisdiction, such section, phrase, or portion so adjudged will be deemed separate, severable and independent and the remainder of the PILOT will be and remain in full force and effect and will not be invalidated or rendered illegal or unenforceable or otherwise affected by such adjudication, provided the basic purpose of the PILOT and the benefits to the Parties are not substantially impaired.

26. Headings and Captions. The headings and captions appearing in this PILOT are intended for reference only, and are not to be considered in construing the PILOT.

27. Counterparts; Scanned Copies. This PILOT may be executed in counterparts, each of which shall be deemed an original and all of which shall constitute one and the same instrument. The Parties agree that a scanned or electronically reproduced copy or image of this PILOT bearing the signatures of the Parties hereto shall be deemed an original and may be introduced or submitted in any action or proceeding as competent evidence of the execution, terms and existence of this PILOT notwithstanding the failure or inability to produce or tender an original, executed counterpart of this PILOT and without the requirement that the unavailability of such original, executed counterpart of this PILOT first be proven.

28. Waiver. No waiver by either Party hereto of any one or more defaults by the other Party in the performance of any provision of the PILOT shall operate or be construed as a waiver of any future default, whether of like or different character. No failure on the part of either Party hereto to complain of any action or non-action on the part of the other Party, no matter how long the same may continue, shall be deemed to be a waiver of any right hereunder by the Party so failing. A waiver of any of the provisions of the PILOT shall only be effective if made in writing and signed by the Party who is making such waiver.

29. Joint Workproduct. This PILOT shall be considered the workproduct of both Parties hereto, and, therefore, no rule of strict construction shall be applied against either Party.

30. Successors and Assigns. This PILOT shall be binding upon Exelon, the Town and each of their affiliates, parents, successors and permitted assigns and inure to the benefit of and be enforceable by Exelon, the Town and each of their affiliates, parents, successors and permitted assigns.

31. No Joint Venture. Nothing herein contained shall be deemed to constitute either Party a partner, agent or legal representative of the other Party or to create a joint venture, partnership, agency or any relationship between the Parties. The obligations of the Parties are

individual and not collective in nature.

32. Further Assurances. From time to time and at any time at and after the execution of the PILOT, each Party shall execute, acknowledge and deliver such documents and assurances, reasonably requested by the other and shall take any other action consistent with the terms of the PILOT that may be reasonably requested by the other for the purpose of effecting or confirming any of the transactions contemplated by the PILOT.

33. Good Faith. All rights, duties and obligations established by this PILOT shall be exercised in good faith and in a commercially reasonable manner.

34. No Limitation of Regulatory Authority. The Parties acknowledge that nothing in this PILOT shall be deemed to be an agreement by the Town to issue or cause the issuance of any permit or approval, or to limit or otherwise affect the ability of the Town or the Commonwealth of Massachusetts to fulfill its regulatory mandate or execute its regulatory powers consistent with all applicable laws.

Executed under seal as of the date first above-written.

TOWN OF MEDWAY

By: _____
Name: _____
Title: _____

EXELON WEST MEDWAY II, LLC

By: 
Name: JAMES CAATY
Title: VP OPERATIONS

AS TO FORM:

_____, Town Counsel

EXHIBIT A
Description of New Facility

As used herein, the term “New Facility” shall include all of the following real and personal property:

The New Facility will be located on approximately ten (10) acres (“Facility Site”) within the Site consisting of Medway Assessors’ Map Parcel numbers 56-005, 66-010, 66-012 and 66-013. The Facility will include two (2) GE LMS100, simple-cycle peaking electric combustion turbines (100 megawatts each) with a combined net nominal electrical output of 200 megawatts (“MW”).

The New Facility will include the following major components and structures:

- Two (2) simple-cycle GE LMS100 combustion turbine generators (“CTGs”);
- Pollution control equipment including Selective Catalytic Reduction (“SCR”) and carbon monoxide (CO) oxidation catalysts in modules downstream of each CTG;
- Two (2) 160-foot tall stacks;
- Noise walls including a 55-foot high noise surrounding the entire power island including air cooled heat exchangers and a localized 20-foot property-line noise barrier;
- Natural gas compressors;
- Aboveground storage tanks for ULSD, service/fire water, demineralized water and aqueous ammonia, including unloading areas;
- Transformers and electrical interconnection facilities;
- Combined building for control room, administrative and facility services, maintenance and warehouse area, water treatment area, and associated systems;
- 450 kilowatt (“kW”) emergency diesel generator;
- 147 kW emergency diesel fire pump engine;
- Gas pipeline interconnection; and
- Stormwater management system.

Please see the attached General Arrangement Plan depicting components of the New Facility.

Natural Gas for the proposed New Facility will be delivered via an interconnection to the existing Algonquin Gas Transmission Company (“AGT”) pipeline located to the northwest of the Facility Site. The new pipeline will be permitted and constructed by Exelon. Additionally, the New Facility will connect to the existing Eversource 115 kV switchyard located on the Site in order to supply additional capacity in the SEMA/RI load zone where capacity is needed.

AGENDA

ITEM #9

Approval – Inter-municipal Agreement with Franklin for Its Use of Medway’s Council on Aging Van

Associated backup materials attached:

- Contract

Proposed motion: I move that the Board authorize the Chairman to execute the inter-municipal agreement with the town of Franklin for its use of Medway’s Council on Aging van.

**Agreement Between
The Town of Franklin And The Town of Medway
For Use of Council on Aging Passenger Van**

Whereas, the Towns of Franklin and Medway, collectively hereinafter referred to as the "Towns", desire to cooperate in the provision of a passenger van owned by the Town of Medway for use by the Town of Franklin; and

Whereas, each of the Towns has been authorized to enter into this Agreement in accordance with the provisions of G.L. c. 40, §4A.

Now therefore, the Towns, in mutual consideration of the covenants contained herein, agree as follows:

1. The Town of Medway will allow the Town of Franklin to utilize its Council on Aging passenger van for Town of Franklin Council on Aging transport activities for days and times mutually agreeable to both Towns.
2. The Town of Franklin will be responsible for retrieving the vehicle from the Town of Medway and returning it with a full fuel tank of gasoline and in clean condition.
3. The Town of Franklin will utilize its own staff for all transport provided in service to the Town of Franklin community. The staff operating the vehicle must have a commercial driver's license. The Town of Franklin shall comply with all applicable Federal, State and local laws, rules, regulations and orders applicable to the use and operation of the vehicle for the purposes under this Agreement, such provisions being incorporated herein by reference, and shall be responsible for obtaining all necessary licenses, permits, and approvals required for such vehicle use.
4. The Town of Franklin agrees to name the Town of Medway as an additional insured under its General Liability Policy and shall indemnify, defend, and hold the Town of Medway harmless to extent permitted by law, from and against any and all claims, demands, liabilities, actions, causes of actions, costs and expenses, including attorney's fees, arising out of arising from the utilization of the passenger van for Town of Franklin purposes and/or the Town of Franklin's breach of this Agreement or the negligence or misconduct of the Town of Franklin, or the Town of Franklin's agents or employees. The Towns agree that the foregoing language is solely to define the parties' respective rights and liabilities as to each other and not to remove any statutory limitation on liability to third parties to which either party is entitled or otherwise to expand said third party liability. The Town of Franklin also agrees to assume any costs associated with automobile liability related to its utilization of this vehicle that would otherwise be borne by the Town of Medway.
5. The Town of Medway shall assess and bill the Town of Franklin a fee on a monthly basis in the amount of \$100 per use of the passenger van. Payment shall be made to the Town of Medway within thirty days of

receipt of invoice.

6. The term of this agreement shall be from May 17, 2016 through May 16, 2019. The contract terms shall remain in effect until either a new agreement is reached or the Town(s) terminate the agreement. This agreement may be amended from time to time with written consent of both Towns.

9. Either Town, by vote of the Board of Selectmen or Town Council, may terminate this agreement upon the provision of at least thirty (30) days prior written notification to the other Town. Such notice shall state the termination date. Upon such termination, the Town of Medway shall prepare a full statement of outstanding unpaid financial obligations pursuant to this agreement within thirty days after termination of the agreement, and payment shall be made to the Town of Medway in accordance with this agreement.

10. This Agreement shall be governed by, construed and enforced in accordance with the laws of the Commonwealth of Massachusetts and the Town's submit to the jurisdiction of any of its appropriate courts for the adjudication of disputes arising out of this Agreement. The Towns agree that if any court of competent jurisdiction shall declare any provisions of this agreement to be unenforceable, the remaining provisions hereof shall not be affected and shall remain in full force and effect.

11. This Agreement, including all documents incorporated herein by reference, constitutes the entire integrated agreement between the parties with respect to the matters described. This Agreement supersedes all prior agreements, negotiations and representations, either written or oral, and it shall not be modified or amended except by a written document executed by the parties hereto.

Town of Franklin:
By its Town Administrator,
duly authorized

Town of Medway:
By its Board of Selectmen

Date: _____

Date: _____

AGENDA

ITEM #10

Approval – One-Day Liquor License Requests

- a. Rebecca LeMarbre – Thayer Homestead – May 21, 2016
- b. Jesse & Gary Krist- Thayer Homestead – May 28 & 29, 2016

Associate backup materials attached:

- One-day license requests
- Police Chief's recommendations

Proposed Motion: I move that the Board approve one-day liquor licenses for Rebecca LeMarbre and Jess & Gary Krist for their events at the Thayer Homestead on May 21 & May 28-29, 2016, subject to Police Chief's recommendations and proof of appropriate insurance coverage.



Town of Medway

BOARD OF SELECTMEN

155 Village Street, Medway MA 02053
Ph. (508) 533-3264 Fax: (508) 321-4899

APPLICATION FOR SPECIAL ONE-DAY LIQUOR LICENSE

MGL c.138, §14

Application for the purpose of selling or dispensing the following beverages permitted by law. A Section 12 license holder may not also be granted a Section 14 (one-day) license unless event is held at a separate location. A person holding a Section 14 license cannot purchase alcoholic beverages from a package store. Purchase must be made from a licensed wholesaler/importer, manufacturer, farmer-winery/brewery, or special permit holder.

For Profit Businesses are eligible for wine and malt license only.

Application must be submitted at least two weeks prior to event.

Fee: \$0

All Alcohol _____ Wine and Malt

Event Lemarchre Green Wedding

Event Location Thayer Homestead

Event Date Sat May 21, 2016

Event Hours 4:00 - 10:00 pm (No later than 1:00 AM; Last call 12:30 AM)

Name of Organization/Applicant Off the Vine Catering

Attach non-profit certificate of exemption

Is event open to the general public? Y _____ N

Estimated attendance 90

Will there be an age restriction? Y N _____

Minimum age allowed: 21

How, where and by whom will ID's be checked? _____

By the bartenders but all guests will be over 21

Is there a charge for the beverages? Y _____ N

Price structure: _____

Alcohol server(s) _____

Attach Proof of Alcohol Server Training

Jacquelyn Stafford (attached TIPS)

Provisions for Security, Detail Officer _____

Does the applicant have knowledge of State liquor laws? Y N _____

Experience Tips certified

The following may be required:

Police Dept. – Detail; Fire Dept. – Detail; Board of Health – Food Permit; Building Dept. – Tent Permit

Date of Application 5/13/16

Applicant's Signature Amanda Allard

Applicant's Name Amanda Allard

The Board of Selectmen's Office will forward this application to the Police, Fire, and Building Departments and the Board of Health for approval and recommendations.

Police Department _____
315 Village St _____ Date

Fire Department _____
44 Milford St _____ Date

Board of Health _____
Town Hall, 1st Fl _____ Date

Building Department _____
Town Hall, 1st Fl _____ Date



Medway Police Department

315 Millage Street
Medway, MA 02053

Phone: 508-533-3212
FAX: 508-533-3216
Emergency: 911

Allen M. Tingley
Chief of Police

May 4, 2016

To: Michael Boynton
Town Administrator

From: Allen M. Tingley
Chief of Police

Re: One-Day Wine and Malt Request – Thayer House – LeMarbre-Green Wedding.

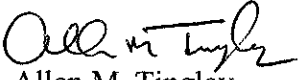
I have reviewed the application for the ^{one} day wine and malt license for the LeMarbe/Green wedding scheduled for May 21, 2016 at the Thayer House.

I approve of the issuing of the permits with the following condition.

There will be no on-street parking on either side of Oak Street or Mechanic Street. Additional parking may be found at the Choate Park complex and in the rear parking lot off of Winthrop Street.

The serving of the beer and wine will comply with the standards set forth in the Town of Medway's liquor policy for a one day alcoholic beverage license. All alcohol served at the event will be purchased from a licensed wholesale distributor as specified on the one-day liquor license application and required by the Alcohol Beverage Control Commission. Alcohol service will be provided by TIPS certified bartenders from Off the Vine Catering.

Respectfully Submitted


Allen M. Tingley
Chief of Police



Town of Medway

BOARD OF SELECTMEN

155 Village Street, Medway MA 02053
Ph. (508) 533-3264 Fax: (508) 321-4899

APPLICATION FOR SPECIAL ONE-DAY LIQUOR LICENSE

MGL c.138, §14

Application for the purpose of selling or dispensing the following beverages permitted by law. A Section 12 license holder may not also be granted a Section 14 (one-day) license unless event is held at a separate location. A person holding a Section 14 license cannot purchase alcoholic beverages from a package store. Purchase must be made from a licensed wholesaler/importer, manufacturer, farmer-winery/brewery, or special permit holder.

For Profit Businesses are eligible for wine and malt license only.

Application must be submitted at least two weeks prior to event.

Fee: \$0

All Alcohol [] Wine and Malt [X]

Event Krist/Mitrano Wedding Reception

Name of Organization/Applicant Erica Krist

Address 3 Oak St, Medway, MA 02053



Non-Profit Organization Y [] N [X]

Attach non-profit certificate of exemption

Event Location Thayer Homestead, 2B Oak St., Medway, MA 02053

Event Date 5/28/16

Event Hours (No later than 1:00 AM; Last call 12:30 AM) 5pm - 10pm

Is event open to the general public? Y [] N [X]

Estimated attendance 140

Will there be an age restriction? Y [] N [X]

Minimum age allowed:

How, where and by whom will ID's be checked? Bartenders
(described below) will check IDs

Is there a charge for the beverages? Y N
Price structure: _____

Alcohol server(s)
Attach Proof of Alcohol Server Training

Top Notch Bartenders & Servers (see attached)

Provisions for Security, Detail Officer _____

Does the applicant have knowledge of State liquor laws? Y N

Experience basic, from reading up on the laws?

The following may be required:
Police Dept. - Detail; Fire Dept. - Detail; Board of Health - Food Permit; Building Dept. - Tent Permit

Date of Application 4/28/16

Applicant's Signature [Signature]



The Board of Selectmen's Office will forward this application to the Police, Fire, and Building Departments and the Board of Health for approval and recommendations.

Police Department _____
315 Village St _____ Date

Fire Department _____
44 Milford St _____ Date

Board of Health _____
Town Hall, 2nd Fl _____ Date

Building Department _____
Town Hall, 1st Fl _____ Date



Medway Police Department

315 Village Street
Medway, MA 02053

Phone: 508-533-3212
FAX: 508-533-3216
Emergency: 911

Allen M. Tingley
Chief of Police

May 4, 2016

To: Michael Boynton
Town Administrator

From: Allen M. Tingley
Chief of Police

Re: One-Day Wine and Malt Request – Thayer House – Krist/Mitrano Wedding Reception

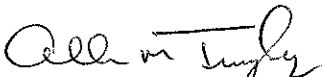
I have reviewed the application for the ^{one} day wine and malt license for the Krist/Mitrano wedding reception scheduled for May 28, 2016 at the Thayer House.

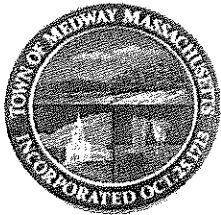
I approve of the issuing of the permits with the following condition.

There will be no on-street parking on either side of Oak Street or Mechanic Street. Additional parking may be found at the Choate Park complex and in the rear parking lot off of Winthrop Street.

The serving of the beer and wine will comply with the standards set forth in the Town of Medway's liquor policy for a one day alcoholic beverage license. All alcohol served at the event will be purchased from a licensed wholesale distributor as specified on the one-day liquor license application and required by the Alcohol Beverage Control Commission. Alcohol service will be provided by TIPS certified bartenders from Top Notch Bartenders and Servers.

Respectfully Submitted


Allen M. Tingley
Chief of Police



Town of Medway

BOARD OF SELECTMEN

155 Village Street, Medway MA 02053
Ph. (508) 533-3264 Fax: (508) 321-4899

APPLICATION FOR SPECIAL ONE-DAY LIQUOR LICENSE

MGL c.138, §14

Application for the purpose of selling or dispensing the following beverages permitted by law. A Section 12 license holder may not also be granted a Section 14 (one-day) license unless event is held at a separate location. A person holding a Section 14 license cannot purchase alcoholic beverages from a package store. Purchase must be made from a licensed wholesaler/importer, manufacturer, farmer-winery/brewery, or special permit holder.

For Profit Businesses are eligible for wine and malt license only.

Application must be submitted at least two weeks prior to event.

Fee: \$0

All Alcohol Wine and Malt

Event Wedding Reception

Name of Organization/Applicant Jesse Krist / Gary Krist

Address 3 Oak St. Medway MA 02053

FID#

Non-Profit Organization Y N
Attach non-profit certificate of exemption

Event Location Thayer Homestead

Event Date 5/29/16

Event Hours (No later than 1:00 AM; Last call 12:30 AM) 4pm 10pm

Is event open to the general public? Y N

Estimated attendance 140

Will there be an age restriction? Y N
Minimum age allowed:

How, where and by whom will ID's be checked? Certified Bartender at
bar

Is there a charge for the beverages? Y _____ N X
Price structure: _____

Alcohol server(s)
Attach Proof of Alcohol Server Training

FBI Top notch Servers

Provisions for Security, Detail Officer _____

Does the applicant have knowledge of State liquor laws? Y X N _____

Experience _____

The following may be required:

Police Dept. – Detail; Fire Dept. – Detail; Board of Health – Food Permit; Building Dept. – Tent Permit

Date of Application 4/23/16

Applicant's Signature [Signature]

Applicant's Name Jesse Krist



The Board of Selectmen's Office will forward this application to the Police, Fire, and Building Departments and the Board of Health for approval and recommendations.

Police Department _____
315 Village St _____ Date

Fire Department _____
44 Milford St _____ Date

Board of Health _____
Town Hall, 2nd Fl _____ Date

Building Department _____
Town Hall, 1st Fl _____ Date



Medway Police Department

315 Millage Street
Medway, MA 02053

Phone: 508-533-3212
FAX: 508-533-3216
Emergency: 911

Allen M. Tingley
Chief of Police

May 4, 2016

To: Michael Boynton
Town Administrator

From: Allen M. Tingley
Chief of Police

Re: One-Day Alcohol License Request – Thayer House – Krist Wedding Reception

I have reviewed the application for the ^{one} day Alcohol license for the Krist wedding reception scheduled for May 29, 2016 at the Thayer House.

I approve of the issuing of the permits with the following condition.

There will be no on-street parking on either side of Oak Street or Mechanic Street. Additional parking may be found at the Choate Park complex and in the rear parking lot off of Winthrop Street.

The serving of the beer and wine will comply with the standards set forth in the Town of Medway's liquor policy for a one day alcoholic beverage license. All alcohol served at the event will be purchased from a licensed wholesale distributor as specified on the one-day liquor license application and required by the Alcohol Beverage Control Commission. Alcohol service will be provided by TIPS certified bartenders from Top Notch Bartenders and Servers.

Respectfully Submitted

Allen M. Tingley
Chief of Police

AGENDA

ITEM #11

**Approval -- CF Cycle for Life Ride - October 1,
2016**

Associated backup materials attached:

- Related Documents
- Police Chief's Recommendations

Proposed Motion: I move that the Board approve the request to allow cyclists to travel through Medway for the CF Cycle for Life Ride on October 1, 2016 subject to the Police Chief's recommendations.

May 3, 2016

Board of Selectmen
Ms. Karen Kisty
Town of Medway Town Hall
155 Village Street
Medway, MA 2053

RE: Annual CF Cycle for Life Bicycle Tour, October 1, 2016

Dear Karen:

I am writing to request your approval for the **2016 CF Cycle for Life** to travel through the town of Medway. The event is a single day charity bicycle ride to benefit the Cystic Fibrosis Foundation. Over the past eighteen years, more than \$1.8 million have been raised by dedicated CF volunteers and participants.

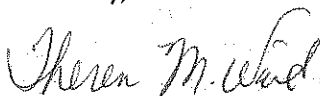
This year's ride is scheduled for Saturday, October 1, 2016. We have changed the format of the ride to a double start, so 125 65 mile riders will leave Holliston at 8:30 am traveling through various towns and back. 225 30/12 mile riders will leave Holliston at 10:00 am. The event starts and finishes at the Fatima Shrine on Summer Street in Holliston. We offer three routes, 12 30 and 65 miles. All cue sheets are enclosed.

As always, our priority is making the ride as safe as possible by keeping to side roads when practical and providing support to all riders. We anticipate having 350 riders again this year.

Cystic Fibrosis (CF) is a genetic disease that affects over 30,000 children and young adults each year and is the most common life-threatening genetic disease in the United States today. Funds raised by riders and sponsors support the efforts of the talented scientists who are racing towards a cure for CF, and who will assure that children and adults fighting CF will lead long and healthy lives.

If you have any questions, please do not hesitate to contact me at the Cystic Fibrosis Foundation in Natick at (800) 966-0444 or email us at twaite@cff.org. Thank you for your past support and your willingness to help this year.

Sincerely,



Theresa Waite
Senior Director of Development

12 MILE ROUTE – (JENNA LOOP)

CF Cycle for Life Saturday October 1, 2016



| Leg | Total | Dir | Cue |
|-----|-------|-----|--|
| 0 | 0 | R | MA-126 S/ Summer Street into Medway |
| 0.8 | 0.8 | L | Lovering Street |
| 0.9 | 1.7 | L | Winthrop Street |
| 0.7 | 2.4 | R | Hill Street into Holliston |
| 0.9 | 3.3 | L | Norfolk Street |
| 1.4 | 4.7 | BR | Franklin Street |
| 0.2 | 4.9 | R | Central Street. Stay on Central Street bearing to the right. (avoiding Fiske Street) |
| 0.9 | 5.8 | L | MANDATORY REST STOP (Lutheran Church, 600 Central Street, Holliston) |
| | | | *Please check in with volunteers* |
| | | | From Rest Stop: |
| 1.1 | 6.9 | R | Bullard Lane |
| 0.6 | 7.5 | R | Orchard Street (becomes Goulding Street in Holliston) |
| 1.5 | 9.0 | L | Norfolk Street |
| 0.2 | 9.2 | R | Hill Street into Medway |
| 0.9 | 10.1 | L | Winthrop Street |
| 1.0 | 11.1 | R | Partridge Street |
| 0.1 | 11.2 | BL | Partridge Street |
| 0.1 | 11.3 | R | Lovering Street |
| 0.6 | 11.9 | R | MA-126 N/ Summer Street into Holliston |
| 0.9 | 12.8 | L | FINISH LINE at Fatima Shrine |
| | | | *Please check in with volunteers* |

Rules of the Road:

Always ride single file. Although we have help from the local police details at certain locations, they are NOT closing any roads.

Communicate with other riders when passing.

Use hand signals where possible and never assume a motorist can see you.

Remember, safety first!

If you need assistance, please wait at roadside and flag down a sagwagon.

Don't be shy about asking for help. Dial 911 in an Emergency.

Dial 617-592-4392 if you get off the route and cannot find your way back.

30 MILE ROUTE – (HAYLEE LOOP)

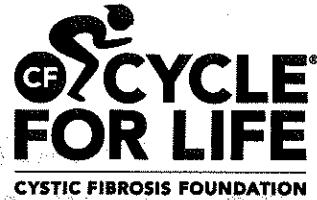
CF Cycle for Life Saturday October 1, 2016



| Leg | Total | Dir | Cue |
|--------|-------|-----|---|
| 0 | 0 | R | MA-126 S/ Summer Street into Medway |
| 0.8 | 0.8 | L | Lovering Street |
| 0.9 | 1.7 | L | Winthrop Street |
| 0.7 | 2.4 | R | Hill Street into Holliston |
| 0.9 | 3.3 | L | Norfolk Street |
| 1.4 | 4.7 | BR | Franklin Street |
| 0.2 | 4.9 | R | Central Street |
| 0.2 | 5.1 | BL | Fiske Street (becomes Mill Street in Sherborn) |
| 3.1 | 8.2 | BR | Woodland Street |
| 0.2 | 8.4 | BR | Continue on Woodland Street |
| 0.3 | 8.7 | L | Woodland Street into Sherborn |
| 500 ft | 8.7 | S | Cross S. Main Street (MA-27) onto Forest Street |
| 0.8 | 9.5 | BL | Lake Street |
| 0.5 | 10.0 | | MANDATORY REST STOP (Farm Pond, 201 Lake St, Sherborn) *Please check in with volunteers* |
| 0.7 | 10.7 | S | Cross Farm Road; continuing on Lake Street |
| 0.9 | 11.8 | R | MA-16 E/ Eliot Street into Natick |
| 2.8 | 14.6 | R | Mill Lane (very small side road beside S. Natick dam) |
| 300 ft | 14.6 | R | Pleasant Street - Cross Bridge |
| 0.2 | 14.8 | R | Glen Street into Dover |
| 2.4 | 17.2 | R | Farm Street |
| 1.3 | 18.5 | BR | Junction Street (Junction St becomes Harding St in Medfield) |
| 1.1 | 19.6 | R | Hospital Road |
| 1.1 | 20.7 | R | MA-27 N/ South Main Street |
| 0.7 | 21.4 | L | MA-115 S/ Bullard Street (becomes Orchard Street in Millis) |
| 1.9 | 23.3 | BR | Stay on Orchard Street (leaving MA-115) |
| 300 ft | 23.3 | S | Cross Middlesex Street, continue on Orchard Street |
| 1.3 | 24.6 | S | OPTIONAL REST STOP (Holliston Senior Center, 150 Goulding St, Holliston) |
| 1.2 | 25.8 | L | Norfolk Street |
| 0.2 | 26.0 | R | Hill Street into Medway |
| 0.5 | 26.5 | L | Winthrop Street |
| 1.0 | 27.5 | R | Partridge Street |
| 0.1 | 27.6 | BL | Partridge Street |
| 0.1 | 27.7 | R | Lovering Street |
| 0.6 | 28.3 | R | MA-126 N/ Summer Street into Holliston |
| 0.9 | 29.2 | L | FINISH LINE at Fatima Shrine *Please check in with volunteers* |

65 MILE ROUTE

CF Cycle for Life Saturday October 1, 2016



| Leg | Total | Dir | Cue |
|--------|-------|-----|---|
| 0 | 0 | R | MA-126 S/ Summer Street into Medway |
| 0.8 | 0.8 | L | Lovering Street |
| 0.9 | 1.7 | L | Winthrop Street |
| 0.7 | 2.4 | R | Hill Street into Holliston |
| 0.9 | 3.3 | L | Norfolk Street |
| 1.4 | 4.7 | BR | Franklin Street |
| 0.2 | 4.9 | R | Central Street |
| 0.2 | 5.1 | BL | Fiske Street (becomes Mill Street in Sherborn) |
| 3.1 | 8.2 | BR | Woodland Street |
| 0.2 | 8.4 | BR | Continue on Woodland Street |
| 0.3 | 8.7 | L | Woodland Street into Sherborn |
| 500 ft | 8.7 | S | Cross S. Main Street (Rt. 27) onto Forest Street |
| 0.8 | 9.5 | BL | Lake Street |
| 0.5 | 10.0 | | OPTIONAL REST STOP (Farm Pond, 201 Lake St, Sherborn) |
| 0.7 | 10.7 | S | Cross Farm Road; continuing on Lake Street |
| 0.9 | 11.8 | R | MA-16 E/ Eliot Street into Natick |
| 2.8 | 14.6 | R | Mill Lane (very small side road beside S. Natick dam) |
| 300 ft | 14.6 | R | Pleasant Street - cross bridge |
| 0.2 | 14.8 | R | Glen Street into Dover |
| 2.4 | 17.2 | R | Farm Street |
| 1.3 | 18.5 | BR | Junction Street (Junction St becomes Harding St in Medfield) |
| 1.1 | 19.6 | R | Hospital Road |
| 1.1 | 20.7 | R | MA-27 N/ South Main Street |
| 0.7 | 21.4 | L | MA-115 S/ Bullard Street (becomes Orchard Street in Millis) |
| 1.9 | 23.3 | BR | Stay on Orchard Street (leaving Rte 115) |
| 300 ft | 23.3 | S | Cross Middlesex Street, continue on Orchard Street |
| 1.3 | 24.6 | S | MANDATORY REST STOP (Holliston Senior Center, 150 Goulding St, Holliston) *Check in with volunteers* |
| 1.2 | 25.8 | L | Norfolk Street |
| 0.2 | 26.0 | R | Hill Street into Medway |
| 0.5 | 26.5 | L | Winthrop Street |
| 1.6 | 28.1 | R | Adams Street |
| 1.0 | 29.1 | L | MA-126 S/ Summer Street |
| 1.0 | 30.1 | R | MA-109 W/ Milford Street |
| 1.6 | 31.7 | R | Clark Street (turns into South Street in Holliston) |
| 1.3 | 33.0 | L | Rockland Street |
| 0.3 | 33.3 | S | Cross MA-16 onto Adams Street |
| 0.0 | 33.3 | R | Adams Street |
| 1.9 | 35.2 | L | Hanlon Road (turns into College St in Hopkinton) |

| | | | |
|--------|------|----|---|
| 0.9 | 36.1 | R | MA-85 N/Hayden Rowe Street |
| 0.3 | 36.4 | | OPTIONAL REST STOP (Cornell's Pub, 229 Hayden Rowe Street, Hopkinton) |
| 0.1 | 36.5 | L | Granite Street |
| 0.8 | 37.3 | R | Lumber Street |
| 2.1 | 39.4 | S | Cross West Main Street; continue on Lumber Street Extension |
| 200 ft | 39.4 | R | Elm Street |
| 0.7 | 40.1 | L | MA-135 W/Wood Street |
| 2.2 | 42.3 | R | Fruit Street |
| 0.3 | 42.6 | BR | Continue on Fruit Street |
| 2.4 | 45.0 | R | Flanders Road (becomes Southville Rd, then Cordaville Rd) |
| 2.9 | 47.9 | R | Howe Street |
| 0.7 | 48.6 | L | Cross Street |
| 0.8 | 49.4 | R | Stay on Cross Street |
| 0.9 | 50.3 | R | MA-135 W/East Main Street |
| 0.1 | 50.4 | L | Clinton Street |
| 0.4 | 50.8 | | MANDATORY REST STOP (Legacy Farms, Clinton St.) *Check in with volunteers* |
| 1.1 | 51.9 | BR | Stay on Clinton Street (becomes Mill Street in Holliston) |
| 1.7 | 53.6 | R | Prentice Street (becomes Ash Street in Hopkinton) |
| 1.7 | 55.3 | L | South Mill Street (becomes Wilson Street in Holliston) |
| 1.3 | 56.6 | L | Hanlon Street |
| 0.6 | 57.2 | R | Marshall Street |
| 0.7 | 57.9 | BL | Courtland Street |
| 0.8 | 58.7 | S | Cross MA-16 onto South Street |
| 0.7 | 59.4 | L | Fisher Street |
| 0.2 | 59.6 | L | Stay on Fisher Street into Medway |
| 1.6 | 61.2 | L | MA-109 E/ Milford Street |
| 0.6 | 61.8 | L | MA-126 N/ Summer Street into Holliston |
| 2.4 | 64.2 | L | FINISH LINE (FATIMA SHRINE) *Check in with volunteers* |

Rules of the Road:

Always ride single file. Although we have help from the local police details at certain locations, they are NOT closing any roads.

Communicate with other riders when passing.

Use hand signals where possible and never assume a motorist can see you.

Remember, safety first!

If you need assistance, please wait at roadside and flag down a sagwagon.

Don't be shy about asking for help. Dial 911 in an Emergency.

*Dial **617-592-4392** if you get off the route and cannot find your way back.*



Medway Police Department

315 Village Street
Medway, MA 02053

Phone: 508-533-3212
FAX: 508-533-3216
Emergency: 911

Allen M. Tingley
Chief of Police

May 11, 2016

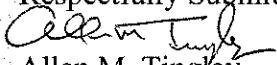
To: Michael Boynton
Town Administrator

From: Allen M. Tingley
Chief of Police

Re: CF Cycle for Life

I have reviewed the bicycle route, mapped out for the CF Cycle for Life Bicycle Ride, scheduled for October 1, 2016. I would approve of the issuing of the permit with the stipulation that two detail officers be hired by the organization, to assure the safety of the riders and the movement of traffic during the bicycle ride.

Respectfully Submitted,


Allen M. Tingley
Chief of Police

AGENDA

ITEM #12

Action Items from Previous Meeting

Associated backup materials attached:

- Action Items List

| | DATE | ACTION ITEMS BOS | WHO | COMPLETED |
|---|------------|--|-------------------|--------------|
| 1 | 7/6/2010 | Street acceptance progress | S. Affleck-Childs | Ongoing |
| 2 | 9/20/2010 | Route 109 Project | DPS | Ongoing |
| 3 | 2/3/2014 | Cable license renewals ; Mtg of Cable Advisory Com; Ascertainment Process | TA/CAC | Ongoing |
| 4 | 7/28/2014 | DPS Facility Building Project | DPS/TA/Committee | On hold |
| 5 | 2/28/2015 | Database of searchable minutes/Update Town Website | TA/IS | Ongoing |
| 6 | 10/13/2015 | Land Acceptances - BOS v ConCom | BOS/ PEBD | Pending |
| 7 | 4/4/2016 | Recreational Facility Improvements | BOS | ATM; Ongoing |

AGENDA

ITEM #13

Approval of Warrants

Warrants to be provided at meeting

AGENDA

ITEM #14

Town Administrators' Report

AGENDA

ITEM #15

Selectmen's Report