

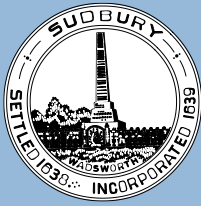
SUDBURY BOARD OF SELECTMEN
TUESDAY JANUARY 13, 2015
7:30 PM, TOWN HALL - LOWER LEVEL

Item #	Time	Action	Item
	7:30 PM		CALL TO ORDER
	7:30 PM		Opening remarks by Chairman
	7:35 PM		Reports from Town Manager
	7:40 PM		Reports from Selectmen
	7:45 PM		Citizen's comments on items not on agenda
TIMED ITEMS			
1.	7:55 PM	<i>VOTE</i>	OPEB Liability: (1) Presentation of the results of the OPEB Actuarial Valuation by Linda Bournival KMS Actuaries; (2) Final Report from the Strategic Financial Planning for OPEB Liabilities Committee; (3) Vote to accept the final Committee report; (4) Thank the committee for their efforts; (5) Vote to disband the committee as they have completed their report and work.
2.	8:30 PM	<i>VOTE</i>	Vote to authorize continuation of the Johnson Farm purchase based on the pending Approval Not Required Plan.
3.	8:45 PM	<i>VOTE</i>	Vote to amend CPC proposal to reduce the amount of funding for the Mass Central Rail Trail Proposal to \$110,000 for design/bid phase only
4.	9:00 PM		Discuss OML Attorney General Report on Selectman Len Simon
5.	9:15 PM	<i>VOTE</i>	Discuss and vote to refer Open Meeting Law Complaint received November 26, 2014, from Robert Haarde (continued from 12/11 meeting)
MISCELLANEOUS			
6.		<i>VOTE</i>	Hear preliminary report of the Strategic Financial Planning Committee for Capital Funding.
7.			Discuss Rail Trail Forum Moderator
8.			Preview of 2015 Town Meeting Articles submitted by Board of Selectmen

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

Item #	Time	Action	Item
9.		<i>VOTE / SIGN</i>	Move to authorize the Town to enter into and be bound by the Project Funding Agreement with the Massachusetts School Building Authority pursuant to Article 1, Nixon School – Partial Roof, Window and Door Replacements, Envelope Repair Project, voted at the Special Town Meeting held on December 3, 2014; and further to authorize the Chairman of the Board of Selectmen to execute said document inclusive of Exhibit A, Project Budget; and further to designate the Town Manager to administer the Project Funding Agreement for the Town and to sign all documents relative thereto.
10.		<i>VOTE</i>	Discuss appointment to the Minuteman Building Committee and possibly vote to appoint Paul Lynch as member of this committee
CONSENT CALENDAR			
11.		<i>VOTE</i>	Vote to approve the regular session minutes of 11/12/14, 12/3/14 (prior to Special Town Meeting), and 12/11/14.
12.		<i>VOTE</i>	Vote to accept the resignation of Thomas Joyner, 19 Center Street, from the Permanent Building Committee and thank him for his service to the Town from April 30, 2010 until the present; and further to appoint Joseph J. Sziabowski, 799 Boston Post Road, to serve the unexpired term until May 31, 2016, pursuant to the recommendation of the Permanent Building Committee.

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

**SUDBURY BOARD OF SELECTMEN**

Tuesday, January 13, 2015

TIMED ITEM**1: OPEB Committee Report****REQUESTOR SECTION**

Date of request: January 6, 2015

Requestor: Chairman Woodard

Formal Title: OPEB Liability: (1) Presentation of the results of the OPEB Actuarial Valuation by Linda Bournival KMS Actuaries; (2) Final Report from the Strategic Financial Planning for OPEB Liabilities Committee; (3) Vote to accept the final Committee report; (4) Thank the committee for their efforts; (5) Vote to disband the committee as they have completed their report and work.

Recommendations/Suggested Motion/Vote: OPEB Liability: (1) Presentation of the results of the OPEB Actuarial Valuation by Linda Bournival KMS Actuaries; (2) Final Report from the Strategic Financial Planning for OPEB Liabilities Committee; (3) Vote to accept the final Committee report; (4) Thank the committee for their efforts; (5) Vote to disband the committee as they have completed their report and work.

Background Information:

See attached documents

Financial impact expected:N/A

Approximate agenda time requested: 20 minutes

Representative(s) expected to attend meeting:

Review:

Patty Golden	Pending
Maureen G. Valente	Pending
Paul Kenny	Pending
Charles C. Woodard	Pending
Board of Selectmen	Pending

01/13/2015 7:30 PM

MEETING NOTES SECTION

Board's action taken:

Follow-up actions required:

- Requestor:
- Board of Selectmen:
- Staff:



Town of Sudbury

Town Manager's Office

278 Old Sudbury Road
Sudbury MA 01776
978-639-3385

Maureen G. Valente, Town Manager

Townmanager@sudbury.ma.us

<http://www.sudbury.ma.us>

Date: January 8, 2015
To: Board of Selectmen, Finance Committee, SPS School Committee, and L-S Regional School Committee
From: Maureen G. Valente, Town Manager *Maureen Valente*
Subject: Report on OPEB Valuation for Town/SPS and L-S, and Final Report of the Strategic Financial Planning Committee for OPEB (Other Post-Employment Benefits) Liabilities

Two OPEB related activities are on the agenda for the Board of Selectmen for January 13, at 7:50 pm, in the Lower Town Hall. First is a presentation from consultant Linda Bournival on the Actuarial Valuations for the Town of Sudbury (including Sudbury Public Schools) and Lincoln-Sudbury Regional School District. Second is a brief presentation of the final report of the Strategic Financial Planning Committee for OPEB (Other Post-Employment Benefits) Liabilities.

To aid in your preparation, we have include the brief (5 page) power point presentation Ms. Bournival will make, and a glossary of terms that are used in the valuation reports. Also included are two longer set of power point slides representing more detail for the two valuations, as well as the valuation reports themselves.

Board of Selectmen Chairman Chuck Woodard has suggested that Board members read and familiarize themselves with the attached reports before the meeting, so that the reports can be kept brief. If all Board members and participants are familiar with the terms that will be used, the consultant can quickly go to the results of the valuation studies.

Town of Sudbury

Postemployment Benefits Other Than Pensions (OPEB)

Board of Selectmen Presentation of July 1, 2013 GASB 45 Valuation

January 13, 2015

Linda L. Bournival, FSA
Consulting Actuary
KMS Actuaries, LLC

Census Data as of July 1, 2013

Entity	Town	LSRSD
Active employees	529	207
Retired employees, covered spouses and survivors:		
Enrolled in Pre-Medicare plans	82	53
Enrolled in Medicare Supplement plans	358	101
Life Insurance Only	0	17
Total Retired employees, covered spouses and survivors	440	171

Attachment: OPEB_1 (1095 : OPEB Committee Report)

Accrued Liability as of July 1, 2013

(\$ in thousands)

Entity	Town		LSRSD	
	Discount Rate			
	3.5%	7.5%	3.5%	7.5%
Active Employees	\$18,565	\$8,046	\$15,433	\$6,647
Retirees and Beneficiaries	\$17,440	\$11,349	\$11,801	\$8,011
Total	\$36,005	\$19,395	\$27,234	\$14,658



GASB 45 Results as of June 30, 2014

(\$ in thousands)

Entity	Town		LSRSD	
Discount Rate	3.5%	7.5%	3.5%	7.5%
Normal Cost	\$1,354	\$471	\$1,012	\$359
Amortization of UAL	1,891	1,527	1,430	1,154
Interest	114	150	85	113
Annual Required Contribution*	\$3,359	\$2,148	\$2,527	\$1,626
Net OPEB Obligation**	\$15,613	N/A	\$10,830	N/A

- * Annual Required Contribution is the sum of Normal Cost, Amortization of UAL and Interest.
- ** Net OPEB Obligation is the cumulative difference between the yearly ARC and employer contributions made.

Town of Sudbury – OPEB Presentation



OPEB Liability Sensitivity Analysis

(\$ in thousands)

Entity	Town				LSRSD	
	3.5%	2.5%	4.5%	3.5%	2.5%	4.5%
Discount Rate						
Accrued Liability	\$36,005	\$43,777	\$30,160	\$27,234	\$33,082	\$22,819
Change	-	+ 7,772	- 5,845	-	+ 5,848	- 4,415
% Change	-	+ 21.6%	- 16.2%	-	+ 21.5%	- 16.2%
HC Trend	7% - 5%	6% - 4%	8% - 6%	7% - 5%	6% - 4%	8% - 6%
Accrued Liability	\$36,005	\$30,355	\$43,316	\$27,234	\$22,970	\$32,735
Change	-	- 5,650	+ 7,311	-	- 4,264	+ 5,501
% Change	-	- 15.7%	+ 20.3%	-	- 15.7%	+ 20.2%

Attachment: OPEB_1 (1095 : OPEB Committee Report)



Town of Sudbury – OPEB Presentation

SECTION 9 - GASB 45 GLOSSARY OF TERMS

Net OPEB Obligation – The cumulative excess since adoption of GASB 45 of Annual OPEB Cost over the employer's contributions to the plan.

Normal Cost – The portion of the Actuarial Present Value of Future Benefits which is allocated to a valuation year.

OPEB – Other Postemployment Benefits including medical, dental, vision, hearing and life insurance benefits.

Plan Assets – Investments segregated and restricted in a trust or similar arrangement under which:

- employer contributions to the trust are irrevocable,
- assets are dedicated to providing plan benefits, and
- assets are legally protected from creditors.

Pay-As-You-Go – A method of financing an OPEB plan under which the contributions to the plan are generally made at about the same time and in about the same amount as benefit payments and expenses becoming due.

Present Value of Future Benefits – The actuarial present value of the cost to finance benefits payable in the future, discounted to reflect the expected effects of the time value of money and the probabilities of payment.

Projected Unit Credit Actuarial Cost Method – A method under which the projected benefits of each individual included in an Actuarial Valuation are allocated by a consistent formula to valuation years. Projected Unit Credit is one of the actuarial cost methods allowed and most often used for developing liabilities under GASB 45.

Substantive Plan – The terms of an OPEB plan as understood by the employer and plan members.

Unfunded Actuarial Accrued Liability – The excess of Actuarial Accrued Liability over the Actuarial Value of Assets.

SECTION 9 - GASB 45 GLOSSARY OF TERMS

Actuarial Accrued Liability – The portion of the Actuarial Present Value of future benefits which is allocated to all periods prior to a valuation year and therefore is not provided by future Normal Costs.

Actuarial Assumptions – Assumptions as to the occurrence of future events affecting OPEB costs, such as mortality, withdrawal, disablement and retirement; changes in compensation and Government provided pension benefits; rates of investment earnings and asset appreciation or depreciation; procedures used to determine the Actuarial Value of Assets; characteristics of future entrants for Open Group Actuarial Cost Methods; and other relevant items.

Actuarial Present Value of Future Benefits – The present value of the cost to finance all benefits payable in the future, discounted to reflect the probability of payment and the time value of money.

Actuarial Valuation – the determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets and related Actuarial Present Values for an OPEB plan.

Actuarial Value of Assets – The value of plan assets used in an actuarial valuation. The Actuarial Value of Assets may reflect smoothing techniques intended to dampen year-to-year fluctuations in the market value of assets.

Annual OPEB Cost – The accrual basis annual cost for the OPEB plan sponsored by the employer. In the year of implementation of GASB 45, the Annual OPEB Cost equals the ARC. In subsequent years, if an employer has a Net OPEB Obligation, Annual OPEB Cost equals the ARC plus one year's interest on the Net OPEB Obligation plus an adjustment to the ARC.

Annual Required Contribution (ARC) – Includes the employer's Normal Cost and a provision for amortizing the Unfunded Actuarial Accrued Liability.

Explicit Subsidy – The difference between (a) the blended rates based on combined active and retired member experience and (b) actual cash contributions made by the employer.

Funded Ratio – The Actuarial Value of Assets expressed as a percentage of the Actuarial Accrued Liability.

Health Cost Trend Rate – The rate of change in per capita health claims cost over time as a result of factors such as medical inflation, utilization of healthcare services, plan design, and technological developments.

Implicit Subsidy – In an experience-rated healthcare plan that includes both active employees and retirees with blended premium rates for all plan members, the difference between (a) the age-adjusted premiums approximating claim costs for retirees in the group and (b) the blended rates based on combined active and retired member experience.

Town of Sudbury Postemployment Benefits Other Than Pensions
Actuarial Valuation as of July 1, 2013

Town of Sudbury

Postemployment Benefits Other Than Pensions (OPEB)

July 1, 2013 GASB 45 Valuation

January 13, 2015

Linda L. Bournival, FSA
Consulting Actuary
KMS Actuaries, LLC



Table of Contents

- What is GASB 45?
- Census Data
- Plan Provisions
- Economic Assumptions
- Demographic Assumptions
- Implicit Subsidy
- Sudbury OPEB Liability
- Funding Options
- OPEB Liability Sensitivity Analysis
- OPEB Costs and OPEB Liabilities

What is GASB 45?

- Accrual accounting for Other Post Employment Benefits (OPEB)
- Benefits valued are retiree medical, dental, life insurance, etc.
- Establishes standards for measurement, recognition and display of OPEB expense and liabilities in the financial statements of governmental employers
- GASB 45 *does not* require funding OPEB liabilities, just reporting them

What is GASB 45?

- Perform actuarial valuation *every other year*
- Develop expense called Annual Required Contribution (ARC)
 - Value of benefits earned by active employees in current year (*Normal Cost*)
 - Amortization of existing unfunded actuarial accrued liability (*UAAL*)
- Disclose information about plan, plan assets and liabilities

Census Data

Valuation Date	July 1, 2013
Active employees	529
Retired employees, covered spouses and survivors:	
Enrolled in Pre-Medicare plans	82
Enrolled in Medicare Supplement plans	358
Life Insurance Only	0
Total Retired employees, covered spouses and survivors	440

Attachment: OPFB_1 (1095 : OPFB Committee Report)

Plan Provisions

- Eligibility – General Employees (Group 1)
 - Attainment of age 55 with 10+ years of service or 20+ years of service
 - Age 60 with 10+ years of service for hires after April 1, 2012
- Eligibility – Public Safety (Group 4)
 - Attainment of age 55 or 20+ years of service
 - Attainment of age 55 for hires after April 1, 2012
- Coverage through Group Insurance Commission (GIC) medical plans
- Retirees contribute 50% of total premium
- \$1,000 life insurance coverage
 - Town pays 50% of premium

Economic Assumptions

- Discount rate – used to calculate present value of expected future benefit payments
 - 3.5%
 - Based on feedback from auditors
 - Based on long-term rate of return on General Fund assets used to satisfy obligation
- Health care cost trend rate (HCCTR)
 - 7% year 1, declining 1% per year to ultimate 5%
 - Previously, 9% declining to ultimate 5%

Town of Sudbury – July 1, 2013 GASB 45 Valuation



Demographic Assumptions

- Assumptions other than health care related are consistent with Middlesex County and Mass Teachers Retirement System
- Retirement, disability and turnover depend on employee type
 - General employee, public safety or teacher
- Mortality – includes mortality improvement
- Participation rates – 70%
- Spouse coverage – 55%

Town of Sudbury – July 1, 2013 GASB 45 Valuation



Implicit Subsidy

- Benefits provided to both active employees and retirees
- Projection of future retiree benefits based on age-adjusted premiums for retirees
 - Expected medical costs increase as people age
- Exception for community-rated plan, e.g. GIC
 - Premium rates reflect projected health experience of all participating employers
 - Provider charges the same unadjusted premiums for both active employees and retirees
 - Actuarial Standard of Practice (ASOP) change removes exception for 2015 and later

Sudbury OPEB Liability

(in millions)

- Accrued Liability as of July 1, 2011 = \$34.275
 - Based on census data, plan provisions and assumptions utilized in 2011 valuation
- Changes during period July 1, 2011 – June 30, 2013
 - Decreases to Liability
 - Premium rates less than expected (4.317)
 - Increases to Liability
 - Demographic experience 1.360
 - Excise tax imposed by Patient Protection and Affordable Care Act, effective 2018 .308
 - Total Changes to Liability (\$2.649)
- Accrued Liability as of July 1, 2013 = \$36.005

Town of Sudbury – July 1, 2013 GASB 45 Valuation

Funding Options

- Pay-as-you-go (PAYG)
 - Must use discount rate close to long-term expected rate of return on cash (3.5%)
 - Potential ramification on bond rating
 - Many municipalities finance OPEB on a PAYG basis
 - FY14 ~ \$1,003,000
- Fully Pre-Fund the Annual Required Contribution (ARC)
 - Requires Irrevocable OPEB Trust
 - Allows use of higher discount rate, e.g. 7.5%
 - FY14 ~ \$2,148,000
 - FY14 Net OPEB Trust Contribution ~ \$1,145,000
 - \$2,148,000 less \$1,003,000 = \$1,145,000
- Partially Pre-Fund
 - Requires Irrevocable OPEB Trust
 - Blended discount rate

Town of Sudbury – July 1, 2013 GASB 45 Valuation

OPEB Liability Sensitivity Analysis

Discount Rate

	Baseline	-1%	+1%
Discount Rate	3.5%	2.5%	4.5%
Actuarial Liability	\$36.005	\$43.777	\$30.160
Absolute Change	-	+ 7.772	- 5.845
Percentage Change	-	+ 21.6%	- 16.2%

Attachment: OPEB_1 (1095 : OPEB Committee Report)

OPEB Liability Sensitivity Analysis

Health Care Cost Trend Rate

	Baseline	-1%	+1%
Health Care Trend	7% - 5%	6% - 4%	8% - 6%
Actuarial Liability	\$36.005	\$30.355	\$43.316
Absolute Change	-	- 5.650	+ 7.311
Percentage Change	-	- 15.7%	+ 20.3%

Attachment: OPEB_1 (1095 : OPEB Committee Report)

OPEB Liability Sensitivity Analysis

Census Data

- Every valuation in sensitive to *Census Data*
 - How many employees are working?
 - How many retirees and beneficiaries are receiving benefits?
 - How old are active employees and retirees?
 - When will employees retire?

OPEB Liability Sensitivity Analysis

Plan Provisions

- Every valuation in sensitive to *Plan Provisions*
 - What are the benefits promised?
 - How long with benefits continue after retirement?
 - What health plans are offered?
 - What are the costs of the plans?
 - What are the retiree cost-sharing provisions?

OPEB Liability Sensitivity Analysis

Actuarial Assumptions

- Every valuation is sensitive to *Assumptions*
 - Assumptions can have a significant impact on size of liability
 - Assumptions are used to project *estimated* future benefit payments
 - Assumptions are used to calculate Present Values (OPEB Liability)
- Health Care Cost Trend Rates can vary
 - 7%-10% initially, 4%-5% ultimate
- Discount rate depends on assets used to finance benefits
 - Lower discount rate means higher liabilities
- Implicit Subsidy is required by GASB 45 and ASOPS
 - Actuarial Standards of Practice
 - Included if “experience – rated”
 - Not included if “community – rated”
 - But ASOP change will require in 2015 and later

OPEB Costs and OPEB Liabilities

- OPEB Costs
 - Plan offerings and cost-sharing provisions drive the **COSTS**
 - Periodically review health plan choices
 - Medicare-eligible retirees
 - Section 18A of Chapter 32B requires Medicare-eligible retirees to transfer to a Medicare health plan at age 65
- OPEB Liabilities
 - Costs and Assumptions drive the **LIABILITY**
 - Establish OPEB Policy
 - Establish Irrevocable OPEB Trust
 - Perform biennial OPEB Actuarial Valuation
 - Most recent valuation as of July 1, 2013
 - Next valuation required as of July 1, 2015

Town of Sudbury – July 1, 2013 GASB 45 Valuation



Lincoln-Sudbury Regional School District

Postemployment Benefits Other Than Pensions (OPEB)

School Committee Presentation of
July 1, 2013 GASB 45 Valuation

November 4, 2014

Linda L. Bournival, FSA
Consulting Actuary
KMS Actuaries, LLC



Agenda

- What is GASB 45?
- Census Data
- Plan Provisions
- Economic Assumptions
- Demographic Assumptions
- Implicit Subsidy
- LSRSD OPEB Liability
- Funding Options
- OPEB Liability Sensitivity Analysis
- OPEB Costs and OPEB Liabilities

Lincoln-Sudbury Regional School District – OPEB Presentation



What is GASB 45?

- Accrual accounting for **Other Post Employment Benefits (OPEB)**
- Benefits valued are retiree medical, dental, life insurance, etc.
- Establishes standards for measurement, recognition and display of OPEB expense and liabilities in the financial statements of governmental employers
- GASB 45 **does not** require funding OPEB liabilities, just reporting them

Lincoln-Sudbury Regional School District – OPEB Presentation



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What is GASB 45?

- Perform actuarial valuation *every other year*
- Develop expense called Annual Required Contribution (ARC)
 - Value of benefits earned by active employees in current year (*Normal Cost*)
 - Amortization of existing unfunded actuarial accrued liability (AAL)
- Disclose information about plan, plan assets and liabilities

Lincoln-Sudbury Regional School District – OPEB Presentation



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Census Data

Valuation Date	July 1, 2013	July 1, 2011
Active employees*	207	157
Retired employees, covered spouses and survivors:		
Enrolled in Pre-Medicare plans	53	53
Enrolled in Medicare Supplement plans	101	98
Life insurance only	17	3
Total Retired employees, covered spouses and survivors	171	154

* Active employees as of July 1, 2011 include only those covered under health insurance. Active employees as of July 1, 2013 include all potentially-eligible active employees.

Lincoln-Sudbury Regional School District – OPEB Presentation



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Plan Provisions

- Eligibility
 - Attainment of age 55 with 10+ years of service or 20+ years of service
 - Age 60 with 10+ years of service for hires after April 1, 2012
- Coverage through Minuteman Nashoba Health Group medical plans
- Retirees contribute 10%-30% of total premium, depending on retirement date
- Medicare Part B "Late Enrollment" Penalty Reimbursement
 - Current retirees only
- \$1,000 life insurance coverage
 - District pays 100% of premium

Lincoln-Sudbury Regional School District – OPEB Presentation



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Economic Assumptions

- Discount rate – used to calculate present value of expected future benefit payments
 - 3.5%
 - Based on feedback from auditors
 - Based on long-term rate of return on General Fund assets used to satisfy obligation
- Health Care Cost Trend Rates (HCCTR)
 - 7% year 1, declining 1% per year to ultimate 5%
 - Previously, 9% declining to ultimate 5%

Lincoln-Sudbury Regional School District – OPEB Presentation



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Demographic Assumptions

- Assumptions other than health care related are consistent with Middlesex County and Mass Teachers Retirement System
- Retirement, disability and turnover depend on employee type
 - General employee or Teacher
- Mortality – includes mortality improvement
- Participation rates – 90% (previously 100%)
 - 90% of *all* potentially eligible vs. 100% of *covered only*
- Spouse coverage – 65%

Lincoln-Sudbury Regional School District – OPEB Presentation



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Implicit Subsidy

- Benefits provided to both actives and retirees
- Projection of future retiree benefits based on age-adjusted premiums for retirees
- Exception for community-rated plan, e.g. GIC and Minuteman Nashoba Health Group
 - Premium rates reflect projected health experience of all participating employers
 - Provider charges the same unadjusted premiums for both active and retirees

Lincoln-Sudbury Regional School District – OPEB Presentation



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LSRSD OPEB Liability

- Accrued Liability as of July 1, 2011 = \$46.124m
 - Based on census data, plan provisions and assumptions utilized in 2012 valuation
- Changes during period July 1, 2011 – June 30, 2013
 - Decreases to Liability
 - Favorable experience (\$4.3)
 - Premium rates less than expected (9.1)
 - No implicit subsidy (11.1)
 - Increases to Liability
 - Excise tax imposed by Patient Protection and Affordable Care Act, effective 2018 .6
 - Total Changes to Liability (\$23.9)
- Accrued Liability as of July 1, 2013 = \$27.234m

Lincoln-Sudbury Regional School District – OPEB Presentation



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Funding Options

- Pay-as-you-go (PAYG)
 - Must use discount rate close to long-term expected rate of return on cash (3.5%)
 - Potential ramification on bond rating
 - Many municipalities finance OPEB on a PAYG basis
 - FY14 ~ \$743,000
- Fully Pre-Fund the Annual Required Contribution (ARC)
 - Requires Irrevocable OPEB Trust
 - Allows use of higher discount rate, e.g. 7.5%
 - FY14 = \$1.626m
 - FY14 Net OPEB Contribution = \$1.626m - .743 = \$.883
- Partially Pre-Fund
 - Requires Irrevocable OPEB Trust
 - Blended discount rate

Lincoln-Sudbury Regional School District – OPEB Presentation



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OPEB Liability Sensitivity Analysis Discount Rate

	Baseline	-1%	+1%
Discount Rate	3.5%	2.5%	4.5%
Actuarial Liability	\$27.234	\$33.082	\$22.819
Absolute Change	-	+ 5.848	- 4.415
Percentage Change	-	+ 21.5%	- 16.2%

Lincoln-Sudbury Regional School District – OPEB Presentation



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OPEB Liability Sensitivity Analysis Health Care Cost Trend Rate

	Baseline	-1%	+1%
Health Care Trend	7% - 5%	6% - 4%	8% - 6%
Actuarial Liability	\$27.234	\$22.970	\$32.735
Absolute Change	-	- 4.264	+ 5.501
Percentage Change	-	- 15.7%	+ 20.2%

Lincoln-Sudbury Regional School District – OPEB Presentation



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OPEB Liability Sensitivity Analysis Census Data

- Every valuation is sensitive to *Census Data*
 - How many employees are working?
 - How many retirees and beneficiaries are receiving benefits?
 - How old are active employees and retirees?
 - When will employees retire?

Lincoln-Sudbury Regional School District – OPEB Presentation



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OPEB Liability Sensitivity Analysis Plan Provisions

- Every valuation is sensitive to *Plan Provisions*
 - What are the benefits promised?
 - How long with benefits continue after retirement?
 - What health plans are offered?
 - What are the costs of the plans?
 - What are the retiree cost-sharing provisions?

Lincoln-Sudbury Regional School District – OPEB Presentation



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OPEB Liability Sensitivity Analysis Actuarial Assumptions

- Every valuation is sensitive to *Assumptions*
 - Assumptions can have a significant impact on size of liability
 - Assumptions are used to project *estimated* future benefit payments
 - Assumptions are used to calculate Present Values (OPEB Liability)
- Health Care Cost Trend Rates can vary
 - 7%-10% initially, 4%-5% ultimate
- Discount rate depends on assets used to finance benefits
 - Lower discount rate means higher liabilities
- Implicit Subsidy is required by GASB 45 and ASOPS
 - Actuarial Standards of Practice
 - Included if “experience – rated”
 - Not included if “community – rated”

Lincoln-Sudbury Regional School District – OPEB Presentation



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OPEB Costs and OPEB Liabilities

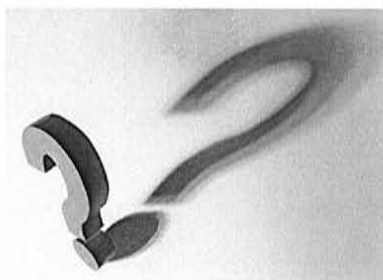
- OPEB Costs
 - Plan offerings and cost-sharing provisions drive the **COSTS**
 - Periodically review health plan choices
 - Medicare-eligible retirees
 - Section 18A of Chapter 32B requires Medicare-eligible retirees to transfer to a Medicare health plan at age 65
- OPEB Liabilities
 - Costs and Assumptions drive the **LIABILITY**
 - Establish OPEB Policy
 - Establish Irrevocable OPEB Trust
 - Perform biennial OPEB Actuarial Valuation
 - Most recent valuation as of July 1, 2013
 - Next valuation required as of July 1, 2015

Lincoln-Sudbury Regional School District – OPEB Presentation



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Questions?



Lincoln-Sudbury Regional School District – OPEB Presentation



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TOWN OF SUDBURY

OTHER POSTEMPLOYMENT BENEFITS PROGRAM

ACTUARIAL VALUATION

July 1, 2013

Prepared by:

Linda L. Bournival, FSA, EA, MAAA
KMS Actuaries, LLC
Fellow, Society of Actuaries
Enrolled Actuary
Member, American Academy of Actuaries

and

Christopher E. Bean, ASA, MAAA
DBR Group, Inc.
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November 6, 2014

Ms. Maryanne Bilodeau
Asst. Town Manager/HR Director
Town of Sudbury
278 Old Sudbury Road
Sudbury, MA 01776

Dear Maryanne:

Enclosed is our report summarizing the results of an actuarial valuation of the Town of Sudbury's Other Postemployment Benefits (OPEB) as of July 1, 2013. Our valuation was performed in accordance with the provisions contained in the GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (GASB 45).

A summary of the valuation results is shown in Section 1. The principal results of our valuation are summarized in Section 2. The Plan Provisions and Actuarial Assumptions and Methods are shown in Sections 6 and 7, respectively. Section 8 summarizes the demographic profile of active employees and retirees.

The required disclosures under GASB 45 are presented in Section 3.

Our best estimate health care cost trend assumptions are based on recent experience and anticipated future cost increases under the Town of Sudbury medical plans. Section 5 illustrates the sensitivity of actuarial accrued liability and normal cost to a one percentage increase and decrease in the health care cost trend assumption for each future year.

Our actuarial valuation is based on a discount rate of 3.5% compounded annually. To illustrate the impact on cost of fully prefunding the Town's benefit liabilities, our report also includes valuation results based on an alternative 7.5% discount rate.

We also provide a 30-year forecast of the Annual Required Contributions (ARC) as well as a 10-year forecast of the Annual OPEB Cost and the Net OPEB Obligation in Section 4.

Attachment: Sudbury 2013 OPEB Report 11-6-2014 FINAL (1095 : OPEB Committee Report)

K M S A C T U A R I E S

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Ms. Maryanne Bilodeau

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Our calculations were based on participant census data and other information provided by the Town of Sudbury and the benefit provisions of the medical plans as described in the benefit summaries. Our valuation is also based on medical plan rates reported on the Group Insurance Commission (GIC) website.

Our valuation follows generally accepted actuarial methods and we perform such tests as we consider necessary to assure the accuracy of the results. The amounts presented in this report have been appropriately determined according to the actuarial assumptions and methods stated herein.

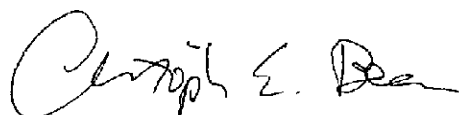
We are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

We appreciate this opportunity to be of service to the Town of Sudbury. We are available to answer any questions with respect to our valuation.

Respectfully submitted,



Linda L. Bournival, FSA, EA, MAAA
Member, American Academy of Actuaries
603-792-9494



Christopher E. Bean, ASA, MAAA
Member, American Academy of Actuaries
508-628-9022

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ACTUARIAL CERTIFICATION

This report presents the results of the Actuarial Valuation for the Town of Sudbury Postemployment Benefits Other Than Pensions as of July 1, 2013. The report presents the accounting and financial reporting information in accordance with Statement Number 45 of the Governmental Accounting Standards Board (GASB 45).

This valuation was performed using employee data and financial information provided to us by the Town. Although we did not audit the data used in the valuation, we believe that the information is complete and reliable.

This report was completed in accordance with generally accepted actuarial standards and procedures, and conforms to the Code of Professional Conduct of the American Academy of Actuaries. The actuarial assumptions other than those explicitly applicable to the postemployment benefit plans are consistent with those used by the Middlesex County Retirement System and Massachusetts Teachers Retirement System's actuaries for the Retirement System pension valuations.

Future actuarial valuation results may differ significantly from the current results presented in this report. Examples of potential sources of volatility include plan experience differing from that anticipated by the economic or demographic assumptions, the effect of new entrants, changes in economic or demographic assumptions, the effect of law changes and the delayed effect of smoothing techniques.

This report is intended for the sole use of the Town of Sudbury and is intended to provide information to comply with the stated purpose of the report. It may not be appropriate for other purposes.

The undersigned credentialed actuaries are Members of the American Academy of Actuaries and together meet the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinion contained herein. They are available to answer any questions with regard to this report.

Respectfully submitted,



Linda L. Bournival, FSA, EA, MAAA
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Town of Sudbury Postemployment Benefits Other Than Pensions
Actuarial Valuation as of July 1, 2013

SECTION 1 - SUMMARY

BACKGROUND

The Town of Sudbury provides postemployment medical benefits to Town retirees and their covered dependents. The Town provides benefits as follows:

- ◆ Group 1 employees hired before April 2, 2012: retire after attaining age 55 with 10 or more years of service or any age with 20 or more years of service
- ◆ Group 1 employees hired after April 1, 2012: retire after attaining age 60 with 10 or more years of service
- ◆ Group 4 employees hired before April 2, 2012: retire after attaining age 55 or any age with 20 or more years of service
- ◆ Group 4 employees hired after April 1, 2012: retire after attaining age 55

Medical coverage continues to the spouse after the death of the retiree provided the spouse makes the required contributions.

GASB 45

The Governmental Accounting Standards Board (GASB) is responsible for establishing accounting standards for governmental entities. Calculations developed in accordance with GASB standards are required when providing financial statements.

GASB believes that postemployment benefits are a form of deferred compensation whose cost should be recognized while the employee actually renders services rather than when the actual benefits are paid, many years later. Ideally under the GASB standard the entire postemployment liability is recognized by the time an active participant begins to receive postemployment benefits. GASB 45's focus is on postemployment benefits other than pensions, such as medical, dental and life insurance benefits. Unlike pensions where sponsors are pre-funding for benefits due in the future, the impact of GASB 45 will be to significantly increase cash pay-as-you-go expense.

The effective date for GASB 45 is a function of the Town's total annual revenues in the first fiscal year ending after June 15, 1999. We understand that this is your fiscal year that ended June 30, 1999, and that your related revenues were greater than \$10 million and less than \$100 million. As a result, the Town was required to comply with GASB 45 for the fiscal year ending June 30, 2009.

ACTUARIAL VALUATION

As of July 1, 2013, there are 529 active employees who may be eligible for benefits in the future and 440 retired employees, covered spouses and survivors who are currently receiving benefits. Coverage is for individuals and families or individuals and spouses depending on the coverage selected.

SECTION 1 - SUMMARY

Prior to GASB 45, the annual cost recognized was the annual premiums or benefits paid plus administrative expenses less any participant contributions paid towards the coverage. Under GASB 45, an annual cost for postemployment coverage is developed for any person who is currently receiving or who is currently actively employed and may be eligible to receive benefits in the future. In developing the GASB 45 cost for the Town of Sudbury, the payment of future benefits is determined using the current schedule of premiums under the Group Insurance Commission plans. We have used a single unadjusted premium rate applicable to both active employees and non-Medicare-eligible retirees because the Group Insurance Commission would offer the same premium rates if only non-Medicare-eligible retirees from the Town of Sudbury were covered. These premiums are increased in the future under the annual healthcare cost trend rate assumptions. The per capita costs utilized in this valuation are detailed in Section 7, Actuarial Assumptions and Methods.

SUMMARY OF PRINCIPAL RESULTS

Valuation Date	<u>July 1, 2013</u>	<u>July 1, 2011</u>
Summary of Member Data		
Active Members	529	537
Average Age	45.1	45.6
Average Service	9.5	9.3
Retired Employees, Covered Spouses and Survivors	440	330
Average Age	71.1	70.9
Discount rate	3.50%	3.50%
Actuarial Accrued Liability	\$36,004,783	\$34,275,241
Normal Cost	\$1,354,526	\$1,746,332
Assets*	\$0	\$0
Unfunded Actuarial Accrued Liability	\$36,004,783	\$34,275,241
Annual Required Contribution	\$3,359,128	\$3,663,686
Expected Benefit Payments	\$1,002,644	\$843,708

* Assets of \$127,749 were shown in the July 1, 2011 valuation report, but currently the assets are not held in an irrevocable OPEB Trust.

Town of Sudbury Postemployment Benefits Other Than Pensions
Actuarial Valuation as of July 1, 2013

SECTION 1 - SUMMARY

ACTUARIAL ASSUMPTIONS

The most important assumption for GASB 45 is the discount rate, which is used to discount future benefits to current age. GASB 45 requires that the discount rate accurately reflects the rate of return on assets dedicated to paying the retiree medical benefits. This means that a traditional pay-as-you-go system, which pays benefits from the Town's annual budget and not a dedicated trust, must use a discount rate close to the rate of return on cash. Full pre-funding by use of a dedicated trust with a mixture of stocks and bonds can employ a higher discount rate that accurately reflects the expected return on trust assets dedicated to pay retiree medical benefits. For the Town of Sudbury, we selected a 3.5% discount rate to reflect a pay-as-you-go system with an expected return close to the rate of return on cash.

CHANGES

Some assumptions used in this valuation have changed from those used in the July 1, 2011 valuation and are detailed in Section 7. The major assumption changes are summarized below:

- ◆ the mortality table was changed from the RP-2000 Mortality Table projected to 2011 using Scale AA to the RP-2000 Mortality Table projected to 2013 using Scale AA.
- ◆ the discount rate for a fully funded scenario was decreased from 8% to 7.5%.
- ◆ Disability rates were incorporated into this valuation to be consistent with the disability rates utilized by the Middlesex County and Massachusetts Teachers Retirement Systems.
- ◆ Turnover and retirement rates for Teachers were updated to reflect the most recent rates used by the Massachusetts Teachers Retirement System actuaries.

RESULTS

We have provided results based on a discount rate of 3.5%. As shown in Table 4.2 of Section 4, the Annual OPEB Cost for the fiscal year ending June 30, 2014 under GASB 45 is \$3,097,168 and the estimated Annual OPEB Cost for the fiscal year ending June 30, 2015 under GASB 45 is \$3,201,919.

The accumulated Net OPEB Obligation as of June 30, 2014 is \$15,613,354 and the estimated Net OPEB Obligation as of June 30, 2015 is \$17,767,949.

The Actuarial Accrued Liability (AAL) as of July 1, 2013 is \$36,004,783. The AAL by status breakdown is shown below:

Actives:	\$18,564,696
Retirees, Beneficiaries and Surviving Spouses:	17,440,087
Total:	\$36,004,783

SECTION 1 - SUMMARY

ACTUARIAL GAIN/LOSS ANALYSIS

In performing the actuarial valuation, various assumptions are made regarding future premium rates, mortality, retirement, disability and withdrawal rates as well as investment returns. A comparison of the results of the current valuation and the prior valuation is made to determine how closely actual experience relates to expected. Below is the development of the estimated Actuarial Gain or Loss for the current 2-year period:

	<u>July 1, 2011</u>	<u>July 1, 2012</u>
Actuarial Accrued Liability, beginning of year	\$34,275,241	\$36,423,982
Normal Cost	1,746,332	1,816,185
Expected Benefit Payments	(843,708)	(909,096)
Interest	1,246,117	1,322,633
Expected Actuarial Accrued Liability, end of year	\$36,423,982	\$38,653,704
 Actual Actuarial Accrued Liability		 \$36,004,783
(Gain)/Loss		(\$2,648,921)

The actuarial gain of \$2,648,921 was mostly comprised of the following:

◆ loss as a result of demographic experience that deviated from experience expected from the prior valuation	1,360,323
◆ gain as a result of actual premium rates that were less than expected from the prior valuation's projected rates	(4,317,354)
◆ loss as a result of the valuation of the excise tax imposed by the Patient Protection and Affordable Care Act, effective 2018	308,110
◆ Total (Gain)/Loss	(\$2,648,921)

REIMBURSEMENT FOR HEALTHCARE PREMIUM CONTRIBUTIONS

Whenever the service of a retired employee is attributable to service in more than one Massachusetts governmental unit and the retired employee receives a healthcare premium contribution, Section 9A1/2 of M.G.L. Section 32B provides for reimbursement by other governmental units for the portion of healthcare premium contributions that corresponds to the percentage of the retiree's creditable service that is attributable for each governmental unit. The other governmental units shall be charged based on the Town of Sudbury's contribution rate or the contribution rate of the first employer, whichever is lower.

For purposes of this valuation, we have not taken into account any prior service rendered at other Massachusetts entities for current or future retirees for the Town of Sudbury nor have we taken into account any service rendered by former Town of Sudbury employees currently working at or retired from other Massachusetts entities that may notify the Town of Sudbury of reimbursement due for former Town of Sudbury employees.

Town of Sudbury Postemployment Benefits Other Than Pensions
Actuarial Valuation as of July 1, 2013

SECTION 2 - PRINCIPAL VALUATION RESULTS

Section 20 of M.G.L. Chapter 32B allows municipal entities to establish an OPEB trust for purposes of accumulating assets to prefund the OPEB liabilities. We understand that the Town of Sudbury has not established an irrevocable trust for the purpose of prefunding OPEB liabilities.

The Actuarial Value of Plan Assets is equal to the market value. The asset activity during the 2-year period July 1, 2012 through June 30, 2013 follows:

TABLE 2.1 - OPEB TRUST ASSETS

Market Value of Assets		
Fiscal Year Ending	<u>6/30/2013</u>	<u>6/30/2012</u>
Assets as of Beginning of Year ¹	\$0	\$0
Contributions Receivable	\$0	\$0
Assets as of Beginning of Year	\$0	\$0
Employer Contributions		
Paid Premiums ²	\$896,212	\$893,648
OPEB Trust Deposits	0	0
Total Employer Contributions	\$896,212	\$893,648
Benefits Paid	(896,212)	(\$893,648)
Expenses	0	0
Investment Earnings	0	0
Assets as of End of Year	\$0	\$0

¹ As of the valuation date, the Town has set aside assets in a separate fund, but the funds are not held in an irrevocable OPEB trust, therefore are not recognized as plan assets for GASB 45 purposes.

² Paid premiums for the fiscal years ending June 30, 2013 and June 30, 2012 were provided by the Town of Sudbury.

SECTION 2 - PRINCIPAL VALUATION RESULTS

The Actuarial Accrued Liability is the portion of the Actuarial Present Value of Future Benefits which is allocated to all periods prior to a valuation year and therefore is not provided for by future Normal Costs. Below is the Actuarial Accrued Liability assuming a discount rate of 3.5%, the rate of return on cash, and 7.5%, the rate of return on a dedicated trust if the Town were to fully pre-fund benefits:

TABLE 2.2 - ACTUARIAL ACCRUED LIABILITY

	Pay-As-You-Go	Full Pre-Funding
Discount Rate	3.5%	7.5%
Current Active Employees		
Pre-Medicare Gross Benefit	\$8,049,720	\$4,749,053
Pre-Medicare Participant Contributions	3,960,617	2,351,311
Net Pre-Medicare Benefit	\$4,089,103	\$2,397,742
Post - Medicare Gross Benefit	\$28,901,373	\$11,291,600
Post - Medicare Participant Contributions	14,425,780	5,643,118
Net Post - Medicare Benefit	\$14,475,593	\$5,648,482
Total Current Active Employees	\$18,564,696	\$8,046,224
Current Retirees		
Pre-Medicare Gross Benefit	\$4,978,199	\$3,517,709
Pre-Medicare Participant Contributions	2,437,271	1,744,139
Net Pre-Medicare Benefit	\$2,540,928	\$1,773,570
Post - Medicare Gross Benefit	\$29,772,164	\$19,148,735
Post - Medicare Participant Contributions	14,873,005	9,573,142
Net Post - Medicare Benefit	\$14,899,159	\$9,575,593
Total Current Retirees	\$17,440,087	\$11,349,163
Total Actuarial Accrued Liability (AAL)	\$36,004,783	\$19,395,387

SECTION 2 - PRINCIPAL VALUATION RESULTS

The Normal Cost is the portion of the Actuarial Present Value of Future Benefits which is attributed to services rendered by active employees in the current year. Below is the Normal Cost assuming a discount rate of 3.5%, the rate of return on cash, and 7.5%, the rate of return on a dedicated trust if the Town were to fully pre-fund benefits:

TABLE 2.3 - NORMAL COST

	<u>Pay-As-You-Go</u>	<u>Full Pre-Funding</u>
Discount Rate	3.5%	7.5%
Current Active Employees		
Pre-Medicare Gross Benefit	\$603,602	\$284,208
Pre-Medicare Participant Contributions	290,734	138,527
Net Pre-Medicare Benefit	\$312,868	\$145,681
Post - Medicare Gross Benefit	\$2,072,597	\$649,613
Post - Medicare Participant Contributions	1,030,939	324,258
Net Post - Medicare Benefit	\$1,041,658	\$325,355
Total Current Active Employees	\$1,354,526	\$471,036
Current Retirees		
Pre-Medicare Gross Benefit	\$0	\$0
Pre-Medicare Participant Contributions	0	0
Net Pre-Medicare Benefit	\$0	\$0
Post - Medicare Gross Benefit	\$0	\$0
Post - Medicare Participant Contributions	0	0
Net Post - Medicare Benefit	\$0	\$0
Total Current Retirees	\$0	\$0
Total Normal Cost (NC)	\$1,354,526	\$471,036

Attachment: Sudbury 2013 OPEB Report 11-6-2014 FINAL (1095 : OPEB Committee Report)

SECTION 2 - PRINCIPAL VALUATION RESULTS

Under GASB 45, the Annual Required Contribution (ARC) of the employer equals the Normal Cost plus a provision for amortizing the Unfunded Actuarial Accrued Liability. We have assumed level dollar amortization over the maximum acceptable amortization period of 30 years. For the period beginning July 1, 2013, the ARC, calculated under the parameters of this actuarial valuation, would be:

TABLE 2.4 - ANNUAL REQUIRED CONTRIBUTION and ANNUAL OPEB COST

	Pay-As-You-Go	Full Pre-Funding
Discount Rate	3.5%	7.5%
1. Normal Cost	\$1,354,526	\$471,036
2. Unfunded Actuarial Accrued Liability		
a. Actuarial Accrued Liability	\$36,004,783	\$19,395,387
b. Actuarial Value of Plan Assets	\$0	\$0
c. Unfunded Actuarial Accrued Liability	\$36,004,783	\$19,395,387
3. Amortization of Unfunded Actuarial Accrued Liability		
a. Unfunded Actuarial Accrued Liability	\$36,004,783	\$19,395,387
b. Amortization Period in years	30	30
c. Factor Increasing Rate	0.0%	0.0%
d. Amortization Factor	19.04	12.70
e. Amortization Amount (3.a. / 3.d.)	\$1,891,008	\$1,527,196
4. Interest on 1. and 3.e.	\$113,594	\$149,867
5. Annual Required Contribution (1. + 3.e. + 4.)	\$3,359,128	\$2,148,099
6. Net OPEB Obligation / (Asset) beginning of year	\$13,518,830	Not Applicable
7. Interest on Net OPEB Obligation at 3.50%	\$473,159	Not Applicable
8. Adjustment to Annual Required Contribution at 3.50%	(\$735,119)	Not Applicable
9. Annual OPEB Cost (5. + 7. + 8.)	\$3,097,168	Not Applicable

Town of Sudbury Postemployment Benefits Other Than Pensions
Actuarial Valuation as of July 1, 2013

SECTION 3 - GASB 45 ACCOUNTING DISCLOSURE

GASB 45 requires disclosure of the annual OPEB cost, the Net OPEB Obligation and the Schedule of Funding Progress. In addition, information about the Actuarial Methods and Assumptions used in the valuation and a summary of the Substantive Plan Provisions are disclosed, which are provided in Section 6 and Section 7, respectively.

Annual OPEB Cost and Net OPEB Obligation*

Fiscal Year Ending	<u>6/30/2014</u>	<u>6/30/2013</u>	<u>6/30/2012</u>
Discount rate	3.50%	3.50%	3.50%
Annual Required Contribution	\$3,359,128	\$3,852,544	\$3,663,686
Interest on Net OPEB Obligation	473,159	377,209	324,078
Adjustment to annual required contribution	(735,119)	(586,047)	(468,591)
Annual OPEB cost/(expense)	\$3,097,168	\$3,643,706	\$3,519,173
Expected Benefit Payments	(1,002,644)	(863,504)	(882,485)
Employer contributions to OPEB Trust	-	-	-
Total employer contributions	(1,002,644)	(863,504)	(882,485)
Change in Net OPEB Obligation	\$2,094,524	\$2,780,202	\$2,636,688
Net OPEB Obligation (Asset) - beginning of year	\$13,518,830	\$10,738,628	\$8,101,940
Net OPEB Obligation (Asset) - end of year	\$15,613,354	\$13,518,830	\$10,738,628

* Entries for fiscal years June 30, 2013 and June 30, 2012 are based on information provided in the Town's audited financial statements.

Plan History

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2014	3,097,168	32.4%	15,613,354
6/30/2013	3,643,706	23.7%	13,518,830
6/30/2012	3,519,173	25.1%	10,738,628

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
7/1/2013	0	36,004,783	36,004,783	0.00%	34,868,355	103.3%
7/1/2011	0	34,275,241	34,275,241	0.00%	31,225,800	109.8%
7/1/2009	0	36,411,392	36,411,392	0.00%	26,874,811	135.5%

Town of Sudbury Postemployment Benefits Other Than Pensions
Actuarial Valuation as of July 1, 2013

SECTION 4 - FORECASTS

OVERVIEW

In Section 4, we have provided a 30-year forecast of the Annual Required Contributions, Accrued Liability, Assets and Unfunded Actuarial Accrued Liability. The entries in Table 4.1 are based on the assumptions stated below:

- ◆ Expected Benefit Payments are developed in the actuarial valuation and are based on the assumptions detailed in Section 7.
- ◆ Normal Cost with interest is assumed to increase annually by 4%.
- ◆ Assets are assumed to grow annually at the selected discount rate plus OPEB Trust Contributions made at the end of each fiscal year.
- ◆ Actuarial Accrued Liability (AAL), end of year, equals AAL, beginning of year, plus Normal Cost less Expected Benefit Payments plus interest on these items.
- ◆ Unfunded Actuarial Accrued Liability (UAAL) equals the AAL less Assets.
- ◆ the Annual Required Contribution (ARC) is the sum of the Normal Cost, the Amortization Amount and Interest.

Table 4.1 is based on funding the Expected Benefit Payments.

- ◆ The assumed discount rate is 3.5%.
- ◆ Amortization Amount is the amount necessary to amortize the Unfunded Actuarial Accrued Liability over 30 years at a discount rate of 3.5% on an open amortization basis. The open amortization period is 30 years, recalculated each year.

SECTION 4 - FORECASTS

TABLE 4.1 - ANNUAL REQUIRED CONTRIBUTIONS (ARC)

FYE June 30	(1) Normal Cost	(2) Actuarial Accrued Liability	(3) Expected Benefit Payments	(4) Actuarial Value of Assets	(5) Unfunded Actuarial Accrued Liability (2) - (4)	(6) Amortization Amount	(7) Interest	(8) ARC (1) + (6) + (7)	(9) OPEB Trust Contributions
2014	1,354,526	36,004,783	1,002,644	-	36,004,783	1,891,008	113,594	3,359,128	-
2015	1,408,707	37,646,845	1,047,324	-	37,646,845	1,977,250	118,508	3,504,465	-
2016	1,465,055	39,357,002	1,107,182	-	39,357,002	2,067,069	123,624	3,655,748	-
2017	1,523,657	41,124,438	1,180,761	-	41,124,438	2,159,897	128,924	3,812,478	-
2018	1,584,603	42,939,532	1,247,889	-	42,939,532	2,255,228	134,394	3,974,225	-
2019	1,647,987	44,812,940	1,302,500	-	44,812,940	2,353,621	140,056	4,141,664	-
2020	1,713,906	46,761,962	1,353,700	-	46,761,962	2,455,985	145,946	4,315,837	-
2021	1,782,462	48,795,337	1,417,011	-	48,795,337	2,562,780	152,083	4,497,325	-
2022	1,853,760	50,906,427	1,477,953	-	50,906,427	2,673,657	158,460	4,685,877	-
2023	1,927,910	53,103,199	1,541,645	-	53,103,199	2,789,034	165,093	4,882,037	-
2024	2,005,026	55,388,806	1,612,092	-	55,388,806	2,909,076	171,994	5,086,096	-
2025	2,085,227	57,762,555	1,702,570	-	57,762,555	3,033,748	179,164	5,298,139	-
2026	2,168,636	60,210,346	1,777,467	-	60,210,346	3,162,308	186,583	5,517,527	-
2027	2,255,381	62,753,941	1,865,972	-	62,753,941	3,295,900	194,295	5,745,576	-
2028	2,345,596	65,386,303	1,933,068	-	65,386,303	3,434,155	202,291	5,982,042	-
2029	2,439,420	68,135,910	2,002,223	-	68,135,910	3,578,567	210,630	6,228,617	-
2030	2,536,997	71,008,506	2,071,137	-	71,008,506	3,729,438	219,325	6,485,760	-
2031	2,638,477	74,012,525	2,146,306	-	74,012,525	3,887,212	228,399	6,754,088	-
2032	2,744,016	77,150,244	2,218,425	-	77,150,244	4,052,009	237,861	7,033,886	-
2033	2,853,777	80,433,646	2,293,081	-	80,433,646	4,224,456	247,738	7,325,971	-
2034	2,967,928	83,869,618	2,361,671	-	83,869,618	4,404,917	258,050	7,630,895	-
2035	3,086,645	87,474,215	2,399,879	-	87,474,215	4,594,234	268,831	7,949,710	-
2036	3,210,111	91,288,974	2,439,794	-	91,288,974	4,794,589	280,165	8,284,865	-
2037	3,338,515	95,324,430	2,468,918	-	95,324,430	5,006,535	292,077	8,637,127	-
2038	3,472,056	99,604,396	2,512,549	-	99,604,396	5,231,323	304,618	9,007,997	-
2039	3,610,938	104,127,987	2,543,427	-	104,127,987	5,468,907	317,795	9,397,640	-
2040	3,755,376	108,922,233	2,558,572	-	108,922,233	5,720,706	331,663	9,807,745	-
2041	3,905,591	114,018,363	2,620,197	-	114,018,363	5,988,359	346,288	10,240,238	-
2042	4,061,815	119,385,636	2,658,908	-	119,385,636	6,270,254	361,622	10,693,691	-
2043	4,224,288	125,063,073	2,686,781	-	125,063,073	6,568,439	377,745	11,170,472	-

Town of Sudbury Postemployment Benefits Other Than Pensions
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30 years open, 3.5% discount rate.

SECTION 4 - FORECASTS

TABLE 4.2 - ANNUAL OPEB COST and NET OPEB OBLIGATION

FYE June 30	ARC	Interest on Net OPEB Obligation	ARC Adjustment	Amortization Factor	Annual OPEB Cost	Expected Employer Contributions	Change in Net OPEB Obligation	Net OPEB Obligation Balance
								13,518,830
2014	3,359,128	473,159	(735,119)	18.39	3,097,168	1,002,644	2,094,524	15,613,354
2015	3,504,465	546,467	(849,013)	18.39	3,201,919	1,047,324	2,154,595	17,767,949
2016	3,655,748	621,878	(966,174)	18.39	3,311,452	1,107,182	2,204,270	19,972,219
2017	3,812,478	699,028	(1,086,037)	18.39	3,425,469	1,180,761	2,244,708	22,216,927
2018	3,974,225	777,592	(1,208,098)	18.39	3,543,719	1,247,889	2,295,830	24,512,757
2019	4,141,664	857,946	(1,332,939)	18.39	3,666,671	1,302,500	2,364,171	26,876,928
2020	4,315,837	940,692	(1,461,497)	18.39	3,795,032	1,353,700	2,441,332	29,318,260
2021	4,497,325	1,026,139	(1,594,250)	18.39	3,929,214	1,417,011	2,512,203	31,830,463
2022	4,685,877	1,114,066	(1,730,857)	18.39	4,069,086	1,477,953	2,591,133	34,421,596
2023	4,882,037	1,204,756	(1,871,756)	18.39	4,215,037	1,541,645	2,673,392	37,094,988

Notes:

1. ARC and Expected Employer Contributions are from 30-Year Forecast of Annual Required Contributions (Table 4.1).
2. Interest on Net OPEB Obligation is computed on the prior year Net OPEB Obligation Balance.
3. ARC Adjustment is the prior year Net OPEB Obligation Balance amortized over 30 years.
4. OPEB Cost is the ARC plus Interest on Net OPEB Obligation plus the ARC Adjustment.
5. Change in Net OPEB Obligation is the difference between the OPEB Cost and Expected Employer Contributions.
6. Net OPEB Obligation is the prior year Net OPEB Obligation Balance plus Change in Net OPEB Obligation.
7. Year one Interest on Net OPEB Obligation and ARC Adjustment computed at prior discount rate of 3.50%.
8. Subsequent years' Interest on Net OPEB Obligation and ARC Adjustment computed at current discount rate of 3.50%.

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SECTION 5 - SENSITIVITY TO HEALTH CARE COST TREND RATE

Below we illustrate the sensitivity of Actuarial Accrued Liability to a one percentage increase and decrease in health care cost trend assumption for each future year:

TABLE 5.1 - ACTUARIAL ACCRUED LIABILITY

	<u>Assumed Trend</u>	<u>Trend +1%</u>	<u>Trend -1%</u>
Discount Rate	3.5%	3.5%	3.5%
Current Active Employees			
Pre-Medicare Gross Benefit	\$8,049,720	\$9,267,532	\$7,026,226
Pre-Medicare Participant Contributions	3,960,617	4,554,700	3,460,603
Net Pre-Medicare Benefit	\$4,089,103	\$4,712,832	\$3,565,623
Post - Medicare Gross Benefit	\$28,901,373	\$37,564,864	\$22,490,009
Post - Medicare Participant Contributions	14,425,780	18,743,473	11,229,098
Net Post - Medicare Benefit	\$14,475,593	\$18,821,391	\$11,260,911
Total Current Active Employees	\$18,564,696	\$23,534,223	\$14,826,534
Current Retirees			
Pre-Medicare Gross Benefit	\$4,978,199	\$5,566,897	\$4,509,849
Pre-Medicare Participant Contributions	2,437,271	2,714,112	2,216,106
Net Pre-Medicare Benefit	\$2,540,928	\$2,852,785	\$2,293,743
Post - Medicare Gross Benefit	\$29,772,164	\$33,813,638	\$26,454,662
Post - Medicare Participant Contributions	14,873,005	16,884,655	13,219,610
Net Post - Medicare Benefit	\$14,899,159	\$16,928,983	\$13,235,052
Total Current Retirees	\$17,440,087	\$19,781,768	\$15,528,795
Total Actuarial Accrued Liability (AAL)	\$36,004,783	\$43,315,991	\$30,355,329

Attachment: Sudbury 2013 OPEB Report 11-6-2014 FINAL (1095 : OPEB Committee Report)

SECTION 5 - SENSITIVITY TO HEALTH CARE COST TREND RATE

Below we illustrate the sensitivity of Normal Cost to a one percentage increase and decrease in health care cost trend assumption for each future year:

TABLE 5.2 - NORMAL COST

	<u>Assumed Trend</u>	<u>Trend +1%</u>	<u>Trend -1%</u>
Discount Rate	3.5%	3.5%	3.5%
Current Active Employees			
Pre-Medicare Gross Benefit	\$603,602	\$736,619	\$497,204
Pre-Medicare Participant Contributions	290,734	354,103	239,949
Net Pre-Medicare Benefit	\$312,868	\$382,516	\$257,255
Post - Medicare Gross Benefit	\$2,072,597	\$2,857,025	\$1,522,163
Post - Medicare Participant Contributions	1,030,939	1,419,849	757,763
Net Post - Medicare Benefit	\$1,041,658	\$1,437,176	\$764,400
Total Current Active Employees	\$1,354,526	\$1,819,692	\$1,021,655
Current Retirees			
Pre-Medicare Gross Benefit	\$0	\$0	\$0
Pre-Medicare Participant Contributions	0	0	0
Net Pre-Medicare Benefit	\$0	\$0	\$0
Post - Medicare Gross Benefit	\$0	\$0	\$0
Post - Medicare Participant Contributions	0	0	0
Net Post - Medicare Benefit	\$0	\$0	\$0
Total Current Retirees	\$0	\$0	\$0
Total Normal Cost	\$1,354,526	\$1,819,692	\$1,021,655

Attachment: Sudbury 2013 OPEB Report 11-6-2014 FINAL (1095 : OPEB Committee Report)

SECTION 6 - PLAN PROVISIONS

Eligibility: Group 1 employees hired before April 2, 2012: retire after attaining age 55 with 10 or more years of service or any age with 20 or more years of service

Group 1 employees hired after April 1, 2012: retire after attaining age 60 with 10 or more years of service

Group 4 employees hired before April 2, 2012: retire after attaining age 55 or any age with 20 or more years of service

Group 4 employees hired after April 1, 2012: retire after attaining age 55

Medical Premium Rates: The total monthly costs by plan are shown below:

<u>Non-Medicare Plans - July 1, 2014</u>	<u>Individual</u>	<u>Family</u>
Fallon Direct	\$483.21	\$1,159.70
Fallon Select	\$615.39	\$1,476.92
HP Independence	\$686.12	\$1,674.20
HP Primary Choice	\$548.89	\$1,339.36
Health New England	\$481.89	\$1,194.71
NHP Care	\$465.41	\$1,233.34
Tufts Health Plan Navigator	\$619.87	\$1,497.60
Tufts Health Plan Spirit	\$500.37	\$1,206.01
UniCare State Basic w/ CIC	\$936.24	\$2,185.22
UniCare State Basic w/o CIC	\$893.83	\$2,086.85
UniCare State Community Choice	\$456.68	\$1,095.99
UniCare State PLUS	\$656.90	\$1,567.69
 <u>Medicare Plans - July 1, 2014</u>		
Fallon Senior Plan	\$290.79	
HP Medicare Enhance	\$394.79	
Health New England MedPlus	\$363.13	
Tufts Health Plan Medicare Complement	\$348.39	
Tufts Health Plan Medicare Preferred	\$266.56	
UniCare State Indemnity/OME w/ CIC	\$379.45	
Unicare State Indemnity/OME w/o CIC	\$368.63	

Participant Contributions: Retired employees contribute 50% of the total medical premium rates.

Continuation of Coverage to Spouse After Death of Retiree: Surviving spouse may continue coverage for lifetime by paying the required medical premium rates.

SECTION 6 - PLAN PROVISIONS

Life Insurance Benefit:	Retirees are eligible for a \$1,000 life insurance benefit.
Life Insurance Premium:	The total monthly cost is \$.52.
Life Insurance Contributions:	Retired employees contribute 50% of the total life insurance premium rates.
PPACA Excise Tax:	The Patient Protection and Affordable Care Act (PPACA) applies a 40% excise tax to the cost of plan benefits in excess of statutory thresholds beginning in 2018. The 2018 thresholds are assumed to be \$10,200 for individual and \$27,500 for family coverage and increase by CPI in future years. The annual limits are increased by \$1,650 for individual and \$3,450 for family coverage for retirees not eligible for Medicare benefits.

SECTION 7 - ACTUARIAL ASSUMPTIONS AND METHODS

Valuation Date: July 1, 2013

Discount Rates: 3.50% pay-as-you-go.
7.50% full pre-funding (previously, 8%).

Amortization Method: Level dollar amount over 30 years on an open amortization period for pay-as-you-go.
Level dollar amount over 30 years on a closed amortization period for full pre-funding.

Health Care Cost Trend Rates:

<u>Year</u>	<u>Current</u>	<u>Prior</u>
1	7.00%	9.00%
2	6.50%	8.00%
3	6.00%	7.00%
4	5.50%	6.00%
5	5.00%	5.00%
Ultimate	5.00%	5.00%

CPI: 3% per year.

Mortality Table: RP-2000 Mortality Table, projected to 2013, using Scale AA.

Turnover Rates: *Non-Teachers:*

<u>Groups 1 and 2</u>		<u>Group 4</u>	
Service	Rate	Service	Rate
0	15.00%	0-10	1.50%
1	12.00%	11	0.00%
2	10.00%		
3	9.00%		
4	8.00%		
5-9	7.60%		
10-14	5.40%		
15-19	3.30%		
20-24	2.00%		
25-29	1.00%		
30+	0.00%		

SECTION 7 - ACTUARIAL ASSUMPTIONS AND METHODS

Turnover Rates (continued): Teachers:

<u>Age</u>	<u>Service</u>					
	0		5		10+	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
20	13.0%	10.0%	5.5%	7.0%	1.5%	5.0%
30	15.0%	15.0%	5.4%	8.8%	1.5%	4.5%
40	13.3%	10.5%	5.2%	5.5%	1.7%	2.2%
50	16.2%	9.8%	7.0%	5.0%	2.3%	2.0%

Disability Rates:

Non-Teachers:

<u>Groups 1 and 2</u>		<u>Group 4</u>	
<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>
20	0.02%	20	0.20%
25	0.02%	25	0.20%
30	0.03%	30	0.30%
35	0.06%	35	0.30%
40	0.10%	40	0.30%
45	0.15%	45	1.00%
50	0.19%	50	1.25%
55	0.24%	55	1.20%
60	0.28%	60	0.85%

Teachers:

<u>Age</u>	<u>Rate</u>
20	0.004%
30	0.006%
40	0.010%
50	0.050%
60	0.100%

SECTION 7 - ACTUARIAL ASSUMPTIONS AND METHODS

Retirement Rates:

Non-Teachers:

<u>Age</u>	<u>Groups 1 and 2</u>		<u>Group 4</u>
	Male	Female	All
45-49	0.00%	0.00%	1.00%
50-54	0.00%	0.00%	2.00%
55-59	2.00%	5.50%	15.00%
60-61	12.00%	5.00%	20.00%
62-64	30.00%	15.00%	25.00%
65-68	40.00%	15.00%	100.00%
69	50.00%	20.00%	
70	100.00%	100.00%	

Teachers:

<u>Age</u>	<u>Years of Service</u>			
	<u>Less than 20</u>		<u>20+</u>	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
50	0.0%	0.0%	2.0%	1.0%
51	0.0%	0.0%	2.0%	1.0%
52	0.0%	0.0%	2.0%	1.5%
53	0.0%	0.0%	2.0%	2.0%
54	0.0%	0.0%	3.0%	2.0%
55	3.5%	3.5%	3.0%	4.0%
56	3.5%	3.5%	3.5%	4.0%
57	5.0%	3.5%	4.0%	4.0%
58	5.5%	5.0%	5.0%	6.0%
59	6.0%	6.5%	6.0%	8.0%
60	7.5%	8.5%	15.0%	15.0%
61	12.0%	10.0%	25.0%	20.0%
62	14.0%	12.0%	30.0%	25.0%
63	14.0%	12.0%	30.0%	25.0%
64	14.0%	20.0%	30.0%	30.0%
65	30.0%	30.0%	30.0%	40.0%
66	30.0%	30.0%	25.0%	30.0%
67	30.0%	30.0%	25.0%	30.0%
68	30.0%	30.0%	25.0%	30.0%
69	30.0%	30.0%	25.0%	30.0%
70	100.0%	100.0%	100.0%	100.0%

Town of Sudbury Postemployment Benefits Other Than Pensions
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SECTION 7 - ACTUARIAL ASSUMPTIONS AND METHODS

Medical Plan Participation: 70% of eligible retirees will elect to participate.

Life Insurance Participation: 65% of eligible retirees will elect to participate.

Dependent Status: Male spouses are assumed to be three years older and female spouses are assumed to be three years younger than the retired employee.

55% of employees are assumed to retire with a covered spouse.

For current retirees, the actual census information provided is used.

Medical Per Capita Costs: Annual per capita costs for the fiscal year beginning July 1, 2013 are shown below, along with the costs used in the prior valuation:

<u>Age</u>	<u>Current</u>	<u>Prior</u>
Under 65	\$8,243	\$7,667
65 and Older	\$4,050	\$3,876

Retiree Contributions: Annual average per capita participant contributions for the fiscal year beginning July 1, 2013 are shown below, along with the contributions used in the prior valuation:

<u>Age</u>	<u>Current</u>	<u>Prior</u>
Under 65	\$4,122	\$3,834
65 and older	\$2,025	\$1,938

Excise Tax: For purposes of estimating the excise tax, per capita plan costs are developed for individual and family coverage for both Medicare and non-Medicare members. These plan costs are compared to the thresholds stipulated in the Patient Protection and Affordable Care Act (PPACA). Beginning in 2018, a 40% excise tax is applied on the excess of the plan costs over the thresholds, which increase annually by CPI.

Actuarial Cost Method: Projected Unit Credit. The costs of each employee's postemployment benefits are allocated on a pro rata basis from the employee's date of hire to the date the employee is fully eligible for benefits.

Employee Data: Employee and retiree data were submitted by the Town. We made reasonable adjustments for missing or invalid data.

Town of Sudbury Postemployment Benefits Other Than Pensions
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SECTION 8 - PLAN MEMBER INFORMATION

TABLE 8.1 - ACTIVE EMPLOYEES BY AGE and YEARS OF SERVICE AS OF JULY 1, 2013

Age	Years of Service									Total	Percent
	<u>0 to 4</u>	<u>5 to 9</u>	<u>10 to 14</u>	<u>15 to 19</u>	<u>20 to 24</u>	<u>25 to 29</u>	<u>30 to 34</u>	<u>35 to 39</u>	<u>40 & up</u>		
Under 25	20	0	0	0	0	0	0	0	0	20	4%
25 to 29	51	6	0	0	0	0	0	0	0	57	11%
30 to 34	34	18	3	0	0	0	0	0	0	55	10%
35 to 39	18	17	17	1	0	0	0	0	0	53	10%
40 to 44	16	9	30	12	2	1	0	0	0	70	13%
45 to 49	25	16	14	6	2	5	1	0	0	69	13%
50 to 54	18	18	17	7	4	6	2	0	0	72	14%
55 to 59	7	20	25	13	2	4	4	1	1	77	14%
60 to 64	2	12	6	11	7	3	0	0	1	42	8%
65 to 69	1	4	1	3	0	2	0	0	0	11	2%
70 & up	0	0	0	1	0	0	0	1	1	3	1%
Total	192	120	113	54	17	21	7	2	3	529	
Percent	37%	23%	21%	10%	3%	4%	1%	0%	1%		100%
Average Age:			45.1	Average Service:			9.5				

Town of Sudbury Postemployment Benefits Other Than Pensions
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SECTION 8 - PLAN MEMBER INFORMATION

TABLE 8.2 - RETIRED EMPLOYEES, COVERED SPOUSES and SURVIVORS AS OF JULY 1, 2013

Non-Medicare Plans:

Age	Fallon Direct	Fallon Select	HP Independence	HP Primary Choice	Health New England	NHP Care	Tufts Health Plan Navigator	Tufts Health Plan Spirit	UniCare State Basic w/ CIC	UniCare State Community Choice	UniCare State PLUS	UniCare State PLUS	Total
Under 40	0	0	1	0	0	0	2	0	0	0	1	0	4
40 to 44	0	0	0	0	0	0	0	0	0	0	0	0	0
45 to 49	0	1	0	0	0	0	0	0	0	0	0	0	1
50 to 54	0	0	0	0	0	1	0	0	0	0	0	0	1
55 to 59	0	0	3	3	1	1	3	1	4	0	2	0	18
60 to 64	2	1	5	2	0	0	12	0	4	3	1	0	30
65 to 69	0	0	0	0	0	0	0	0	0	0	0	0	0
70 to 74	1	0	0	0	0	0	1	0	3	0	1	0	6
75 to 79	0	0	0	0	0	0	2	0	0	0	1	0	3
80 to 84	0	0	0	0	0	0	0	0	0	0	0	0	0
85 to 89	0	0	0	0	0	0	0	0	0	0	0	0	0
90+	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	3	2	9	5	1	2	20	1	11	3	6	0	63
Covered Spouses	2	1	0	2	0	1	6	1	5	0	1	0	19

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SECTION 8 - PLAN MEMBER INFORMATION

TABLE 8.2 - RETIRED EMPLOYEES, COVERED SPOUSES and SURVIVORS AS OF JULY 1, 2013

Medicare Plans:

Age	Fallon Senior Plan	HP Medicare Enhance	Tufts Health Plan Medicare Complement	Tufts Health Plan Medicare Preferred	UniCare State Indemnity/OME w/ CIC	Life Only	Total
Under 40	0	0	0	0	0	0	0
40 to 44	0	0	0	0	0	0	0
45 to 49	0	0	0	0	0	0	0
50 to 54	0	0	0	0	0	1	1
55 to 59	0	0	0	0	0	3	3
60 to 64	1	7	2	5	11	7	33
65 to 69	0	33	7	17	53	12	122
70 to 74	1	11	2	17	41	7	79
75 to 79	0	13	1	7	17	5	43
80 to 84	0	9	2	7	20	13	51
85 to 89	0	2	2	5	4	2	15
90+	0	1	1	1	6	1	10
Total	2	76	17	59	152	51	357
Covered Spouses	0	0	0	0	1	0	1

Town of Sudbury Postemployment Benefits Other Than Pensions
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SECTION 9 - GASB 45 GLOSSARY OF TERMS

Actuarial Accrued Liability – The portion of the Actuarial Present Value of future benefits which is allocated to all periods prior to a valuation year and therefore is not provided by future Normal Costs.

Actuarial Assumptions – Assumptions as to the occurrence of future events affecting OPEB costs, such as mortality, withdrawal, disablement and retirement; changes in compensation and Government provided pension benefits; rates of investment earnings and asset appreciation or depreciation; procedures used to determine the Actuarial Value of Assets; characteristics of future entrants for Open Group Actuarial Cost Methods; and other relevant items.

Actuarial Present Value of Future Benefits – The present value of the cost to finance all benefits payable in the future, discounted to reflect the probability of payment and the time value of money.

Actuarial Valuation – the determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets and related Actuarial Present Values for an OPEB plan.

Actuarial Value of Assets – The value of plan assets used in an actuarial valuation. The Actuarial Value of Assets may reflect smoothing techniques intended to dampen year-to-year fluctuations in the market value of assets.

Annual OPEB Cost - The accrual basis annual cost for the OPEB plan sponsored by the employer. In the year of implementation of GASB 45, the Annual OPEB Cost equals the ARC. In subsequent years, if an employer has a Net OPEB Obligation, Annual OPEB Cost equals the ARC plus one year's interest on the Net OPEB Obligation plus an adjustment to the ARC.

Annual Required Contribution (ARC) – Includes the employer's Normal Cost and a provision for amortizing the Unfunded Actuarial Accrued Liability.

Explicit Subsidy – The difference between (a) the blended rates based on combined active and retired member experience and (b) actual cash contributions made by the employer.

Funded Ratio – The Actuarial Value of Assets expressed as a percentage of the Actuarial Accrued Liability.

Health Cost Trend Rate – The rate of change in per capita health claims cost over time as a result of factors such as medical inflation, utilization of healthcare services, plan design, and technological developments.

Implicit Subsidy – In an experience-rated healthcare plan that includes both active employees and retirees with blended premium rates for all plan members, the difference between (a) the age-adjusted premiums approximating claim costs for retirees in the group and (b) the blended rates based on combined active and retired member experience.

Town of Sudbury Postemployment Benefits Other Than Pensions
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SECTION 9 - GASB 45 GLOSSARY OF TERMS

Net OPEB Obligation – The cumulative excess since adoption of GASB 45 of Annual OPEB Cost over the employer's contributions to the plan.

Normal Cost – The portion of the Actuarial Present Value of Future Benefits which is allocated to a valuation year.

OPEB – Other Postemployment Benefits including medical, dental, vision, hearing and life insurance benefits.

Plan Assets – Investments segregated and restricted in a trust or similar arrangement under which:

- employer contributions to the trust are irrevocable,
- assets are dedicated to providing plan benefits, and
- assets are legally protected from creditors.

Pay-As-You-Go – A method of financing an OPEB plan under which the contributions to the plan are generally made at about the same time and in about the same amount as benefit payments and expenses becoming due.

Present Value of Future Benefits – The actuarial present value of the cost to finance benefits payable in the future, discounted to reflect the expected effects of the time value of money and the probabilities of payment.

Projected Unit Credit Actuarial Cost Method – A method under which the projected benefits of each individual included in an Actuarial Valuation are allocated by a consistent formula to valuation years. Projected Unit Credit is one of the actuarial cost methods allowed and most often used for developing liabilities under GASB 45.

Substantive Plan – The terms of an OPEB plan as understood by the employer and plan members.

Unfunded Actuarial Accrued Liability – The excess of Actuarial Accrued Liability over the Actuarial Value of Assets.

SECTION 10 - RESULTS BY DEPARTMENT

Subgroup	<u>Town</u>	<u>Public Safety</u>	<u>School</u>	<u>Pool</u>	<u>Transfer</u>	<u>Maintenance</u>	<u>Total</u>
Summary of Member Data							
Active Members	93	72	359	3	2	0	529
Average Age	50.1	40.8	44.7	42.9	51.1	0.0	45.1
Average Service	11.6	11.6	8.4	12.4	10.5	0.0	9.4
Retired Members and Survivors	76	65	275	0	1	3	420
Average Age	72.8	67.1	71.7	0.0	54.8	64.0	71.1
Actuarial Accrued Liability - July 1, 2013							
Active Employees	3,329,888	3,988,827	10,996,700	152,827	96,454	0	18,564,696
Retired Employees and Survivors	2,793,985	3,427,437	11,049,974	0	53	168,638	17,440,087
Total	6,123,873	7,416,264	22,046,674	152,827	96,507	168,638	36,004,783
Actuarial Value of Plan Assets - July 1, 2013	0	0	0	0	0	0	0
Unfunded Actuarial Accrued Liability	6,123,873	7,416,264	22,046,674	152,827	96,507	168,638	36,004,783
Annual Required Contribution (ARC) for FYE 2014							
Normal Cost	191,497	302,285	838,154	12,641	9,949	0	1,354,526
Amortization of UAL	321,632	389,510	1,157,913	8,027	5,069	8,857	1,891,008
Interest	17,960	24,213	69,862	723	526	310	113,594
Total	531,089	716,008	2,065,929	21,391	15,544	9,167	3,359,128
Annual OPEB Cost for FYE 2014							
Annual Required Contribution	531,089	716,008	2,065,929	21,391	15,544	9,167	3,359,128
Interest on Net OPEB Obligation	74,808	100,855	291,003	3,013	2,189	1,291	473,159
Adjustment to annual required contribution	(116,225)	(156,693)	(452,112)	(4,681)	(3,402)	(2,006)	(735,119)
Annual OPEB cost/(expense)	489,672	660,170	1,904,820	19,723	14,331	8,452	3,097,168
Expected Benefit Payments	(178,471)	(182,535)	(631,361)	0	(3)	(10,274)	(1,002,644)
OPEB Trust contributions	0	0	0	0	0	0	0
Employer contributions	(178,471)	(182,535)	(631,361)	0	(3)	(10,274)	(1,002,644)
Change in Net OPEB Obligation	311,201	477,635	1,273,459	19,723	14,328	(1,822)	2,094,524
Net OPEB Obligation (Asset) - beginning of year*	2,137,371	2,881,578	8,314,343	86,088	62,557	36,893	13,518,830
Net OPEB Obligation (Asset) - end of year	2,448,572	3,359,213	9,587,802	105,811	76,885	35,071	15,613,354
Town of Sudbury Postemployment Benefits Other Than Pensions							
Actuarial Valuation as of July 1, 2013							

Attachment: Sudbury 2013 OPEB Report 11-6-2014 FINAL (1095 : OPEB Committee Report)

SECTION 10 - RESULTS BY DEPARTMENT

Subgroup	<u>Town</u>	<u>Public Safety</u>	<u>School</u>	<u>Pool</u>	<u>Transfer</u>	<u>Field Maintenance</u>	<u>Total</u>
Actuarial Accrued Liability - July 1, 2014							
Total	6,354,841	7,802,996	23,043,482	171,259	110,179	164,088	37,646,845
Actuarial Value of Plan Assets - July 1, 2014	0	0	0	0	0	0	0
Unfunded Actuarial Accrued Liability	6,354,841	7,802,996	23,043,482	171,259	110,179	164,088	37,646,845
Annual Required Contribution (ARC) for FYE 2015							
Normal Cost	199,157	314,376	871,680	13,147	10,347	0	1,408,707
Amortization of UAL	333,763	409,821	1,210,266	8,995	5,787	8,618	1,977,250
Interest	18,652	25,347	72,867	775	565	302	118,508
Total	551,572	749,544	2,154,813	22,917	16,699	8,920	3,504,465
Annual OPEB Cost for FYE 2015							
Annual Required Contribution	551,572	749,544	2,154,813	22,917	16,699	8,920	3,504,465
Interest on Net OPEB Obligation	85,700	117,572	335,574	3,703	2,691	1,227	546,467
Adjustment to annual required contribution	(133,147)	(182,665)	(521,359)	(5,754)	(4,181)	(1,907)	(849,013)
Annual OPEB cost/(expense)	504,125	684,451	1,969,028	20,866	15,209	8,240	3,201,919
Expected Employer premiums	(197,835)	(185,508)	(655,322)	0	(3)	(8,656)	(1,047,324)
OPEB Trust contributions	0	0	0	0	0	0	0
Employer contributions	(197,835)	(185,508)	(655,322)	0	(3)	(8,656)	(1,047,324)
Change in Net OPEB Obligation	306,290	498,943	1,313,706	20,866	15,206	(416)	2,154,595
Net OPEB Obligation (Asset) - beginning of year	2,448,572	3,359,213	9,587,802	105,811	76,885	35,071	15,613,354
Net OPEB Obligation (Asset) - end of year	2,754,862	3,858,156	10,901,508	126,677	92,091	34,655	17,767,949

* Net OPEB Obligation as of June 30, 2013 is allocated based on FYE 2014 Annual Required Contribution.

Town of Sudbury Postemployment Benefits Other Than Pensions
Actuarial Valuation as of July 1, 2013



LINCOLN-SUDBURY REGIONAL SCHOOL DISTRICT

OTHER POSTEMPLOYMENT BENEFITS PROGRAM

ACTUARIAL VALUATION

July 1, 2013

Prepared by:

Linda L. Bournival, FSA, EA, MAAA
KMS Actuaries, LLC
Fellow, Society of Actuaries
Enrolled Actuary
Member, American Academy of Actuaries

and

Christopher E. Bean, ASA, MAAA
DBR Group, Inc.
Associate, Society of Actuaries
Member, American Academy of Actuaries



October 15, 2014

Mr. Patrick Collins
 Business Manager
 Lincoln-Sudbury Regional School District
 390 Lincoln Road
 Sudbury, MA 01776

Dear Patrick:

Enclosed is our report summarizing the results of an actuarial valuation of the Lincoln-Sudbury Regional School District's Other Postemployment Benefits (OPEB) as of July 1, 2013. Our valuation was performed in accordance with the provisions contained in the GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (GASB 45).

A summary of the valuation results is shown in Section 1. The principal results of our valuation are summarized in Section 2. The Plan Provisions and Actuarial Assumptions and Methods are shown in Sections 6 and 7, respectively. Section 8 summarizes the demographic profile of active employees and retirees.

The required disclosures under GASB 45 are presented in Section 3.

Our best estimate health care cost trend assumptions are based on recent experience and anticipated future cost increases under the Lincoln-Sudbury Regional School District medical plans. Section 5 illustrates the sensitivity of actuarial accrued liability and normal cost to a one percentage increase and decrease in the health care cost trend assumption for each future year.

Our actuarial valuation is based on a discount rate of 3.5% compounded annually. To illustrate the impact on cost of fully prefunding the District's benefit liabilities, our report also includes valuation results based on an alternative 7.5% discount rate.

We also provide a 30-year forecast of the Annual Required Contribution as well as a 10-year forecast of the Annual OPEB Cost and the Net OPEB Obligation in Section 4.

Attachment: LSRSD 2013 GASB 45 Report 10-15-2014 (1095 : OPEB Committee Report)

K M S A C T U A R I E S

814 Elm Street, Suite 204 · Manchester, NH 03101 · p: (603) 792-9494 · f: (603) 792-9492 · lindab@kmsactuaries.com · kmsactuaries.com

Mr. Patrick Collins
October 15, 2014
Page 2

Our calculations were based on participant census data and other information provided by the Lincoln-Sudbury Regional School District and the benefit provisions of the medical plans as described in the benefit summaries. Our valuation is also based on medical plan rates provided by the Minuteman Nashoba Health Group.

Our valuation follows generally accepted actuarial methods and we perform such tests as we consider necessary to assure the accuracy of the results. The amounts presented in this report have been appropriately determined according to the actuarial assumptions and methods stated herein.

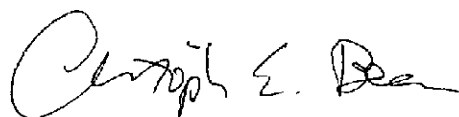
We are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

We appreciate this opportunity to be of service to the Lincoln-Sudbury Regional School District. We are available to answer any questions with respect to our valuation.

Respectfully submitted,



Linda L. Bournival, FSA, EA, MAAA
Member, American Academy of Actuaries
603-792-9494



Christopher E. Bean, ASA, MAAA
Member, American Academy of Actuaries
508-628-9022

Attachment: LSRSD 2013 GASB 45 Report 10-15-2014 (1095 : OPEB Committee Report)

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ACTUARIAL CERTIFICATION

This report presents the results of the Actuarial Valuation for the Lincoln-Sudbury Regional School District Postemployment Benefits Other Than Pensions as of July 1, 2013. The report presents the accounting and financial reporting information in accordance with Statement Number 45 of the Governmental Accounting Standards Board (GASB 45).

This valuation was performed using employee data and financial information provided to us by the District. Although we did not audit the data used in the valuation, we believe that the information is complete and reliable.

This report was completed in accordance with generally accepted actuarial standards and procedures, and conforms to the Code of Professional Conduct of the American Academy of Actuaries. The actuarial assumptions other than those explicitly applicable to the postemployment benefit plans are consistent with those used by the Middlesex County Retirement System and Massachusetts Teachers Retirement System's actuaries for the Retirement System pension valuations.

Future actuarial valuation results may differ significantly from the current results presented in this report. Examples of potential sources of volatility include plan experience differing from that anticipated by the economic or demographic assumptions, the effect of new entrants, changes in economic or demographic assumptions, the effect of law changes and the delayed effect of smoothing techniques.

This report is intended for the sole use of the Lincoln-Sudbury Regional School District and is intended to provide information to comply with the stated purpose of the report. It may not be appropriate for other purposes.

The undersigned credentialed actuaries are Members of the American Academy of Actuaries and together meet the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinion contained herein. They are available to answer any questions with regard to this report.

Respectfully submitted,



Linda L. Bournival, FSA, EA, MAAA
Member, American Academy of Actuaries
603-792-9494

Christopher E. Bean, ASA, MAAA
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Lincoln-Sudbury Regional School District Postemployment Benefits Other Than Pensions
Actuarial Valuation as of July 1, 2013

SECTION 1 - SUMMARY

BACKGROUND

The Lincoln-Sudbury Regional School District provides postemployment medical benefits to District retirees and their covered dependents. The District provides benefits as follows:

- ◆ Employees hired before April 2, 2012: retire after attaining age 55 with 10 or more years of service or any age with 20 or more years of service
- ◆ Employees hired after April 1, 2012: retire after attaining age 60 with 10 or more years of service

Medical coverage continues to the spouse after the death of the retiree provided the spouse makes the required contributions.

GASB 45

The Governmental Accounting Standards Board (GASB) is responsible for establishing accounting standards for governmental entities. Calculations developed in accordance with GASB standards are required when providing financial statements.

GASB believes that postemployment benefits are a form of deferred compensation whose cost should be recognized while the employee actually renders services rather than when the actual benefits are paid, many years later. Ideally under the GASB standard the entire postemployment liability is recognized by the time an active participant begins to receive postemployment benefits. GASB 45's focus is on postemployment benefits other than pensions, such as medical, dental and life insurance benefits. Unlike pensions where sponsors are pre-funding for benefits due in the future, the impact of GASB 45 will be to significantly increase cash pay-as-you-go expense.

The effective date for GASB 45 is a function of the District's total annual revenues in the first fiscal year ending after June 15, 1999. We understand that this is your fiscal year that ended June 30, 1999, and that your related revenues were greater than \$10 million and less than \$100 million. As a result, the District was required to comply with GASB 45 for the fiscal year ending June 30, 2009.

ACTUARIAL VALUATION

As of July 1, 2013, there are 207 active employees who may be eligible for benefits in the future and 171 retired employees, covered spouses and survivors who are currently receiving benefits. Coverage is for individuals and families or individuals and spouses depending on the coverage selected.

SECTION 1 - SUMMARY

Prior to GASB 45, the annual cost recognized was the annual premiums or benefits paid plus administrative expenses less any participant contributions paid towards the coverage. Under GASB 45, an annual cost for postemployment coverage is developed for any person who is currently receiving or who is currently actively employed and may be eligible to receive benefits in the future. In developing the GASB 45 cost for the Lincoln-Sudbury Regional School District, the payment of future benefits is determined using the current schedule of premiums under the Minuteman Nashoba Health Group plans. We have used a single unadjusted premium rate applicable to both active employees and non-Medicare-eligible retirees because the Minuteman Nashoba Health Group would offer the same premium rates if only non-Medicare-eligible retirees from the Lincoln-Sudbury Regional School District were covered. This is a change from the previous valuation, where we modified the premiums to reflect the population and to reflect the fact that actual healthcare expenses are higher as individuals age. These premiums are increased in the future under the annual healthcare cost trend rate assumptions. The per capita costs utilized in this valuation are detailed in Section 7, Actuarial Assumptions and Methods.

SUMMARY OF PRINCIPAL RESULTS

Valuation Date	<u>July 1, 2013</u>	<u>July 1, 2011</u>
Summary of Member Data		
Active Members*	207	157
Average Age	45.9	45.7
Average Service	10.5	11.2
Retired Employees, Covered Spouses and Survivors	171	178
Average Age	73.1	73.2
Discount rate	3.50%	3.50%
Actuarial Accrued Liability	\$27,234,223	\$46,124,163
Normal Cost	\$1,012,132	\$1,884,473
Assets	\$0	\$0
Unfunded Actuarial Accrued Liability	\$27,234,223	\$46,124,163
Annual Required Contribution	\$2,527,989	\$4,457,705
Expected Employer Premiums	\$742,709	\$1,098,665

* Active members as of July 1, 2011 include only those covered under health insurance. Active members as of July 1, 2013 include all active employees.

Lincoln-Sudbury Regional School District Postemployment Benefits Other Than Pensions
Actuarial Valuation as of July 1, 2013

SECTION 1 - SUMMARY

ACTUARIAL ASSUMPTIONS

The most important assumption for GASB 45 is the discount rate, which is used to discount future benefits to current age. GASB 45 requires that the discount rate accurately reflects the rate of return on assets dedicated to paying the retiree medical benefits. This means that a traditional pay-as-you-go system, which pays benefits from the District's annual budget and not a dedicated trust, must use a discount rate close to the rate of return on cash. Full pre-funding by use of a dedicated trust with a mixture of stocks and bonds can employ a higher discount rate that accurately reflects the expected return on trust assets dedicated to pay retiree medical benefits. For the Lincoln-Sudbury Regional School District, we selected a 3.5% discount rate to reflect a pay-as-you-go system with an expected return close to the rate of return on cash.

CHANGES

Some assumptions used in this valuation have changed from those used in the July 1, 2011 valuation and are detailed in Section 7. The major assumption changes are summarized below:

- ◆ Health plans provided by the Minuteman Nashoba Health Group are considered "community-rated", therefore the claims cost does not include an implicit subsidy.
- ◆ disability rates were incorporated into this valuation to be consistent with the demographic assumptions used by the Middlesex County and Massachusetts Teachers Retirement Systems.
- ◆ the mortality table was changed from the RP-2000 Mortality Table projected to 2011 using Scale AA to the RP-2000 Mortality Table projected to 2013 using Scale AA.
- ◆ Medical and life insurance participation rates were revised to 90% (from 100%) to reflect the change in active employee data submitted. Previously, the District submitted only active employees covered under health insurance. For this valuation, the District submitted all active employees.

RESULTS

We have provided results based on a discount rate of 3.5%. As shown in Table 4.2 of Section 4, the Annual OPEB Cost for the fiscal year ending June 30, 2014 under GASB 45 is \$2,349,271 and the estimated Annual OPEB Cost for the fiscal year ending June 30, 2015 under GASB 45 is \$2,427,727.

The accumulated Net OPEB Obligation as of June 30, 2014 is \$10,829,588 and the estimated Net OPEB Obligation as of June 30, 2015 is \$12,474,776.

The Actuarial Accrued Liability (AAL) as of July 1, 2013 is \$27,234,223. The AAL by status breakdown is shown below:

Actives:	\$15,433,007
Retirees, Beneficiaries and Surviving Spouses:	11,801,216
Total:	\$27,234,223

Lincoln-Sudbury Regional School District Postemployment Benefits Other Than Pensions
Actuarial Valuation as of July 1, 2013

SECTION 1 - SUMMARY

ACTUARIAL GAIN/LOSS ANALYSIS

In performing the actuarial valuation, various assumptions are made regarding future premium rates, mortality, retirement, disability and withdrawal rates as well as investment returns. A comparison of the results of the current valuation and the prior valuation is made to determine how closely actual experience relates to expected. Below is the development of the estimated Actuarial Gain or Loss for the current 2-year period:

	<u>July 1, 2011</u>	<u>July 1, 2012</u>
Actuarial Accrued Liability, beginning of year	\$46,124,163	\$48,571,212
Normal Cost	1,884,473	1,959,852
Expected Benefit Payments	(1,098,665)	(1,175,178)
Interest	1,661,241	1,748,198
Expected Actuarial Accrued Liability, end of year	\$48,571,212	\$51,104,084
Actual Actuarial Accrued Liability		\$27,234,223
(Gain)/Loss		(\$23,869,861)

The actuarial gain of \$23,869,861 was mostly comprised of the following:

◆ gain as a result of favorable demographic experience	(4,301,889)
◆ gain as a result of premium rates less than expected from the prior valuation	(9,080,449)
◆ gain as a result of reduction in initial claims cost due to removal of implicit subsidy	(11,070,463)
◆ loss as a result of the valuation of the excise tax imposed by the Patient Protection and Affordable Care Act, effective 2018	582,940
◆ Total (Gain)/Loss	(23,869,861)

SECTION 1 - SUMMARY

REIMBURSEMENT FOR HEALTHCARE PREMIUM CONTRIBUTIONS

Whenever the service of a retired employee is attributable to service in more than one Massachusetts governmental unit and the retired employee receives a healthcare premium contribution, Section 9A1/2 of M.G.L. Section 32B provides for reimbursement by other governmental units for the portion of healthcare premium contributions that corresponds to the percentage of the retiree's creditable service that is attributable for each governmental unit. The other governmental units shall be charged based on the Lincoln-Sudbury Regional School District's contribution rate or the contribution rate of the first employer, whichever is lower.

For purposes of this valuation, we have not taken into account any prior service rendered at other Massachusetts entities for current or future retirees for the Lincoln-Sudbury Regional School District nor have we taken into account any service rendered by former Lincoln-Sudbury Regional School District employees currently working at or retired from other Massachusetts entities that may notify the Lincoln-Sudbury Regional School District of reimbursement due for former Lincoln-Sudbury Regional School District employees.

SECTION 2 - PRINCIPAL VALUATION RESULTS

Section 20 of M.G.L. Chapter 32B allows municipal entities to establish an OPEB trust for purposes of accumulating assets to prefund the OPEB liabilities. We understand that the Lincoln-Sudbury Regional School District has not established an irrevocable trust for the purpose of prefunding OPEB liabilities.

The Actuarial Value of Plan Assets is equal to the market value. The asset activity during the 2-year period July 1, 2012 through June 30, 2013 follows:

TABLE 2.1 - OPEB TRUST ASSETS

Market Value of Assets		
Fiscal Year Ending	<u>6/30/2013</u>	<u>6/30/2012</u>
Assets as of Beginning of Year	\$0	\$0
Contributions Receivable	\$0	\$0
Assets as of Beginning of Year	\$0	\$0
Employer Contributions		
Paid Premiums*	\$687,928	\$851,766
OPEB Trust Deposits	0	0
Total Employer Contributions	\$687,928	\$851,766
Benefits Paid	(687,928)	(\$851,766)
Expenses	0	0
Investment Earnings	0	0
Assets as of End of Year	\$0	\$0

* Paid premiums for the fiscal years ending June 30, 2013 and June 30, 2012 were provided by the Lincoln-Sudbury Regional School District.

SECTION 2 - PRINCIPAL VALUATION RESULTS

The Actuarial Accrued Liability is the portion of the Actuarial Present Value of Future Benefits which is allocated to all periods prior to a valuation year and therefore is not provided for by future Normal Costs. Below is the Actuarial Accrued Liability assuming a discount rate of 3.5%, the rate of return on cash, and 7.5%, the rate of return on a dedicated trust if the District were to fully pre-fund benefits:

TABLE 2.2 - ACTUARIAL ACCRUED LIABILITY

	Pay-As-You-Go	Full Pre-Funding
Discount Rate	3.5%	7.5%
Current Active Employees		
Pre-Medicare Gross Benefit	\$5,416,922	\$3,120,944
Pre-Medicare Participant Contributions	1,549,234	903,948
Net Pre-Medicare Benefit	\$3,867,688	\$2,216,996
Post - Medicare Gross Benefit	\$16,510,326	\$6,326,998
Post - Medicare Participant Contributions	4,945,007	1,897,000
Net Post - Medicare Benefit	\$11,565,319	\$4,429,998
Total Current Active Employees	\$15,433,007	\$6,646,994
Current Retirees		
Pre-Medicare Gross Benefit	\$1,433,198	\$1,251,193
Pre-Medicare Participant Contributions	400,604	349,332
Net Pre-Medicare Benefit	\$1,032,594	\$901,861
Post - Medicare Gross Benefit	\$13,980,137	\$9,184,652
Post - Medicare Participant Contributions	3,211,515	2,075,962
Net Post - Medicare Benefit	\$10,768,622	\$7,108,690
Total Current Retirees	\$11,801,216	\$8,010,551
Total Actuarial Accrued Liability (AAL)	\$27,234,223	\$14,657,545

Attachment: LSRSD 2013 GASB 45 Report 10-15-2014 (1095 : OPEB Committee Report)

SECTION 2 - PRINCIPAL VALUATION RESULTS

The Normal Cost is the portion of the Actuarial Present Value of Future Benefits which is attributed to services rendered by active employees in the current year. Below is the Normal Cost assuming a discount rate of 3.5%, the rate of return on cash, and 7.5%, the rate of return on a dedicated trust if the District were to fully pre-fund benefits:

TABLE 2.3 - NORMAL COST

	Pay-As-You-Go	Full Pre-Funding
Discount Rate	3.5%	7.5%
Current Active Employees		
Pre-Medicare Gross Benefit	\$377,543	\$177,195
Pre-Medicare Participant Contributions	105,070	50,000
Net Pre-Medicare Benefit	\$272,473	\$127,195
Post - Medicare Gross Benefit	\$1,054,904	\$330,541
Post - Medicare Participant Contributions	315,245	99,029
Net Post - Medicare Benefit	\$739,659	\$231,512
Total Current Active Employees	\$1,012,132	\$358,707
Current Retirees		
Pre-Medicare Gross Benefit	\$0	\$0
Pre-Medicare Participant Contributions	0	0
Net Pre-Medicare Benefit	\$0	\$0
Post - Medicare Gross Benefit	\$0	\$0
Post - Medicare Participant Contributions	0	0
Net Post - Medicare Benefit	\$0	\$0
Total Current Retirees	\$0	\$0
Total Normal Cost (NC)	\$1,012,132	\$358,707

Attachment: LSRSD 2013 GASB 45 Report 10-15-2014 (1095 : OPEB Committee Report)

SECTION 2 - PRINCIPAL VALUATION RESULTS

Under GASB 45, the Annual Required Contribution (ARC) of the employer equals the Normal Cost plus a provision for amortizing the Unfunded Actuarial Accrued Liability. We have assumed level dollar amortization over the maximum acceptable amortization period of 30 years. For the period beginning July 1, 2013, the ARC, calculated under the parameters of this actuarial valuation, would be:

TABLE 2.4 - ANNUAL REQUIRED CONTRIBUTION and ANNUAL OPEB COST

	Pay-As-You-Go	Full Pre-Funding
Discount Rate	3.5%	7.5%
1. Normal Cost	\$1,012,132	\$358,707
2. Unfunded Actuarial Accrued Liability		
a. Actuarial Accrued Liability	\$27,234,223	\$14,657,545
b. Actuarial Value of Plan Assets	\$0	\$0
c. Unfunded Actuarial Accrued Liability	\$27,234,223	\$14,657,545
3. Amortization of Unfunded Actuarial Accrued Liability		
a. Unfunded Actuarial Accrued Liability	\$27,234,223	\$14,657,545
b. Amortization Period in years	30	30
c. Factor Increasing Rate	0.0%	0.0%
d. Amortization Factor	19.04	12.70
e. Amortization Amount (3.a. / 3.d.)	\$1,430,369	\$1,154,137
4. Interest on 1. and 3.e.	\$85,488	\$113,463
5. Annual Required Contribution (1. + 3.e. + 4.)	\$2,527,989	\$1,626,307
6. Net OPEB Obligation / (Asset) beginning of year	\$9,223,026	Not Applicable
7. Interest on Net OPEB Obligation at 3.50%	\$322,806	Not Applicable
8. Adjustment to Annual Required Contribution at 3.50%	(\$501,524)	Not Applicable
9. Annual OPEB Cost (5. + 7. - 8.)	\$2,349,271	Not Applicable

Lincoln-Sudbury Regional School District Postemployment Benefits Other Than Pensions
Actuarial Valuation as of July 1, 2013

SECTION 3 - GASB 45 ACCOUNTING DISCLOSURE

GASB 45 requires disclosure of the annual OPEB cost, the Net OPEB Obligation and the Schedule of Funding Progress. In addition, information about the Actuarial Methods and Assumptions used in the valuation and a summary of the Substantive Plan Provisions are disclosed, which are provided in Section 6 and Section 7, respectively.

Annual OPEB Cost and Net OPEB Obligation*

Fiscal Year Ending	<u>6/30/2014</u>	<u>6/30/2013</u>	<u>6/30/2012</u>
Discount rate	3.50%	3.50%	3.50%
Annual Required Contribution	\$2,527,989	\$4,668,741	\$4,457,705
Interest on Net OPEB Obligation	322,806	204,494	126,081
Adjustment to Annual Required Contribution	(501,524)	(317,710)	(164,061)
Annual OPEB Cost	\$2,349,271	\$4,555,525	\$4,419,725
Expected Benefit Payments	(742,709)	(1,175,178)	(1,098,665)
Employer Contributions to OPEB Trust	-	-	-
Total Employer Contributions	(742,709)	(1,175,178)	(1,098,665)
Change in Net OPEB Obligation	\$1,606,562	\$3,380,347	\$3,321,060
Net OPEB Obligation (Asset) - beginning of year	\$9,223,026	\$5,842,679	\$2,521,619
Net OPEB Obligation (Asset) - end of year	\$10,829,588	\$9,223,026	\$5,842,679

* Entries for fiscal years June 30, 2013 and June 30, 2012 are based on information provided in the District's audited financial statements.

Plan History

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2014	2,349,271	31.6%	10,829,588
6/30/2013	4,555,525	25.8%	9,223,026
6/30/2012	4,419,725	24.9%	5,842,679

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
7/1/2013	0	27,234,223	27,234,223	0.00%	15,208,353	179.1%
7/1/2011	0	46,124,163	46,124,163	0.00%	15,479,452	298.0%
6/30/2009	0	29,430,886	29,430,886	0.00%	Not available	Not available

Lincoln-Sudbury Regional School District Postemployment Benefits Other Than Pensions
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SECTION 4 - FORECASTS

OVERVIEW

In Section 4, we have provided a 30-year forecast of the Annual Required Contribution, Actuarial Accrued Liability, Assets and Unfunded Actuarial Accrued Liability. The entries in Table 4.1 are based on the assumptions stated below:

- ◆ Expected Benefit Payments are developed in the actuarial valuation and are based on the assumptions detailed in Section 7.
- ◆ Normal Cost with interest is assumed to increase annually by 4%.
- ◆ Assets are assumed to grow annually at the selected discount rate plus OPEB Trust Contributions made at the end of each fiscal year.
- ◆ Actuarial Accrued Liability (AAL), end of year, equals AAL, beginning of year, plus Normal Cost less Expected Benefit Payments plus interest on these items.
- ◆ Unfunded Actuarial Accrued Liability (UAAL) equals the AAL less Assets.
- ◆ the Annual Required Contribution (ARC) is the sum of the Normal Cost, the Amortization Amount and Interest.

Table 4.1 is based on funding the Expected Benefit Payments.

- ◆ The assumed discount rate is 3.5%.
- ◆ Amortization Amount is the amount necessary to amortize the Unfunded Actuarial Accrued Liability over 30 years at a discount rate of 3.5% on an open amortization basis. The open amortization period is 30 years, recalculated each year.

SECTION 4 - FORECASTS

TABLE 4.1 - ANNUAL REQUIRED CONTRIBUTIONS

FYE June 30	(1) Normal Cost	(2) Actuarial Accrued Liability	(3) Expected Benefit Payments	(4) Actuarial Value of Assets	(5) Unfunded Actuarial Accrued Liability (2) - (3)	(6) Amortization Amount	(7) Interest	(8) ARC (1) + (6) + (7)	(9) OPEB Trust Contributions
2014	1,012,132	27,234,223	742,709	-	27,234,223	1,430,369	85,488	2,527,989	-
2015	1,052,617	28,479,383	782,539	-	28,479,383	1,495,766	89,193	2,637,576	-
2016	1,094,722	29,769,504	829,661	-	29,769,504	1,563,524	93,039	2,751,285	-
2017	1,138,511	31,100,419	872,314	-	31,100,419	1,633,425	97,018	2,868,954	-
2018	1,184,051	32,479,844	929,775	-	32,479,844	1,705,874	101,147	2,991,072	-
2019	1,231,413	33,896,225	982,298	-	33,896,225	1,780,264	105,409	3,117,086	-
2020	1,280,670	35,357,765	1,031,403	-	35,357,765	1,857,025	109,819	3,247,514	-
2021	1,331,897	36,871,483	1,080,169	-	36,871,483	1,936,527	114,395	3,382,819	-
2022	1,385,173	38,441,589	1,111,226	-	38,441,589	2,018,991	119,146	3,523,310	-
2023	1,440,580	40,090,193	1,159,889	-	40,090,193	2,105,577	124,115	3,670,272	-
2024	1,498,203	41,804,338	1,211,081	-	41,804,338	2,195,606	129,283	3,823,092	-
2025	1,558,131	43,586,037	1,282,561	-	43,586,037	2,289,183	134,656	3,981,970	-
2026	1,620,456	45,419,401	1,342,086	-	45,419,401	2,385,473	140,208	4,146,137	-
2027	1,685,274	47,320,881	1,407,840	-	47,320,881	2,485,340	145,971	4,316,585	-
2028	1,752,685	49,289,105	1,457,411	-	49,289,105	2,588,713	151,949	4,493,347	-
2029	1,822,792	51,345,556	1,490,156	-	51,345,556	2,696,720	158,183	4,677,695	-
2030	1,895,704	53,513,231	1,564,586	-	53,513,231	2,810,569	164,720	4,870,993	-
2031	1,971,532	55,756,517	1,611,430	-	55,756,517	2,928,388	171,497	5,071,417	-
2032	2,050,393	58,109,143	1,668,270	-	58,109,143	3,051,951	178,582	5,280,926	-
2033	2,132,409	60,567,906	1,728,080	-	60,567,906	3,181,088	185,972	5,499,469	-
2034	2,217,705	63,136,765	1,780,917	-	63,136,765	3,316,007	193,680	5,727,392	-
2035	2,306,413	65,830,061	1,846,459	-	65,830,061	3,457,461	201,736	5,965,610	-
2036	2,398,670	68,642,756	1,886,349	-	68,642,756	3,605,187	210,135	6,213,992	-
2037	2,494,617	71,608,800	1,904,277	-	71,608,800	3,760,966	218,945	6,474,528	-
2038	2,594,402	74,759,721	1,947,399	-	74,759,721	3,926,456	228,230	6,749,088	-
2039	2,698,178	78,080,332	1,993,984	-	78,080,332	4,100,858	237,966	7,037,002	-
2040	2,806,105	81,577,179	2,045,585	-	81,577,179	4,284,516	248,172	7,338,793	-
2041	2,918,349	85,255,624	2,081,552	-	85,255,624	4,477,711	258,862	7,654,922	-
2042	3,035,083	89,142,396	2,059,165	-	89,142,396	4,681,849	270,093	7,987,025	-
2043	3,156,486	93,308,800	2,045,696	-	93,308,800	4,900,672	282,001	8,339,159	-

30 years open, 3.5% discount rate.

Lincoln-Sudbury Regional School District Postemployment Benefits Other Than Pensions
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SECTION 4 - FORECASTS

TABLE 4.2 - ANNUAL OPEB COST and NET OPEB OBLIGATION

FYE June 30	ARC	Interest on Net OPEB Obligation	ARC Adjustment	Amortization Factor	Annual OPEB Cost	Expected Employer Contributions	Change in Net OPEB Obligation	Net OPEB Obligation Balance
								9,223,026
2014	2,527,989	322,806	(501,524)	18.39	2,349,271	742,709	1,606,562	10,829,588
2015	2,637,576	379,036	(588,885)	18.39	2,427,727	782,539	1,645,188	12,474,776
2016	2,751,285	436,617	(678,346)	18.39	2,509,556	829,661	1,679,895	14,154,671
2017	2,868,954	495,413	(769,694)	18.39	2,594,673	872,314	1,722,359	15,877,030
2018	2,991,072	555,696	(863,351)	18.39	2,683,417	929,775	1,753,642	17,630,672
2019	3,117,086	617,074	(958,710)	18.39	2,775,450	982,298	1,793,152	19,423,824
2020	3,247,514	679,834	(1,056,217)	18.39	2,871,131	1,031,403	1,839,728	21,263,552
2021	3,382,819	744,224	(1,156,256)	18.39	2,970,787	1,080,169	1,890,618	23,154,170
2022	3,523,310	810,396	(1,259,063)	18.39	3,074,643	1,111,226	1,963,417	25,117,587
2023	3,670,272	879,116	(1,365,829)	18.39	3,183,559	1,159,889	2,023,670	27,141,257

Notes:

1. ARC and Expected Employer Contributions are from 30-Year Forecast of Annual Required Contributions (Table 4.1).
2. Interest on Net OPEB Obligation is computed on the prior year Net OPEB Obligation Balance.
3. ARC Adjustment is the prior year Net OPEB Obligation Balance amortized over 30 years.
4. OPEB Cost is the ARC plus Interest on Net OPEB Obligation less ARC Adjustment.
5. Change in Net OPEB Obligation is the difference between the Annual OPEB Cost and Expected Employer Contributions.
6. Net OPEB Obligation is the prior year Net OPEB Obligation Balance plus Change in Net OPEB Obligation.
7. Year one Interest on Net OPEB Obligation and ARC Adjustment computed at prior discount rate of 3.50%.
8. Subsequent years' Interest on Net OPEB Obligation and ARC Adjustment computed at current discount rate of 3.50%.

Lincoln-Sudbury Regional School District Postemployment Benefits Other Than Pensions
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SECTION 5 - SENSITIVITY TO HEALTH CARE COST TREND RATE

Below we illustrate the sensitivity of Actuarial Accrued Liability to a one percentage increase and decrease in health care cost trend assumption for each future year:

TABLE 5.1 - ACTUARIAL ACCRUED LIABILITY

	<u>Assumed Trend</u>	<u>Trend +1%</u>	<u>Trend -1%</u>
Discount Rate	3.5%	3.5%	3.5%
Current Active Employees			
Pre-Medicare Gross Benefit	\$5,416,922	\$6,274,634	\$4,699,928
Pre-Medicare Participant Contributions	1,549,234	1,790,562	1,347,154
Net Pre-Medicare Benefit	\$3,867,688	\$4,484,072	\$3,352,774
Post - Medicare Gross Benefit	\$16,510,326	\$21,578,484	\$12,779,458
Post - Medicare Participant Contributions	4,945,007	6,461,228	3,828,414
Net Post - Medicare Benefit	\$11,565,319	\$15,117,256	\$8,951,044
Total Current Active Employees	\$15,433,007	\$19,601,328	\$12,303,818
Current Retirees			
Pre-Medicare Gross Benefit	\$1,433,198	\$1,477,934	\$1,390,505
Pre-Medicare Participant Contributions	400,604	413,273	388,520
Net Pre-Medicare Benefit	\$1,032,594	\$1,064,661	\$1,001,985
Post - Medicare Gross Benefit	\$13,980,137	\$15,691,095	\$12,528,023
Post - Medicare Participant Contributions	3,211,515	3,622,390	2,864,261
Net Post - Medicare Benefit	\$10,768,622	\$12,068,705	\$9,663,762
Total Current Retirees	\$11,801,216	\$13,133,366	\$10,665,747
Total Actuarial Accrued Liability (AAL)	\$27,234,223	\$32,734,694	\$22,969,565

Attachment: LSRSD 2013 GASB 45 Report 10-15-2014 (1095 : OPEB Committee Report)

SECTION 5 - SENSITIVITY TO HEALTH CARE COST TREND RATE

Below we illustrate the sensitivity of Normal Cost to a one percentage increase and decrease in health care cost trend assumption for each future year:

TABLE 5.2 - NORMAL COST

	<u>Assumed Trend</u>	<u>Trend +1%</u>	<u>Trend -1%</u>
Discount Rate	3.5%	3.5%	3.5%
Current Active Employees			
Pre-Medicare Gross Benefit	\$377,543	\$460,082	\$311,165
Pre-Medicare Participant Contributions	105,070	127,792	86,771
Net Pre-Medicare Benefit	\$272,473	\$332,290	\$224,394
Post - Medicare Gross Benefit	\$1,054,904	\$1,453,155	\$774,925
Post - Medicare Participant Contributions	315,245	433,995	231,699
Net Post - Medicare Benefit	\$739,659	\$1,019,160	\$543,226
Total Current Active Employees	\$1,012,132	\$1,351,450	\$767,620
Current Retirees			
Pre-Medicare Gross Benefit	\$0	\$0	\$0
Pre-Medicare Participant Contributions	0	0	0
Net Pre-Medicare Benefit	\$0	\$0	\$0
Post - Medicare Gross Benefit	\$0	\$0	\$0
Post - Medicare Participant Contributions	0	0	0
Net Post - Medicare Benefit	\$0	\$0	\$0
Total Current Retirees	\$0	\$0	\$0
Total Normal Cost	\$1,012,132	\$1,351,450	\$767,620

Attachment: LSRSD 2013 GASB 45 Report 10-15-2014 (1095 : OPEB Committee Report)

SECTION 6 - PLAN PROVISIONS

Eligibility: Employees hired before April 2, 2012: retire after attaining age 55 with 10 or more years of service or any age with 20 or more years of service

Employees hired after April 1, 2012: retire after attaining age 60 with 10 or more years of service

Medical Premium Rates: The total monthly costs by plan are shown below:

<u>Non-Medicare Plans - June 1, 2014</u>	<u>Individual</u>	<u>Family</u>
Tufts HMO	\$581.00	\$1,577.00
Tufts POS	\$1,604.00	\$4,232.00
Harvard Pilgrim HMO	\$592.00	\$1,554.00
Harvard Pilgrim PPO	\$1,350.00	\$3,565.00
Fallon Select Care HMO	\$523.00	\$1,396.00
Fallon Direct Care HMO	\$493.00	\$1,319.00
 <u>Medicare Plans - January 1, 2014</u>		
Tufts Medicare Prime Supplement	\$349.00	
Tufts Medicare Preferred HMO	\$252.00	
Fallon Senior Plan	\$278.00	

Medicare Part B: The District reimburses retirees for the Medicare Part B penalty as indicated in the submitted data.

Participant Contributions: Retired employees contribute based on their date of retirement* as follows:

Retired prior to 9/1995	10%
Retired after 9/1995 and on or before 9/1996	20%
Retired after 9/1996 and on or before 9/2010	25%
Retired after 9/2010	30%

* Certain exceptions apply based on the coverage elected.

Continuation of Coverage to Spouse After Death of Retiree: Surviving spouse may continue coverage for lifetime by paying the required medical premium rates.

Attachment: LSRSD 2013 GASB 45 Report 10-15-2014 (1095 : OPEB Committee Report)

SECTION 6 - PLAN PROVISIONS

Life Insurance Benefit:	Retirees are eligible for a \$1,000 life insurance benefit.
Life Insurance Premium:	The total monthly cost is \$.245.
Life Insurance Contributions:	The District contributes 100% of the premium for life insurance coverage.
PPACA Excise Tax:	The Patient Protection and Affordable Care Act (PPACA) applies a 40% excise tax to the cost of plan benefits in excess of statutory thresholds beginning in 2018. The 2018 thresholds are assumed to be \$10,200 for individual and \$27,500 for family coverage and increase by CPI in future years. The annual limits are increased by \$1,650 for individual and \$3,450 for family coverage for retirees not eligible for Medicare benefits.

SECTION 7 - ACTUARIAL ASSUMPTIONS AND METHODS

Valuation Date: July 1, 2013

Discount Rates: 3.50% pay-as-you-go.
7.50% full pre-funding.

Amortization Method: Level dollar amount over 30 years on an open amortization period for pay-as-you-go.
Level dollar amount over 30 years on a closed amortization period for full pre-funding.

Health Care Cost Trend Rates:

<u>Year</u>	<u>Current</u>	<u>Prior</u>
1	7.00%	9.00%
2	6.50%	8.00%
3	6.00%	7.00%
4	5.50%	6.00%
5	5.00%	5.00%
Ultimate	5.00%	5.00%

CPI: 3% per year.

Mortality Table: RP-2000 Mortality Table, projected to 2013, using Scale AA.

Turnover Rates: *Non-Teachers:*

Service	Rate
0	15.00%
1	12.00%
2	10.00%
3	9.00%
4	8.00%
5-9	7.60%
10-14	5.40%
15-19	3.30%
20-24	2.00%
25-29	1.00%
30+	0.00%

SECTION 7 - ACTUARIAL ASSUMPTIONS AND METHODS

Turnover Rates (continued): Teachers:

<u>Age</u>	<u>Service</u>					
	0		5		10+	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
20	13.0%	10.0%	5.5%	7.0%	1.5%	5.0%
30	15.0%	15.0%	5.4%	8.8%	1.5%	4.5%
40	13.3%	10.5%	5.2%	5.5%	1.7%	2.2%
50	16.2%	9.8%	7.0%	5.0%	2.3%	2.0%

Disability Rates:

Non-Teachers

<u>Age</u>	<u>Rate</u>
20	0.01%
30	0.03%
40	0.10%
50	0.19%
60	0.28%

Teachers

<u>Age</u>	<u>Rate</u>
20	0.004%
30	0.006%
40	0.010%
50	0.050%
60	0.100%

Retirement Rates:

Non-Teachers:

<u>Age</u>	<u>Male</u>	<u>Female</u>
45-49	0.00%	0.00%
50-54	0.00%	0.00%
55-59	2.00%	5.50%
60-61	12.00%	5.00%
62-64	30.00%	15.00%
65-68	40.00%	15.00%
69	50.00%	20.00%
70	100.00%	100.00%

SECTION 7 - ACTUARIAL ASSUMPTIONS AND METHODS

Retirement Rates (continued): Teachers:

<u>Age</u>	<u>Years of Service</u>			
	<u>Less than 20</u>		<u>20+</u>	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
50	0.0%	0.0%	2.0%	1.0%
51	0.0%	0.0%	2.0%	1.0%
52	0.0%	0.0%	2.0%	1.5%
53	0.0%	0.0%	2.0%	2.0%
54	0.0%	0.0%	3.0%	2.0%
55	3.5%	3.5%	3.0%	4.0%
56	3.5%	3.5%	3.5%	4.0%
57	5.0%	3.5%	4.0%	4.0%
58	5.5%	5.0%	5.0%	6.0%
59	6.0%	6.5%	6.0%	8.0%
60	7.5%	8.5%	15.0%	15.0%
61	12.0%	10.0%	25.0%	20.0%
62	14.0%	12.0%	30.0%	25.0%
63	14.0%	12.0%	30.0%	25.0%
64	14.0%	20.0%	30.0%	30.0%
65	30.0%	30.0%	30.0%	40.0%
66	30.0%	30.0%	25.0%	30.0%
67	30.0%	30.0%	25.0%	30.0%
68	30.0%	30.0%	25.0%	30.0%
69	30.0%	30.0%	25.0%	30.0%
70	100.0%	100.0%	100.0%	100.0%

Attachment: LSRSD 2013 GASB 45 Report 10-15-2014 (1095 : OPEB Committee Report)

SECTION 7 - ACTUARIAL ASSUMPTIONS AND METHODS

Medical Plan Participation: 90% of eligible retirees will elect to participate.

Life Insurance Participation: 90% of eligible retirees will elect to participate.

Dependent Status: Male spouses are assumed to be three years older and female spouses are assumed to be three years younger than the retired employee.

65% of employees are assumed to retire with a covered spouse.

For current retirees, the actual census information provided is used.

Medical Per Capita Costs: Annual per capita costs for the fiscal year beginning July 1, 2013 are shown below:

<u>Age</u>	<u>Cost</u>
Under 65	\$9,796
65 and Older	\$3,792

Retiree Contributions: Annual per capita participant contributions for the fiscal year beginning July 1, 2013 are shown below:

<u>Age</u>	<u>Participant Contribution Rates</u>			
	<u>10%</u>	<u>20%</u>	<u>25%</u>	<u>30%</u>
Under 65	\$980	\$1,959	\$2,449	\$2,939
65 and older	\$379	\$758	\$948	\$1,138

Excise Tax: For purposes of estimating the excise tax, per capita plan costs are developed for individual and family coverage for both Medicare and non-Medicare members. These plan costs are compared to the thresholds stipulated in the Patient Protection and Affordable Care Act (PPACA). Beginning in 2018, a 40% excise tax is applied on the excess of the plan costs over the thresholds, which increase annually by CPI.

Actuarial Cost Method: Projected Unit Credit. The costs of each employee's postemployment benefits are allocated on a pro rata basis from the employee's date of hire to the date the employee is fully eligible for benefits.

Employee Data: Employee and retiree data were submitted by the District. We made reasonable adjustments for missing or invalid data.

SECTION 8 - PLAN MEMBER INFORMATION

TABLE 8.1 - ACTIVE EMPLOYEES BY AGE and YEARS OF SERVICE AS OF JULY 1, 2013

Age	Years of Service									Total	Percent
	<u>0 to 4</u>	<u>5 to 9</u>	<u>10 to 14</u>	<u>15 to 19</u>	<u>20 to 24</u>	<u>25 to 29</u>	<u>30 to 34</u>	<u>35 to 39</u>	<u>40 & up</u>		
Under 25	3	0	0	0	0	0	0	0	0	3	1%
25 to 29	14	1	0	0	0	0	0	0	0	15	7%
30 to 34	10	10	3	0	0	0	0	0	0	23	11%
35 to 39	8	9	9	1	0	0	0	0	0	27	13%
40 to 44	4	7	12	5	0	0	0	0	0	28	14%
45 to 49	5	6	7	4	3	1	0	0	0	26	13%
50 to 54	2	8	8	4	2	5	0	0	0	29	14%
55 to 59	5	11	10	4	1	2	1	0	0	34	16%
60 to 64	2	5	3	5	1	1	0	1	0	18	9%
65 to 69	0	1	2	0	1	0	0	0	0	4	2%
70 & up	0	0	0	0	0	0	0	0	0	0	0%
Total	53	58	54	23	8	9	1	1	0	207	
Percent	26%	29%	26%	11%	4%	4%	0%	0%	0%		100%
Average Age:			45.9	Average Service:			10.5				

Lincoln-Sudbury Regional School District Postemployment Benefits Other Than Pensions
Actuarial Valuation as of July 1, 2013

SECTION 8 - PLAN MEMBER INFORMATION

TABLE 8.2 - RETIRED EMPLOYEES, COVERED SPOUSES and SURVIVORS AS OF JULY 1, 2013

Age	Tufts HMO	Tufts POS	Harvard Pilgrim HMO	Harvard Pilgrim PPO	Fallon Select Care HMO	Tufts Medicare Prime Supplement	Tufts Medicare Preferred HMO	Fallon Senior Plan	Life Only	Total
Under 40	0	0	0	0	0	0	0	0	0	0
40 to 44	0	0	0	0	0	0	0	0	0	0
45 to 49	0	0	0	0	0	0	0	0	0	0
50 to 54	0	0	0	1	0	0	0	0	0	1
55 to 59	1	3	0	3	0	0	0	0	1	8
60 to 64	5	5	1	2	0	2	1	0	3	19
65 to 69	0	2	0	4	2	21	9	0	1	39
70 to 74	0	1	1	0	0	20	4	0	1	27
75 to 79	0	1	0	1	1	12	5	0	3	23
80 to 84	0	1	0	1	0	13	4	0	3	22
85 to 89	0	1	0	1	0	6	0	0	4	12
90+	0	0	0	0	0	4	0	0	1	5
Total	6	14	2	13	3	78	23	0	17	156
Covered Spouses	3	5	1	4	2	0	0	0		15

Lincoln-Sudbury Regional School District Postemployment Benefits Other Than Pensions
Actuarial Valuation as of July 1, 2013

SECTION 9 - GASB 45 GLOSSARY OF TERMS

Actuarial Accrued Liability – The portion of the Actuarial Present Value of future benefits which is allocated to all periods prior to a valuation year and therefore is not provided by future Normal Costs.

Actuarial Assumptions – Assumptions as to the occurrence of future events affecting OPEB costs, such as mortality, withdrawal, disablement and retirement; changes in compensation and Government provided pension benefits; rates of investment earnings and asset appreciation or depreciation; procedures used to determine the Actuarial Value of Assets; characteristics of future entrants for Open Group Actuarial Cost Methods; and other relevant items.

Actuarial Present Value of Future Benefits – The present value of the cost to finance all benefits payable in the future, discounted to reflect the probability of payment and the time value of money.

Actuarial Valuation – the determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets and related Actuarial Present Values for an OPEB plan.

Actuarial Value of Assets – The value of plan assets used in an actuarial valuation. The Actuarial Value of Assets may reflect smoothing techniques intended to dampen year-to-year fluctuations in the market value of assets.

Annual OPEB Cost - The accrual basis annual cost for the OPEB plan sponsored by the employer. In the year of implementation of GASB 45, the Annual OPEB Cost equals the ARC. In subsequent years, if an employer has a Net OPEB Obligation, Annual OPEB Cost equals the ARC plus one year's interest on the Net OPEB Obligation plus an adjustment to the ARC.

Annual Required Contribution (ARC) – Includes the employer's Normal Cost and a provision for amortizing the Unfunded Actuarial Accrued Liability.

Explicit Subsidy – The difference between (a) the blended rates based on combined active and retired member experience and (b) actual cash contributions made by the employer.

Funded Ratio – The Actuarial Value of Assets expressed as a percentage of the Actuarial Accrued Liability.

Health Cost Trend Rate – The rate of change in per capita health claims cost over time as a result of factors such as medical inflation, utilization of healthcare services, plan design, and technological developments.

Implicit Subsidy – In an experience-rated healthcare plan that includes both active employees and retirees with blended premium rates for all plan members, the difference between (a) the age-adjusted premiums approximating claim costs for retirees in the group and (b) the blended rates based on combined active and retired member experience.

Lincoln-Sudbury Regional School District Postemployment Benefits Other Than Pensions
Actuarial Valuation as of July 1, 2013

SECTION 9 - GASB 45 GLOSSARY OF TERMS

Net OPEB Obligation – The cumulative excess since adoption of GASB 45 of Annual OPEB Cost over the employer's contributions to the plan.

Normal Cost – The portion of the Actuarial Present Value of Future Benefits which is allocated to a valuation year.

OPEB – Other Postemployment Benefits including medical, dental, vision, hearing and life insurance benefits.

Plan Assets – Investments segregated and restricted in a trust or similar arrangement under which:

- employer contributions to the trust are irrevocable,
- assets are dedicated to providing plan benefits, and
- assets are legally protected from creditors.

Pay-As-You-Go – A method of financing an OPEB plan under which the contributions to the plan are generally made at about the same time and in about the same amount as benefit payments and expenses becoming due.

Present Value of Future Benefits – The actuarial present value of the cost to finance benefits payable in the future, discounted to reflect the expected effects of the time value of money and the probabilities of payment.

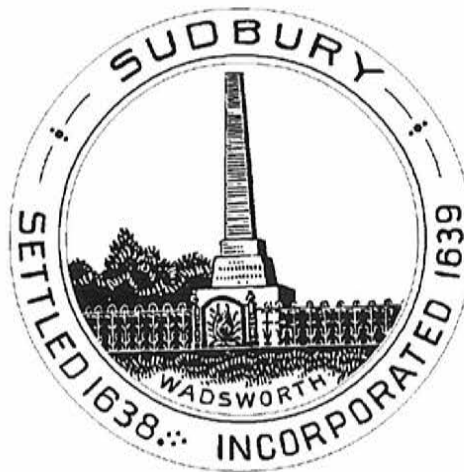
Projected Unit Credit Actuarial Cost Method – A method under which the projected benefits of each individual included in an Actuarial Valuation are allocated by a consistent formula to valuation years. Projected Unit Credit is one of the actuarial cost methods allowed and most often used for developing liabilities under GASB 45.

Substantive Plan – The terms of an OPEB plan as understood by the employer and plan members.

Unfunded Actuarial Accrued Liability – The excess of Actuarial Accrued Liability over the Actuarial Value of Assets.

TOWN OF SUDBURY

Final Report of the Strategic Financial Planning Committee for OPEB (Other Post-Employment Benefits) Liabilities



January 6, 2015

I. Introduction

On October 1, 2013, the Sudbury Board of Selectmen voted to establish an ad-hoc committee to begin developing strategies and options for dealing with the unfunded OPEB¹ liabilities facing the Town of Sudbury, including the Sudbury Public Schools and L-S Regional High School. The Committee's membership was drawn from elected and appointed members of four standing committees: the Board of Selectmen, the Sudbury Public School Committee, the Lincoln-Sudbury Regional High School Committee and the Finance Committee. Additionally, staff from the Town, SPS and L-S was included on the committee. Although a seat was reserved for a citizen at-large with specific expertise to join the committee, no resident volunteered to join the committee. The Committee's mission statement was later amended in May 2014 to extend the time for its work as the Committee was not able to begin its work until the conclusion of the 2014 Annual Town Meeting. The charge of the Committee was to create and submit to the Selectmen a report that the Board, Finance Committee and School Committees can use to make OPEB related decisions over the next 15 years. Attachment A is the Committee's mission statement.

The Board voted to create a committee for this purpose after the April 4, 2013 release of the ***Sudbury Strategic Financial Planning Report***. This report was cooperatively prepared by staff from the Town of Sudbury, Sudbury Public School and Lincoln-Sudbury Regional High School. One of the three topics addressed in that report is the challenge of developing a plan for funding the OPEB obligations facing all three entities. Attachment B to this report is a copy of the section of the Strategic Financial Planning Report dealing with OPEB obligations.

As a result of that report, the Sudbury Board of Selectmen formed a new advisory committee, the Strategic Financial Planning Committee for OPEB. The Committee met a number of times between July and December 2014, and minutes of those meetings are included as Attachment C to this report.

The Committee members met many times over the summer and fall of 2014, working toward fully understanding the complex issues regarding OPEB obligations, and studying options to address this strategic issue. This report is the result of our Committee efforts, and is respectfully submitted to the Sudbury Board of Selectmen, Sudbury Finance Committee, the Sudbury Public School Committee and the Lincoln-Sudbury Regional High School Committee.

A list of the committee members is included at the end of the report.

¹ OPEB is defined as Other Post-Employment Benefits (other than pensions, typically retiree health insurance)

II. Background on OPEB¹²

For those that who may not be familiar with this topic, other post-employment benefits refer to benefits other than pension that employees receive after they retire. By far, the most significant of these is health insurance, but may also include life insurance, dental or other benefits paid after an employee's retirement. In 2004, the Governmental Accounting Standards Board (GASB) issued directives concerning how these liabilities must be presented in a municipality's financial statements going forward ([Pronouncements 43 and 45](#)).

Similar to an employee's pension benefits, OPEB are earned during the employee's active working career, but are not actually paid until after the employee retires. GASB directed that these future costs no longer be accounted for on a pay-as-you-go basis, but rather these liabilities must be recognized as they are earned or accrued. In other words, employees earn the right to receive health insurance and other benefits upon retirement incrementally over their active working career. Therefore, on an accrual basis, the annual cost of an employee's health insurance includes both the municipal share of the actual premium paid on the employee's behalf plus a portion of the projected post-retirement benefit earned in the current accounting period.

These projections are done by actuaries who look at several variables to estimate these future costs. These variables include a projected rate of inflation for future medical costs, assumptions about employee turnover, age at retirement, Medicare eligibility, premiums for various plans at retirement, and mortality. Factored in as well are the respective cost sharing agreements for splitting benefit costs between the municipality and retirees. To attribute these future costs to current accounting periods, it is necessary to calculate a present value of these future benefits using a discount rate. As we will discuss later, the discount rate has a tremendous impact on the calculation of OPEB liabilities.

The important estimates that emerge from an actuarial analysis include the total present value of future OPEB benefits and the required contribution that must be appropriated or otherwise set aside annually to address this liability over multiple years. The projected cost of future benefits discounted to a present value is referred to as the Actuarial Accrued Liability (AAL). This amount is then attributed to the current and prior fiscal years based on when these benefits were earned. The amount of the AAL is reduced in cases where there are OPEB reserves set aside. The Annual Required Contribution (ARC) is the portion of projected benefits earned in or attributable to the current fiscal year (normal cost), plus an additional amount necessary to

² Most of the background discussion is excerpted from an article by Rick Kingsley, Bureau Chief, Department of Revenue, published in the *City and Town* newsletter. The article is included as Attachment D of this report.

amortize the unfunded actuarial accrued liability for prior years. The amortization period cannot be more than 30 years.

Although GASB has not mandated a funding requirement for OPEB liabilities, it is important for municipalities to start saving for these costs as soon as possible. Through the adoption of MGL c.32B, s.20, a community can establish an OPEB trust. Even if a community is not in the position to contribute the full ARC each year, modest and manageable contributions are better than nothing. Strategies to set aside one-time revenues, appropriation balances or other available funds and appropriate them to the trust as available or identifying a recurring revenue stream over time can make a significant difference.

III. Town of Sudbury and Lincoln-Sudbury OPEB Actuarial Valuations as of July 1, 2013

Both the Town of Sudbury and the Lincoln-Sudbury Regional High School had actuarial valuations provided as of July 1, 2013. These valuation reports were prepared by Linda L. Bournival from KMS Actuaries, LLC as were previous valuations. Both are attached as Attachments E and F and readers are encouraged to review those valuations in detail.

Table 1 below is similar to Table 1 from the April 4, 2013 Strategic Financial Planning Report. That chart in the prior report used valuations as of July 1, 2011, so the numbers in the table below have been updated for 7/1/13.

Table 1

Total Unfunded Liability for Town/SPS (K-8) and Lincoln Sudbury Regional High School as of 7/1/13				
As of 7/1/13				
	Lincoln Sudbury Regional High School		Town and SPS	
	Pay-as-you-go (3.5% interest rate)	Pre-funded (7.5% interest rate)	Pay-as-you-go (3.5% interest rate)	Pre-funded (7.5% interest rate)
Active Employees:	\$15,433,007	\$6,646,994	\$18,564,696	\$8,046,224
Retirees:	\$11,801,216	\$8,010,551	\$17,440,087	\$11,349,163
Total Actuarial Accrued Liability:	\$27,234,223	\$14,657,545	\$36,004,783	\$19,395,387
ARC (Annual Required Contribution:	\$2,527,989	\$1,626,307	\$3,359,128	\$2,148,099
FY 15 Contribution Towards Retirees:	\$758,966	\$758,966	\$1,069,290	\$1,069,290
FY15 Difference*:	\$1,769,023	\$867,341	\$2,289,838	\$1,078,809
*Additional amount needed to fully fund the Pay-as-you-go or Pre-funded ARC.				

Table 2 shows the changes between the valuations since 2011.

Table 2

FY13 to FY15 Difference in Amount Contributed towards Retirees' Benefits as Compared to ARC				
	Lincoln Sudbury Regional High School		Town and SPS	
	Pay-as-you-go (3.5% interest rate)	Pre-funded (7.5% interest rate)	Pay-as-you-go (3.5% interest rate)	Pre-funded (7.5% interest rate)
FY15 Difference*:	\$1,769,023	\$867,341	\$2,289,838	\$1,078,809
FY13 Difference*:	\$3,638,997	\$1,777,107	\$2,758,802	\$1,211,772
Difference since FY13:	-\$1,869,974	-\$909,766	-\$468,964	-\$132,963

*Additional amount needed to fully fund the Pay-as-you-go or Pre-funded ARC.

IV. Steps Already Taken by Town/SPS and L-S to Address OPEB Obligations

Both the Town of Sudbury and the Lincoln-Sudbury Regional High School have been actively taking steps to address these unfunded obligations. Both cooperatively retained a consultant to prepare the actuarial analysis applying similar reporting assumptions, to facilitate comparisons and understanding. Both have made significant changes to the health insurance benefits offered to their employees. The Town/SPS negotiated lower contribution rates for all employees, and even lower rates for new hires. Following this, the Town Board of Selectmen voted to enroll their employees and retirees in the Group Insurance Commission (GIC). L-S employees accepted plan design changes and contribution rate changes for new enrollees.

The Town/SPS received approval through a Special Act of the state legislature in 2006 to establish a Town/SPS Liability Trust Fund for OPEB obligations, and the Town/SPS have accumulated \$181,000 thus far in the Fund by appropriating funds for retiree health insurance directly into the Fund, then paying the retiree benefits out of the Fund. Money not needed at the end of the year has remained in the Fund, instead of closing out to Free Cash. This residual balance albeit small counts towards funding for our OPEB obligations.

V. Recommendations addressing the OPEB obligations

Recommendation One – Immediately Create/Formalize Liability Trust Funds

The Town of Sudbury should complete the work of establishing a formal trust, known as an Other Post-Employment Benefits Liability Trust Fund, as a vehicle to receive irrevocable contributions for the cost of benefits for the eligible retirees of the Town of Sudbury and Sudbury Public Schools. L-S Regional High School should establish a formal trust, known as an Other Post-Employment Benefits Liability Trust Fund, as a vehicle under Chapter 32B:20 to receive irrevocable contributions for the cost of benefits for the eligible retirees of the Lincoln-Sudbury Regional High School. The assets of these two separate liability trusts shall be dedicated to providing benefits to the retirees of the entity and shall be legally protected from creditors of the employer. Trust assets shall be used to build more assets through careful investments.

The Town of Sudbury currently has such a Liability Trust, established under a special act of the Legislature in 2006, but needs certain actions to complete the work of establishment of the Trust, primarily finalization of a Trust document. The Trust has a balance of \$181,000.

The L-S School Committee established an OPEB Trust per the provisions of MGL Chapter 32B Section 20 in November 2014. This paves the way for future contributions to the trust.

Recommendation Two – For FY16, Begin Funding the Annual “Normal” Costs

That in FY16 the three cost centers begin to include in their operating budgets the Normal costs for future health insurance for their current employees. Normal costs are the present value of the future benefit attributed to services rendered by the active employees eligible for this benefit in the current year. Basically, it is the cost of offering this benefit this year to active employees. It can be thought of as part of the compensation for working this year, along with an employee's salary and current benefits. Focusing the initial budget impact on the Normal cost should not be confused with the cost of “catching up” and paying the price of not funding this benefit in the past. The OPEB Committee feels that as a goal each cost center's Normal Cost should be recognized annually and fully incorporated at a 100% level (into the operating budgets) by FY18 and further that intermediate steps should be taken between now and FY18 to begin moving toward accomplishment of that goal.

NOTE: for L-S, implementation of this recommendation for FY16 would depend on a match from the Town of Lincoln toward these Normal costs. If Lincoln is not in a position to contribute a match to these funds in FY16, the committee recommends that the L-S School Committee and the Sudbury and Lincoln Finance Committees begin discussions to develop a plan for L-S to meet this goal in the FY17 and FY18 budgets.

Having said this, the OPEB Committee feels that would be a significant challenge for the cost centers to accomplish as part of the FY16 budget under the 2% and 2.5% budget development guidelines issued by the Finance Committee. Therefore, the Committee is suggesting that the three cost centers prepare a supplemental budget request asking for \$675 per eligible employee for FY16, toward funding a percentage of the Normal Cost as shown in Table 3 below. If each cost center voted to develop and submit such a supplemental budget request, the total request would be approximately \$496,800. This

supplemental budget request would only be for this purpose, and these funds, if approved by the Finance Committee and voted by Town Meeting; would only be used for this purpose and would immediately be placed into OPEB Liability Trusts.

The OPEB Committee members from the cost centers felt it was critical that the Finance Committee be aware that this recommendation to begin funding a portion of Normal Cost in FY16 is contingent on a supplemental funding basis, above or in addition to the 2% and 2.5% budget guidelines already determined by the Finance Committee. It appears that the Finance Committee suggested in their budget development guidance letter that they recognized that some steps need to be taken to address the OPEB liabilities and that there are additional non-override revenues (up to 3.56% over FY15) which may be taken under consideration for this purpose (see attachment G, FinCom budget memo). The OPEB Committee along with representatives from the cost centers agree that supplemental funding in FY16 would help the Town, SPS and L-S begin working towards funding a portion of Normal Costs that otherwise cannot be met under current FY16 budget guidelines

\$675 per eligible employee will not achieve full funding for Normal Cost for any of the employee groups, but it does take some closer than others. Table 3 below shows how those funds would be allocated among the cost centers/eligible groups. As can be seen from this table, Normal cost for the eligible employees of each cost center varies. Factors that impact the normal cost include, but are not limited to, plan design, contribution rates, age, retirement date and profession. For instance, the average normal cost per employee for the Town/SPS valuation is \$890.43. The average normal cost per employee for the L-S valuation is \$1,733. This cost can be further broken down by looking at the make-up of the full normal cost. Our actuary has recommended that when looking at "Town", we should break out Public Safety (Group 4) employees separately, as these employees are generally more costly than the Non-Public Safety Town employees since they can retire earlier than Group 1 employees. The Normal cost for SPS eligible employees under a fully funding scenario is \$812, Public Safety is \$1,460 and Town Non-Public Safety is \$760³.

Table 3

	# of eligible employees	Normal Costs as of 7.1.2013 valuation	Supplemental Budget Request at \$675/eligible	Percent of Normal Cost Requested for FY16
Town Non-Public Safety	98	\$ 74,471	\$ 66,150	88.83%
Town- Public Safety	72	\$ 105,088	\$ 48,600	46.25%
SPS	359	\$ 291,477	\$ 242,325	83.14%
L-SRHS	207	\$ 358,707	\$ 139,725	38.95%
Total	736	\$ 829,743	\$ 496,800	

³ Please note that while the information contrasting Town Public Safety, Non Public Safety and SPS employees are shown for informational purposes, funds put in the OPEB Liability Trust are not allocated toward any particular group but will be used to pay all Town/SPS retiree health insurance obligations.

The Normal cost for eligible L-S employees is higher than the Town (both Public Safety and Non-Public Safety) and SPS primarily due to the fact that L-S pays a higher amount of retiree healthcare benefits than the Town and SPS, which pay the minimum of 50%. L-S will have more catching up to do to get to fully funded status between FY16 and FY18.

Recommendation Three – Steps to Address the AAL To Be Taken in FY16

The Committee has developed recommendations that could start the process of putting funds into Liability Trusts to reduce the Actuarial Accrued Liability (AAL) that has accumulated over many years. The AAL are the costs attributable to past service. The amount of the AAL depends based on assumptions about how aggressively an entity is paying off the accrued liability, but it is clear that if the three cost centers do not start setting aside funds for this liability, it will continue to grow. Putting aside funds into the Trust for the AAL (that is, over and above what is needed for the annual Normal Costs) will also provide the opportunity to invest trust assets over time, thus reducing future costs substantially. For example, if the Town/SPS were able to fully set aside not only the annual Normal Cost but also the amortized amount each year (\$1,527,196), the total amount needed to cover the entire liability over a 30 year period would be reduced from a present day \$36,004,783 liability to a present day \$19,395,387 liability, a savings of \$16,609,396.

Specific action steps recommended for the 2015 Annual Town Meeting.

1. For the Town/SPS ask Sudbury Town Meeting to appropriate all but \$150,000 of the remaining balance of the now closed Health Claims Trust Fund into the Other Post-Employment Benefits Liability Trust Fund. These funds exist for several reasons: (a) the Town had to leave funds in the Trust after it closed to pay run out claims after the Town converted to the GIC (Group Insurance Commission); (b) deposit funds were returned to the Town by Blue Cross/Blue Shield and Fallon Community Health Care from the deposits that were held by the insurance companies and (3) Reinsurance payments were paid to the Town's Health Claims Trust Fund to reimburse the Town for high claims that exceeded the stop loss threshold per claim the Town chose to self-insure for. Approximately \$1.3 million was received in FY12 and FY13, after the conversion to the GIC. Over the life of Trust (established in 1994) more than \$5 million was received in Reinsurance money. *(NOTE 1: The amount due to the employees and retirees for their share of the trust fund has already been paid to them. NOTE 2: The Town would have paid the same amounts each year on a self-funded basis as on a fully insured basis, as the actuarial risk for coverage was the same given our risk profile. However, we would not have received back the amounts listed above. All of those amounts would have been kept by the insurance companies as their requirements for assuming the risk of covering Sudbury employees and retirees).*
2. Begin allocating a percentage of Free Cash to the AAL for the three cost centers in FY16. The Town has not always had Free Cash. As recently as FY08 Free Cash was \$15,235. But when the Town does have substantial certified Free Cash, the Committee recommends that adding to the Liability Trust Funds of the Town/SPS and L-S to reduce the OPEB AAL liability be very high on the list for potential uses of that Free Cash. NOTE: for L-S, implementation of this recommendation for FY16

would depend on a match from the Town of Lincoln toward this AAL liability. If Lincoln is not in a position to contribute a match to these funds in FY16, the committee recommends that some funds be kept in Free Cash until Lincoln is in a place to make this match.

3. As a revenue source to address the AAL for the Town/SPS and L-S, consider dedicating one specific revenue source. One potential revenue source is the local option Room Tax and the Local Option Meals Tax. The Town began collecting these taxes in FY12. In FY14 these new local options taxes generated \$329,464. To dedicate these funds *in perpetuity* directly to the Trust Funds would take a Special Act of the state legislature. The benefit of this action would be to build in discipline to annually put some funds toward paying down the AAL. The down side would be this would reduce the amount of Local Receipts available to support operating budgets.

Specific action steps that could be studied and potentially implemented at a future date

1. One funding source for the AAL will hopefully arise in 2036, when the Town/SPS will have made the last payment to Middlesex Retirement System for unfunded pension liabilities. If the current schedule is adhered to, Sudbury (and L-S) may have funds freed up that can be redirected from pension funding to OPEB funding.
2. Under Chapter MGL 32B, section 9A1/2 municipalities can bill other municipalities for the portion of the premium contributions that corresponds to the percentage of the retiree's creditable service that is attributable to each governmental unit. The problem at this time is that there is no enforcement mechanism and no oversight agency built into the policing this so communities are ignoring bills they receive. The MMA's bill, H2429 that was filed to clarify this stature and put some teeth in it was referred to a study committee in June 2014.
3. State law related to earning the post-retirement health insurance benefit could change in the future, and although these changes have not been implemented yet, the state legislature will likely take up this issue again in the near future. If these charges are local option items, the Town and L-S should study them carefully.

Recommendation Four – Future Actions

At this time, Committee members do not recommend taking steps such as Wellesley took, where Town leaders, with the legal authority of a Special Act of the State legislature, received support of voters for a 10 year operating override to fund OPEB liability. Nor are we recommending that the Town begin to fund the full annual ARC amounts for the Town/SPS and L-S (beyond budgeting for pay-as-you-go for current retirees). We believe the approach we are suggesting – fully funding the Normal Cost within operating budgets by FY18, and then addressing the AAL by taking advantage of opportunities to use one-time funds such as Free Cash and the close out of the Town's Health Insurance Trust Fund, along with dedicating the Local Options Meals and Hotel taxes – will make significant strides toward addressing these obligations.

However, the Committee respectfully suggest that the Board of Selectmen create a similar advisory committee in two years to review the status of the OPEB unfunded liability for the Town and SPS when the actuarial valuation of July 1, 2015 will be complete. That advisory committee can evaluate the results of the actions taken thus far, assuming that at least some of our recommendations are acted on, and make further recommendations for the future.

VI. Final Thoughts

The Committee recommends that it be disbanded after the Board of Selectmen, which created this Advisory Committee, receives our report and all questions on the report have been addressed from all the relevant Town and School Committees. We believe that our advisory task will be completed, and that the work of acting on our recommendations, or developing alternative ones that hopefully will also address the growing OPEB liability, will fall on the standing boards working with their staff.

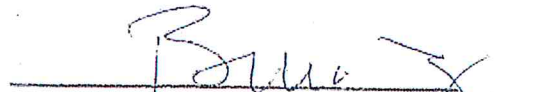
As a cautionary note, we would like readers to be aware that the numbers in all of the valuation reports are based on many assumptions about health care trends, how we provide the benefits, the level of benefits provided, the number of covered employees, and the state laws that guide who qualifies for benefits and how much the benefit might be. This makes the AAL and the Normal Cost amounts moving targets that need to be reassessed at least every two years. Further, if the next Advisory Committee feels that not enough progress has been made toward reducing our OPEB liabilities, they can and should recommend further actions to address the problem.

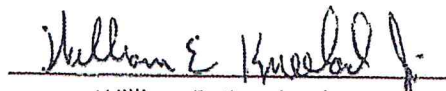
And we remind readers that while our recommendations for L-S are essentially the same as for the Town/SPS, L-S is a separate governmental entity working with two Towns to support the costs of their OPEB liabilities. Furthermore, the High School has a different retiree benefit structure than the Town/SPS. Those levels of benefits translate into higher Normal Costs and higher AAL cost. One solution will not fit all.

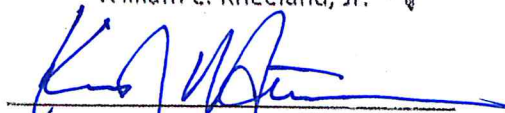
Larry O'Brien, Committee Chair – Sudbury Board of Selectmen
 Chuck Woodard – Sudbury Board of Selectmen
 Lucie St. George – Sudbury Public School Committee
 William Kneeland – Sudbury Finance Committee
 Mark Minassian – Sudbury Finance Committee
 Kevin Matthews – Lincoln Sudbury Regional School Committee
 Maureen Valente – Sudbury Town Manager
 Maryanne Bilodeau – Sudbury Assistant Town Manager/HR Director
 Andrea Terkelsen – Sudbury Finance Director/Treasurer-Collector
 Mary Will – Finance Director, Sudbury Public Schools.
 Bella Wong – Superintendent/Principal, Lincoln-Sudbury Regional High School
 Patrick Collins – Director of Finance and Operations, Lincoln-Sudbury Regional High School


STRATEGIC FINANCIAL PLANNING COMMITTEE FOR OPEB LIABILITIES - 1/6/2015

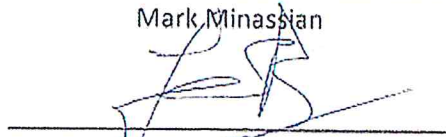

Maryanne Bilodeau

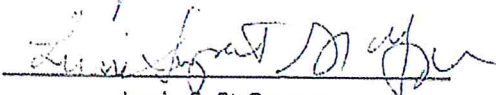

Patrick Collins / Bella Long


William E. Kneeland, Jr.

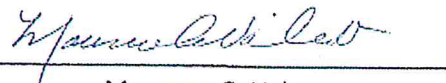

Kevin J. Matthews

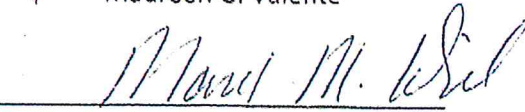

Mark Minassian

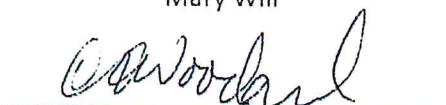

Lawrence W. O'Brien

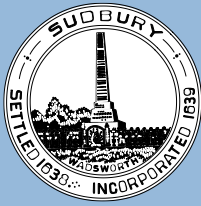

Lucie S. St George


Andrea Terkelzen


Maureen G. Valente


Mary Will


Charles C. Woodard



SUDBURY BOARD OF SELECTMEN

Tuesday, January 13, 2015

MISCELLANEOUS (UNTIMED)**2: Johnson Farm**REQUESTOR SECTION

Date of request: January 8, 2015

Requestor: Jody Kablack

Formal Title: Vote to authorize continuation of the Johnson Farm purchase based on the pending Approval Not Required Plan.

Recommendations/Suggested Motion/Vote: Vote to authorize continuation of the Johnson Farm purchase based on the pending Approval Not Required Plan.

Background Information:
Memo Attached

Financial impact expected:NA

Approximate agenda time requested: 10 minutes

Representative(s) expected to attend meeting: Jody Kablack

Review:

Patty Golden	Pending
Maureen G. Valente	Pending
Barbara Saint Andre	Pending
Charles C. Woodard	Pending
Board of Selectmen	Pending

01/13/2015 7:30 PM

MEETING NOTES SECTION

Board's action taken:

Follow-up actions required:

- Requestor:
- Board of Selectmen:
- Staff:

Future agenda date:



Town of Sudbury

Planning and Community Development Department

Jody A. Kablack, Director

Flynn Building
278 Old Sudbury Rd
Sudbury, MA 01776
978-639-3387
Fax: 978-443-0756

<http://www.sudbury.ma.us/services/planning>
kablackj@sudbury.ma.us

TO: Board of Selectmen
FROM: *jak* Jody Kablack, Director of Planning and Community Development
RE: Johnson Farm Purchase
DATE: January 8, 2015

I have been working with Bob Moss on the final configuration of the property. He has produced an Approval Not Required Plan for endorsement by the Planning Board, which contains several minor changes from the original sketch plan discussed prior to the signing of the Purchase and Sale Agreement.

The changes include:

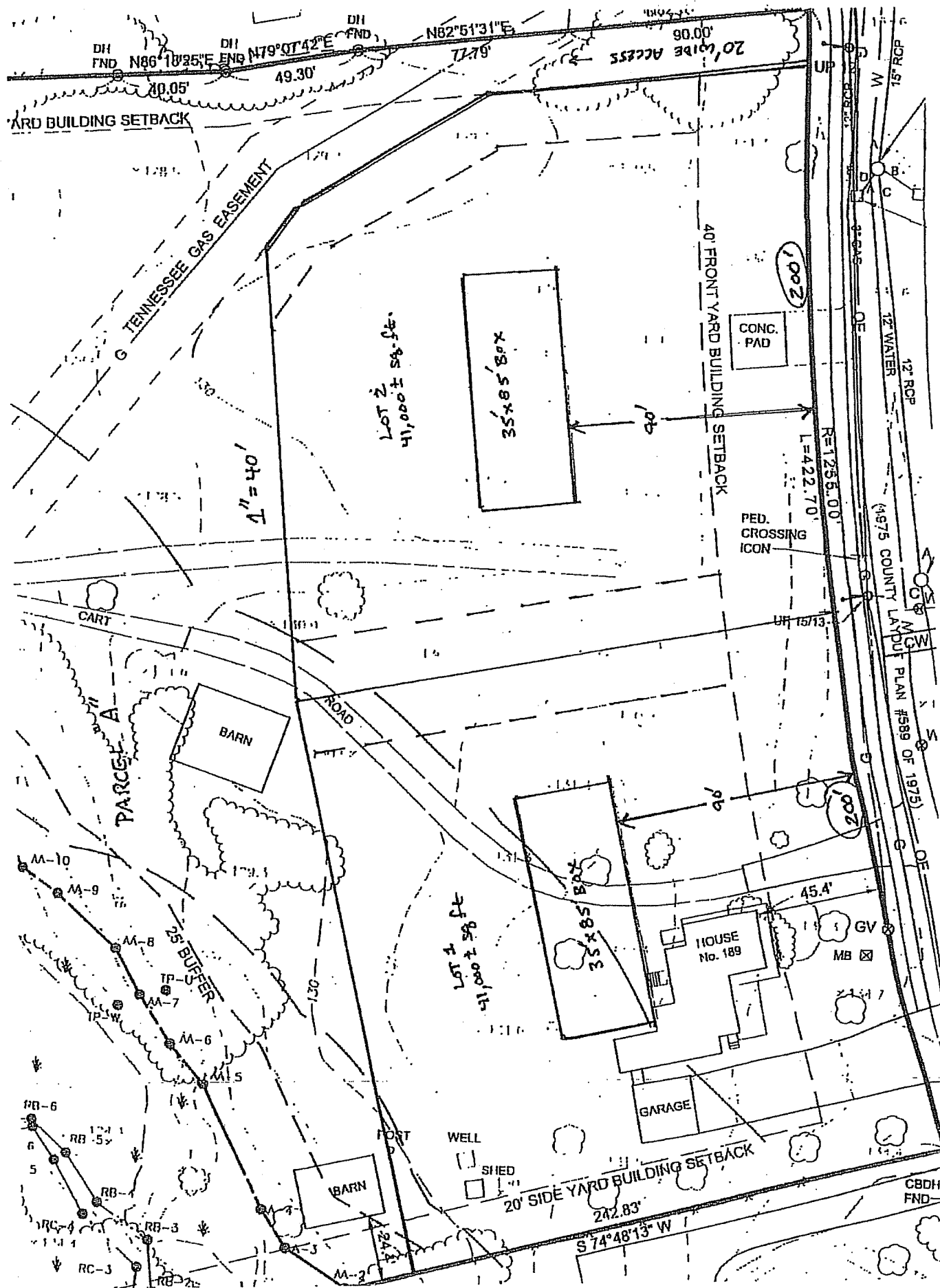
1. The sizes of the 2 lots for development are slightly increased to 1.12 acres and 1.06 acres. The remaining land is 33.48 acres. In all our previous discussions it was stated that the owner will carve off 2 lots of approximately 1 acre each for sale and development, and the Town will purchase the remainder of the land (approximately 33 acres). I believe the small increase in lot area is to allow for flexibility for wetland permitting of the lots. The change in lot size does not have any bearing on the ability of the Town to access the rear of the property.
2. The 20' access strip and parking area have been reconfigured and expanded to allow for more convenient parking close to Landham Road.

I wanted to bring these minor changes to your attention. I do not believe they have any significant bearing on the project as presented to the voters, but the Board should make this decision.

Attachments: Previous Sketch Plan and proposed ANR Plan

Attachment: ANR Plan Johnson Farm (1113 : Johnson Farm)

Exhibit B



ANR PLAN

URIVE
stagecoach
Dr.

CONC.
BOUND
END.

GUY
POLE #12

LANDHAM ROAD

Attachment: ANR Plan Johnson Farm (1113 : Johnson Farm)

$$\begin{aligned} &= 33.58'23'' \\ &= 1255.00' \\ &L = 744.14' \end{aligned}$$

W 180.00'
L=180.15'
Δ=8'13.29"

CONC.
BOUND
FND.

Packet Pg. 117

Remaining
Land
33.48
acres.

S 78°08'22" W ← S 81°52'11" W
77.79'
49.30' N8

N81°52'11"E
61.44' L.R.

Parking
+
Access

N87°07'57"E
60.43'
24" MAPLE

1. ROD
SET

1. ROD
SET

GARAGE

TO BE DEMOLISHED

LOT 2
45,962 SQ. FT.
1.06 ACRES

LOT 1
48,700 SQ. FT.
1.12 ACRES

DWELLING

TO BE DEMOLISHED

TO BE DEMOLISHED

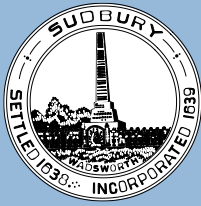
SHED

SHED

TO BE DEMOLISHED

242.86'
N 73°50'17" E.

—NOOVAN



SUDBURY BOARD OF SELECTMEN

Tuesday, January 13, 2015

TIMED ITEM**3: MCRT**REQUESTOR SECTION

Date of request: January 7, 2015

Requestor: Jody Kablack

Formal Title: Vote to amend CPC proposal to reduce the amount of funding for the Mass Central Rail Trail Proposal to \$110,000 for design/bid phase only

Recommendations/Suggested Motion/Vote: Vote to amend CPC proposal to reduce the amount of funding for this project to \$110,000 for design/bid phase only.

Background Information:
See attached

Financial impact expected:NA

Approximate agenda time requested: 15 minutes

Representative(s) expected to attend meeting: Jody Kablack, Jim Kupfer

Review:

Patty Golden	Pending
Maureen G. Valente	Pending
Barbara Saint Andre	Pending
Charles C. Woodard	Pending
Board of Selectmen	Pending

01/13/2015 7:30 PM

MEETING NOTES SECTION

Board's action taken:

Follow-up actions required:

- Requestor:
- Board of Selectmen:
- Staff:

Future agenda date:



Town of Sudbury

Planning and Community Development

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TO: Board of Selectmen
FROM: Jody Kablack, Director of Planning and Community Development
Jim Kupfer, Assistant Planner
RE: Mass Central Rail Trail
DATE: January 7, 2015

The Planning and Community Development Department has continued its research on this project, including best practices for design and construction, cost effective strategies for creating a rail trail, and other potential options for this corridor. Over the last few months, more information has presented itself which merits discussion by the Board as to how to proceed.

- We have spoken with 2 qualified engineering firms on the design/build concept and have received negative feedback on this approach (FST Memo Attached).
- We have met with DCR and have received preliminary approvals to proceed with our project. However no formal approvals are in place yet.
- We have met with other abutting communities, including Wayland, and understand that not all communities support a paved surface. Wayland is proceeding with a stone dust surface at the current time. We will continue to discussion how to best proceed in a collaborative manner with the other communities.
- We have had discussions with DCR and MAPC on state funding of the entire rail trail. Further research has failed to find funding for this rail trail in either the 2012 or the 2014 State Transportation Bond Bill. However, there is support from all the communities to work together to pressure the state to fund the trail. MAPC is taking the lead on this initiative.
- We have further researched design/build and design/bid/build processes, including best practices for construction of rail trails and understand there is merit to each.
- We have further researched Iron Horse Preservation Society and note that several Massachusetts communities (Newton, Hanover, Danvers) have discovered performance issues with their work, particularly with removal of rail road ties, stabilization of surface treatment (due to minimal design and no oversight) and delays in completion of projects.
- We have met with the President of Sudbury Greenways to discuss collaboration efforts between the Town and Sudbury Greenways and intend to continue to do so.
- We have met with NStar, who has discussed a potential project along the corridor which may affect this project (discussed below).

Our previous recommendation for this project was to seek CPA funding for a design/build concept for Phase 1 of the trail. This course of action was dependent on receiving funds for the preparation of design specifications and bid documents (received from a Reserve Fund transfer in November 2014) and the donation of funds from Sudbury Greenways for wetland delineation and ANRAD permitting by the Conservation Commission (no funds received to date). The need to identify the wetland resources along the corridor early in the project is a key element of the design/build approach, as it may directly impact the total cost of the project. The \$300,000 estimated cost of the project assumes few wetland issues, and costs could increase if extensive permitting is



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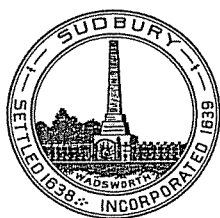
required. To date we do not know the extent of the wetland resources, nor the extent of permitting that will be required to build Phase 1, and are therefore skeptical of the total cost of the project.

Additionally, another project has been brought to the Town's attention that may provide an opportunity for construction of the rail trail at no cost to the Town. This project is the installation of a new transmission line by NStar from Sudbury to Hudson. One of the alternatives NStar is reviewing is construction of the line along the Mass Central Rail Trail (either underground or above ground), which is the most direct route between the 2 towns. NStar officials are currently negotiating a lease with the MBTA for use of the corridor (the lease that DCR has for the rail trail does not exclude other uses in the corridor), surveying the corridor (including wetland delineation) and reviewing several other alternatives outside the corridor. They are actively engaged in this project, and have stated that if they are going to proceed with the project along the corridor, they will be permitting the project by the end of 2015, and constructing in 2018-2019. If they proceed with the project along the rail trail corridor, they will construct a 12 foot wide access road which they will share as a rail trail at no cost to the Town or DCR.

NStar has also agreed to share its survey and wetland data with the Town once it is completed this spring, which will eliminate the need for public or private funds to compile this information.

Therefore, a new process and timeline might be more appropriate for this project. We offer the following for your consideration:

1. Creating a rail trail at a low cost and in the short term is a valid purpose and has appeal to many residents. However after further study the Planning and Community Development Department now believes that a more conventional approach to this project should be undertaken. After speaking with 2 engineering firms with extensive experience in rail trail design and construction, we believe the Town will be better served by proceeding in a two-step approach for this project, as is typically done. We believe that the trail should first be designed and bid, and then constructed. The two-step approach will take approximately 6-9 months longer than the design/build approach, but will (1) expedite wetland permitting and remove potential duplication of efforts and costs that may result in the design/build approach; (2) enable a better assessment of the construction costs of the project before requesting funds at Town Meeting; and (3) reduce the need and cost for the Town to hire a separate engineer/project clerk (in design/build the engineer works for the contractor, not the Town). These issues are further explained in both attachments to this memo.
2. The NStar project, its scope and schedule, will be better known to the Town in the next 6 months. If it is a realistic project, no Town funds will be needed. This will push the completion date of a rail trail back 2-3 years.
3. In order to keep momentum going, funds for the design of the trail could be requested at the 2015 Annual Town Meeting (estimated at \$110,000), and held until a determination on the NStar project is made.
 - a) If NStar proceeds, the funds can be redeposited into the CPA account.



Town of Sudbury

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- b) If NStar does not proceed, the Town can design the trail in 2015, and request construction funds at the 2016 Annual Town Meeting. This schedule contemplates a fully constructed trail in the late fall of 2016, as opposed to the design/build schedule of June 2016.

4. In the meantime, we recommend working with Sudbury Greenways to clear the right of way so that residents can walk on the corridor and begin to enjoy its recreational and scenic benefits. This will require a license from DCR and approval from the Conservation Commission.

5. We will also continue working with DCR on the long term license and approvals needed to construct a rail trail, continue researching grant opportunities for construction funding, notify abutters of the project and begin working on any abutter issues identified.

We have attached a memo from Fay, Spofford & Thorndike dated December 5, 2014 outlining their suggested approach to the project, including the estimate for the first phase of the recommend two-phase approach to the project discussed above.

It is our desire to have the Selectmen discuss these issues and vote to either continue with the design/build approach and the CPC request for \$300,000, or change the vote to only request \$110,000 for design, permitting and preparation of bid documents. The planned Rail Trail Forum is scheduled for Jan. 22, and other issues or ideas may be presented. The CPC deadline to vote their projects is January 28. It is possible for the Board to delay a final vote on this project until the next BOS meeting on Jan. 27 in order to consider comments from the forum.

Attachments: FST Memo
The Basics of Design-Build (supplied by Selectwoman Brown)

cc: Andrew Sullivan, Sudbury Greenways
Bill Place, DPW Director
Conservation Commission



FAY, SPOFFORD & THORNDIKE

Engineers - Planners - Scientists

5 Burlington Woods, Burlington, MA 01803

Tel. 781.221.1000 Fax. 781.229.1115

MEMORANDUM

DATE: DECEMBER 5, 2014

TO: JAMES KUPFER AND JODY KABLACK – TOWN OF SUDBURY PLANNING AND COMMUNITY DEVELOPMENT

FROM: JOHN MICHALAK, P.E. AND JEN DUCEY, P.E. – FAY, SPOFFORD & THORNDIKE

SUBJECT: DESIGN AND CONSTRUCTION OF THE MASS CENTRAL RAIL TRAIL – WAYSIDE BRANCH

Thank you for the opportunity to meet on November 19, 2014 to discuss potential approaches for advancing the design and construction of a 1.8 mile section of the Wayside Branch of the Mass Central Rail Trail (MCRT) in Sudbury. At our meeting, we discussed the Design/Build approach the Town is currently considering as well as an alternate Design/Bid/Build approach.

Current Approach (Design/Build)

Following a Design/Build approach, the Town would hire a Design Engineer to prepare preliminary design documents and then contract separately with an Engineer/Contractor Team for final design and construction. We understand the Town is considering a Design/Build approach to:

- a) expedite the design and construction process
- b) reduce the overall cost to the Town

The draft schedule the Town developed for the design and construction phases of the project included the following major items:

- Wetlands delineation and ANRAD Permitting: complete by March 2015
- Develop Template Documents: February 2015
- Annual Town Meeting: May 2015
- Begin Design/Build Construction: Final design to begin July 2015, Construction to begin October 2015

Attachment: FST Memo_MCRT Sudbury (1110 : MCRT)

Alternate Approach (Design/Bid/Build)

The majority of FST's trail projects have followed a more traditional Design/Bid/Build approach where the Design Engineer develops the bid documents prior to advertising the project for construction. The bid documents typically include design plans, construction details, and technical specifications specific to the project corridor. Many Towns also opt to have the Design Engineer perform construction oversight and respond to contractor's questions and requests for information.

The benefits of this approach include the ability of the Design Engineer to:

- Contract directly with or assist the Town in preparing a scope for wetland delineation and survey to ensure the base mapping includes the necessary relevant information to successfully design and permit the project.
- Work closely with the wetland scientist and Town Conservation Coordinator to: fully evaluate resource area impacts; develop location specific designs to avoid, minimize or mitigate wetland and wildlife impacts; and prepare a Notice of Intent that respects the concerns of the Conservation Commission. The Order of Conditions is included in the contract bid documents.
- Develop estimated construction cost prior to advertisement that can be used to secure the necessary project funding from the Town and other sources.
- Act on behalf of the Town during construction to ensure the trail is built in accordance with the bid documents and to the satisfaction of the Town.

We understand that the Town would like to develop a set of template documents consisting of specifications and typical details that can be used by both Sudbury and neighboring MCRT communities. The bid documents developed as part of a Design/Bid/Build approach can still serve as a template for other Towns seeking to advance their section of the regional MCRT project.

Under a Design/Bid/Build approach, the bid documents could be prepared within the same timeframe outlined in the Town's Design/Build schedule. We estimate about 4 months from the time survey is complete for the preparation of Final Bid Documents. Included in this 4 month timeframe is a Preliminary and Final Submission for review by the Town and DCR.

- Survey and Basemapping: \$30,000-\$50,000 (Ballpark)
- Wetlands Delineation, ANRAD and NOI: \$10,000-\$15,000 (Ballpark)
- Engineering Design/Permitting Support/Bid Document Preparation: \$25,000 (Ballpark)
- Part-Time Engineering Services During Bid Process and Construction: \$20,000 (Ballpark)

We would like to reiterate our interest in assisting the Town on this important section of the Wayside Branch. We enjoyed working on the Bruce Freeman Rail Trail Feasibility Study and would welcome an opportunity to work with the Town again on this exciting project. In addition to our extensive trail experience, we also have a good working relationship with the DCR based on our prior rail trail projects and our current on-call contract for multi-use trail repair and maintenance design services. This combined experience makes us particularly qualified to provide engineering services during both the design and construction phases of this project.

Also, as requested, we will provide you with information on potential funding sources that may be available to the Town for the design and construction of the trail under a separate memorandum.

Please feel free to contact John at (781) 221-1076 (JMichalak@fstinc.com) or Jen at (781) 221-1031 (JDucey@fstinc.com) if you have any questions or would like additional information.

Attachment: FST Memo_MCRT Sudbury (1110 : MCRT)

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The Basics Of Design-Build

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August 13, 2013

Organization: Lorman Education Services (<http://www.lorman.com>)

In the construction industry, Design/Build continues to grow as the project delivery system of choice. Currently, in California, there are many new laws, as well as significant pending legislation, on the issue of Design/Build. Given the rising interest in this type of project delivery system, the purpose of this Construction Newsletter is to offer a primer on Design/Build issues for those not fully familiar with the process.

I. What is Design-Build?

Universally, construction project owners, whether in the public, or private sectors seek timely and cost-effective construction. While there are a variety of views on how best to achieve schedule, budget, and quality, recently there has been a focus upon the method of construction project delivery. There are various construction project delivery systems, the most traditional of which is Design/Bid/Build ("DBB"). For generations, this was the predominately accepted means by which construction projects were developed and delivered. Today there is also a focus on the owner having one primary contractual relationship with an entity that is responsible both for the design and building of the construction project. This project delivery method is called Design/Build ("D/B").¹

There are two significant features of D/B contracting that distinguish it from other project delivery methods: 1) the first is the relative simplicity of the Owner having a single point of contact for both the design and construction of the project; and 2) the second significant feature is that the risk for design errors shifts from the Owner to the Contractor.

II. Design-Build Advantages and Disadvantages

There are many potential advantages for all parties in a D/B contract, especially if all the parties understand the mechanics of the process as it applies to their project. No two projects are identical - each will have some unique aspect or combination of aspects that make the advantages of D/B more or less attractive.

A. Advantages

1. Time Savings

By combining the selection of a designer and a contractor into one step, the D/B method eliminates time lost in the DBB process. Further, the D/B Contractor is able to start construction before the entire design is completed. For instance, the D/B Contractor can start excavation as soon as the foundation and utility relocation design has been prepared. Meanwhile, the Design professional can continue design work for the rest of the project during excavation.

2. Cost Savings

Potential costs savings can be realized with the D/B system because it has high value engineering capabilities due to the close coordination between the A/E and construction contractor. Construction contractors have direct and real experience with the cost of purchasing

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text=The+Basics+Of+Design-Build&url=http%3A%2F%2Fbit.ly%2F1rAsLUz&counturl=https%3A%2F%2Fwww.lorman.com%2Fresources%2Fthe-basics-of-design-build-15880%3Fp=3D17995&related=LormanEducation)

Article Topics

Construction (/resources/index.php?products=articles&topics=CN)

Attachment: The-basics-of-design-build-158 (1110 : MCRT)

and installing materials and, in the D/B system, can share that experience directly with the Design professional during the Design Phase of the project. This process has the potential to translate into lower costs which savings can then be passed on to the Owner.

3. One Point of Contact - "One Stop Shopping"

The one point of contact feature for both design and construction is integral to the D/B system. The advantages of this feature are relative - having only one entity to deal with in many instances will outweigh the oversight benefits an Owner would otherwise get from contracting separately with a Design professional for the project design.

4. Fewer Change Orders

A definite advantage of the D/B system is that an Owner can expect far fewer change orders on a D/B project. However, if an Owner decides it wants a design change during the D/B project, and, that change is not covered by the defined scope of the project, that would be considered an extra. Still, in the D/B system, the Owner is not liable for any errors the Design professional makes because the Design professional is part of the D/B team.

5. Reduced Risk to the Owner

The shifting of liability for design quality from the Owner to the D/B Contractor is one of the most significant features of the D/B project delivery system. The advantage to the Owner is that it now knows from the outset the cost of that risk. As the D/B Contractor is in a better position than the Owner to manage and minimize that risk, this is a significant advantage of D/B contracting.

B. Possible Disadvantages to using the D/B Method

1. Loss of Control of Project Design

In the D/B system, the shift in responsibility for the design from the Owner to the Contractor implicitly includes some shift in control. The Owner should evaluate the degree to which this loss of control will affect the success of the project. If the Owner has specific needs or requirements, it should satisfy itself that it can clearly articulate them in defining the scope of work, or accept the risk that it will have to pay extra to get what it wants via the change order process. Change orders issued to revise scope are not inherently less likely or less expensive in the D/B project delivery method.

2. Less Project Oversight/Control of Quality

As has been discussed, one of the advantages of the D/B concept is the cooperation between the Design professional and the construction contractor because they both are part of the same team: the D/B Contractor. However, this feature can also be a disadvantage, as the architect is no longer the Owner's independent consultant and is now working with and for the contractor. For Owners who do not have their own design-proficient staff, the loss of the architect's input and judgment may expose them to quality control problems. The Owner considering design-build project delivery ignores this issue at its peril. If the Owner is one that is used to having the Design professional act as its agent, it should make plans to have another entity take that responsibility.

3. Suitability of Design-Build Teams

In the DBB methodology, while public agencies are bound by state law to hire the lowest responsive, responsible bidder for construction work, they have more flexibility in selecting designers for their projects. In other words, DBB public owners are allowed to take into account in the selection of a designer more than simply which candidate offered the lowest price. In D/B, the public Owner loses the latitude it had in DBB in selecting a design firm. True, the risk for adequacy of the design has been shifted to the D/B contractor, but that is little solace to an Owner if the finished project is structurally sound but operationally deficient.

III. When Design-Build Should Be Considered

When evaluating whether the D/B methodology would be appropriate for a given project, the following factors should be considered:

A. Schedule

If a project needs to be completed quickly, D/B is an appropriate project delivery system. As discussed previously, in the D/B system, the designer and the contractor are better able to coordinate their efforts to ensure that the work is completed in an expeditious manner. Moreover, another potential time-savings can be found in the administration of the change order process for

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correction of changes. Shifting the risk to the party best able to control it is one of the advantages of D/B. Controlling the risk of that change/correction process includes the ability to accomplish it more quickly.

B. Budget

Additionally, the D/B system offers several cost saving advantages for the budget conscious Owner. As discussed previously, cost savings can be realized by shifting more cost control responsibility to the Contractor. A construction contractor may have experience with materials and methods that meet the Owner's requirements but were not considered by the designer. If cost savings result from the contractor's input to the design, those savings should be passed on to the Owner. Additionally, value engineering proposals, for which the Owner may get only partial financial credit under DBB delivery, should be included in the D/B bid price and the entire savings passed on to the owner.

However, cost savings is not always cited as a major outcome of the D/B methodology. Public works projects usually do not have the "time is money" motivation to complete. For example, the sooner a school, library or transit system goes into service, the sooner it requires an operational subsidy.

C. Type of Project

The type of project may be the most significant factor in the choice between D/B and DBB. A good candidate for D/B is a project wherein the performance and form of the finished project is readily described in a scope document. On the other hand, a project in which the Owner has many specific and esoteric requirements would be a weaker candidate for this method. Extreme examples of each will help illustrate this point.

A good hypothetical candidate for the D/B system is a municipal sewage treatment plant which has been found to be in violation of EPA requirements for effluent and ordered by the court to treat its effluent to legal levels by a requisite date some months hence. Every day beyond that deadline that the effluent is out of compliance will cost the municipality in fines. What the Owner wants is to build a new facility in time to avoid those fines. It can probably write a single page performance specification that adequately describes what it wants, and just as importantly, when it wants it. A D/B Contractor with experience in the design and construction of similar plants is most likely to meet the needs of the Owner - a plant that removes the offending components from the plant's effluent stream in as short a time as possible.

An example of a project that is not suitable for the D/B system would be a research hospital. For a project like this, the end-user is going to have specific and esoteric needs that would be difficult to outline in a written scoping document. A facility such as this would be best designed by a Design professional, with direct and frequent communication with its client. Even then, one could expect change requests after construction had started.

¹ These articles are derived from program materials developed jointly by Gordon & Rees and Hill International for a series of seminars. Gordon & Rees thanks Allann Ramirez (allannramirez@hillinternational.com) of Hill International for his significant contribution to these materials. Hill International offers extensive project management and construction claims consulting services worldwide. www.hillintl.com

More Construction Articles

➤ [Construction Submittals Basics: What all Contractors Should Know \(construction-submittals-basics--what-all-contractors-should-know-14726\)](#)

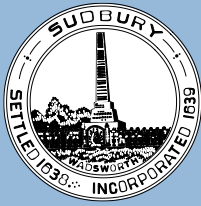
➤ [Waters of the United States Proposed Rule \(waters-of-the-united-states-proposed-rule-14750\)](#)

➤ [Unit Price Adjustments \(unit-price-adjustments-14838\)](#)

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SUDBURY BOARD OF SELECTMEN

Tuesday, January 13, 2015

TIMED ITEM**4: OML AG Report**REQUESTOR SECTION

Date of request: January 7, 2015

Requestor: Chairman Woodard

Formal Title: Discuss OML Attorney General Report on Selectman Len Simon

Recommendations/Suggested Motion/Vote: Discussion only

Background Information:

See attached from AG's office

Financial impact expected:N/A

Approximate agenda time requested: 15 minutes

Representative(s) expected to attend meeting:

Review:

Patty Golden	Completed	01/08/2015 3:35 PM
Maureen G. Valente	Pending	
Barbara Saint Andre	Pending	
Charles C. Woodard	Pending	
Board of Selectmen	Pending	01/13/2015 7:30 PM

MEETING NOTES SECTION

Board's action taken:

Follow-up actions required:

- Requestor:
- Board of Selectmen:
- Staff:

Future agenda date:



MARTHA COAKLEY
ATTORNEY GENERAL

THE COMMONWEALTH OF MASSACHUSETTS OFFICE OF THE ATTORNEY GENERAL

ONE ASHBURTON PLACE
BOSTON, MASSACHUSETTS 02108

(617) 727-2200
www.mass.gov/ago

December 19, 2014

OML 2014 – 148

Mr. Paul L. Kenny, Esq.
Town Counsel
278 Old Sudbury Road
Sudbury, MA 01776

RE: Open Meeting Law Complaint

RECEIVED
BOARD OF SELECTMEN
SUDBURY, MA
2014 DEC 22 A 11:22

Dear Attorney Kenny:

This office received seven related complaints alleging that the Sudbury Board of Selectmen (the “Board”) violated the Open Meeting Law, G.L. c. 30A, §§ 18-25. Specifically, the complaints allege that the Board deliberated outside of an open meeting via email on numerous occasions. Five of the complaints were filed by Mr. Scott Nassa and are dated October 29, 2014. These five complaints were originally filed with the Board on September 1, 2014. Another complainant, Mr. Stephen Lanzendorf, filed one complaint on October 27, 2014. This complaint was originally filed with the Board on August 22, 2014. Finally, the third complainant, Mr. Daniel DePomei, filed one complaint on October 14, 2014. This complaint was originally filed with the Board on September 2, 2014. You responded to all seven complaints on behalf of the Board in a letter dated September 18, 2014.

We appreciate the patience and cooperation of the parties while we reviewed this matter. Following our review, we find that five emails sent by Selectman Leonard Simon to his fellow Board members constituted individual violations of the Open Meeting Law. In reaching this determination, we reviewed the seven complaints; the Board’s response; and the requests for further review filed with our office.

FACTS

We find the facts as follows. The Board is a five-member public body that meets at regular intervals to discuss the governance of the Town of Sudbury (the “Town”). The complaints concern several instances of e-mails being circulated amongst the members of the Board. We consider each incident in turn, in chronological order.

On August 20, 2013, Selectman Simon e-mailed a memorandum to all of the other Board members concerning the Bruce Freeman Rail Trail (the “BFRT”), a trail that extends through several communities and is open to cycling, jogging, and other activities. The memorandum

outlined the history and background of the project, including discussion of a 2012 Town Meeting where residents spoke in favor of the project. The memorandum then states, in part, "I have reviewed and studied each of the four options, and the pros and cons of each." Selectman Simon then states the conclusions he reached, and offers two motions for the Board's consideration at a future meeting.

On October 2, 2013, a Town administrative assistant sent an e-mail to all Board members containing a draft copy of the Town's Alcohol Rules & Regulations. A copy was also sent to the Chief of Police. On October 10, 2013, Selectman Simon e-mailed the Board, along with the Chief, commenting on the rules and suggesting possible changes.

On January 16, 2014, Selectman Simon sent an e-mail to the Community Preservation Committee. All Board members were copied on the e-mail. The e-mail outlines Selectman Simon's positions regarding appropriate funding levels for the BFRT.

On August 4, 2014, Selectman Simon circulated a memorandum by e-mail to the other members of the Board. Again, this memorandum concerned the BFRT. The body of the e-mail reads, "Attached please find a memo I have asked to be included in the packets for our August 19, 2014 meeting." The memorandum begins with, "At the conclusion of the BOS meeting of July 22, 2014, I was concerned about the way the discussion on the [BFRT] unfolded and concluded. Something just did not seem right to me. After thinking about it, the reasons became clear." The memorandum expresses Selectman Simon's opinion regarding the appropriate scope of the BFRT, whether an advisory committee is needed to supervise the project, as well as his preference as to which firm should receive the contract for designing the BFRT.

On August 19, 2014, a constituent sent an e-mail to all members of the Board regarding a chain restaurant that wanted to move into the Town. The e-mail stated that Sudbury should not have another "generic" chain restaurant. Selectman Simon responded to all other Board members, stating, in part, "I think we need to be careful not to alienate or prejudge an individual who wants to make a go of [a] restaurant here in town." No member of the Board responded to any of Selectman Simon's e-mails.

DISCUSSION

I. The Complaints are all Timely

As an initial matter, we address the Board's argument that certain allegations in the complaints are untimely. The Open Meeting Law states that complaints must be filed with the public body within 30 days of the alleged violation. G.L. c. 30A, § 23(b). If the alleged violation could not have been known at the time it occurred, then the complaint must be filed with the public body within 30 days of when the alleged violation could reasonably have been discovered. 940 CMR 29.05(3). Mr. Nassa, who brought the complaints relating to the August 20, 2013; October 12, 2013; and January 16, 2014 e-mails, discovered the e-mails on August 20, 2014, when they were provided to him by an anonymous source. The Board argues that because the e-mails were "public records" at the time they were created, they were reasonably discoverable at the time, and those allegations are therefore now untimely. The only recipients of the e-mails in question were the members of the Board and a handful of other individuals. The emails were not widely circulated, nor were they discussed during an open session meeting.

We therefore conclude that the e-mails were not reasonably discoverable at the time they were sent. Because Mr. Nassa filed his complaints within 30 days of discovering the e-mails, we find the complaints to be timely. G.L. c. 30A, § 23(b).

II. The Emails Constituted Impermissible Deliberation Outside of a Meeting

The Open Meeting Law is intended to “to eliminate much of the secrecy surrounding deliberations and decisions on which public policy is based.” Ghiglione v. School Committee of Southbridge, 376 Mass. 70, 72 (1978). The Law requires that all meetings of a public body be properly noticed and open to members of the public, unless an executive session is convened. See G.L. c. 30A, §§ 20(a)-(b), 21. A “meeting” is defined, in relevant part, as “a deliberation by a public body with respect to any matter within the body’s jurisdiction.” G.L. c. 30A, § 18. The law defines “deliberation” as “an oral or written communication through any medium, *including electronic mail*, between or among a quorum of a public body on any public business within its jurisdiction; provided, however, that ‘deliberation’ shall not include the distribution of meeting agenda, scheduling information or distribution of other procedural meeting [material] or the distribution of reports or documents that may be discussed at a meeting, *provided that no opinion of a member is expressed.*” Id. (emphasis added) Expression of an opinion on matters within a body’s jurisdiction to a quorum of a public body is a deliberation, even if no other public body member responds. See OML 2013-29; OML 2013-27; OML 2012-15.

Here, we find that Selectman’s Simon’s practice of sending memoranda and other messages via e-mail to a quorum of the Board violated the Open Meeting Law. These communications were sent to all other members of the Board, and they expressed Selectman Simon’s opinions on issues within the Board’s jurisdiction. The October 12, 2013 e-mail concerning the alcohol regulations addressed whether to adopt changes to Town policy. The January 16, 2014 e-mail contained Selectman Simon’s opinion regarding appropriate levels of funding for the BFRT. Both met the statutory definition of deliberation, thus the communication therein should have taken place during an open meeting.

The Board argues that Selectman Simon’s August 20, 2013 memorandum was not deliberation, however, rather it was the mere distribution of two motions to be considered at a future meeting. The Open Meeting Law specifies, however, that such distribution is to be done without the expression of an opinion by a public body member. See G.L. c. 30A, § 18. Here, Selectman Simon offered suggestions and opinions. We therefore conclude that the circulation of the August 20, 2013 memorandum also constituted improper deliberation. Likewise, the August 4, 2014 memorandum contained multiple opinions on topics within the Board’s jurisdiction. Although intended for inclusion in the packets provided to the Selectmen, we find that the August 4, 2014 memorandum was not intended for discussion at a meeting, rather it was meant to express Selectman Simon’s opinion to the Board members in advance of the meeting. As for the August 19, 2014 e-mail concerning the restaurant chain, the Board denies that this was deliberation because the Board does not possess any authority to take action on the constituent’s e-mail (the Board described it as merely “a social issue.”). Because issues relating to a new restaurant opening in town could conceivably come before the Board, we find that this discussion was within the Board’s jurisdiction and should have taken place during an open meeting. Although we find that these e-mails violated the Open Meeting Law, because it appears that no member of the Board responded to Selectman Simon, we find that it was an individual violation, rather than a violation by the Board as a whole.

CONCLUSION

For the reasons stated above, we find that Selectman Simon individually violated the Open Meeting Law. We order immediate and future compliance with the Open Meeting Law, and we caution that similar future violations may be considered evidence of an intentional violation of the Law. We also order that the Board release to the public, within 30 days following its receipt of this determination, all e-mails and memoranda referenced in this letter.

We now consider the complaints addressed by this determination to be resolved. This determination does not address any other complaints that may be pending with our office or the Board. Please feel free to contact the Division at (617) 963 - 2540 if you have any questions.

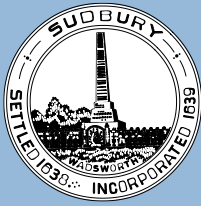
Sincerely,



Kevin W. Manganaro
Assistant Attorney General
Division of Open Government

cc: Mr. Scott Nassa
Mr. Stephen Lanzendorf
Mr. Daniel DePomei
Sudbury Board of Selectmen

This determination was issued pursuant to G.L. c. 30A, § 23(c). A public body or any member of a body aggrieved by this order may obtain judicial review through an action filed in Superior Court pursuant to G.L. c. 30A, § 23(d). The complaint must be filed in Superior Court within twenty one days of receipt of this order.

**SUDBURY BOARD OF SELECTMEN**

Tuesday, January 13, 2015

TIMED ITEM**5: OML complaint****REQUESTOR SECTION**

Date of request: January 5, 2015

Requestor: Chairman Woodard

Formal Title: Discuss and vote to refer Open Meeting Law Complaint received November 26, 2014, from Robert Haarde (continued from 12/11 meeting)

Recommendations/Suggested Motion/Vote: Discuss and vote to refer Open Meeting Law Complaint received November 26, 2014, from Robert Haarde, (continued from 12/11 meeting)

Background Information:

Financial impact expected:N/A

Approximate agenda time requested: 15 minutes

Representative(s) expected to attend meeting:

Review:

Patty Golden	Pending
Maureen G. Valente	Pending
Barbara Saint Andre	Pending
Charles C. Woodard	Pending
Board of Selectmen	Pending

01/13/2015 7:30 PM

MEETING NOTES SECTION

Board's action taken:

Follow-up actions required:

- Requestor:
- Board of Selectmen:
- Staff:

Future agenda date:



OPEN MEETING LAW COMPLAINT FORM

Office of the Attorney General
One Ashburton Place
Boston, MA 02108

Please note that all fields are required unless otherwise noted.

Your Contact Information:

First Name: Robert Last Name: Haarde

Address: 37 Belcher Drive

City: Sudbury State: MA Zip Code: 01776

Phone Number: +1 (617) 909-7477 Ext.

Email: rhaarde@comcast.net

Organization or Media Affiliation (if any): Sudbury Board of Selectmen

Are you filing the complaint in your capacity as an individual, representative of an organization, or media?

(For statistical purposes only)

☐ Individual ☒ Organization ☐ Media

Public Body that is the subject of this complaint:

☒ City/Town ☐ County ☐ Regional/District ☐ State

Name of Public Body (including city/town, county or region, if applicable): Sudbury Board of Selectmen

Specific person(s), if any, you allege committed the violation: Selectman Chairman Chuck Woodard

Date of alleged violation: Oct 28, 2014

RECEIVED
BOARD OF SELECTMEN
SUDBURY, MA
2014 NOV 26 P 12:16

Description of alleged violation:

Describe the alleged violation that this complaint is about. If you believe the alleged violation was intentional, please say so and include the reasons supporting your belief.

Note: This text field has a maximum of 3000 characters.

The Sudbury Board of Selectmen has violated the Open Meeting Law by not responding to recent complaints in compliance with the law.

At first, Chairman Chuck Woodard chose to not even share the complaints with the Board in a timely manner but instead asked Town Counsel Paul Kenny to deal with them. At our 10/28/14 meeting Chairman Woodard put forth a vague and peculiar agenda item: "vote to comply with the Mass General Laws relative to the Open Meeting Law." I asserted that we were already bound to comply with all Mass General Laws. Chairman Woodard explained that he needs a vote to "ratify" his past actions and provided a letter from Paul Kenny: "It is my understanding the Chairman reported to the Board at an open meeting (on 9/10) that I advised him I would respond for the Board and they should not discuss the matter in open session. The Selectmen did not raise any opposition at the meeting." (end quote)

In fact, at our 9/10/14 meeting, Woodard reported this: "There have been open meeting law complaints regarding Mr. Simon. These have been referred to Town Counsel who is going to review them, examine state law and advise the Board on next steps we should take, but in the mean time we will not and we should not be discussing them publicly."

Woodard did not report that Town Counsel was responding on our behalf but instead reported that Town Counsel would be advising the Board on next steps. There would be no opposition to asking Town Counsel for advice as that is logical. Further, we were instructed not to speak publicly and Chairman Woodard did not schedule an agenda item to discuss these complaints in executive session. The Board was waiting for advice from Town Counsel while, unbeknownst to the Selectmen, Town Counsel, without authority, was asking the Attorney General for dismissal.

To "cure that issue," Town Counsel recommended the Board vote retroactively to refer the complaints to Town Counsel for response. The Board, however, discussed this matter on 10/28/14 and much opposition was raised as the Board disagreed with Town Counsel's advice. Board members expressed a willingness to take OML training and raised a concern about seeking a dismissal of these complaints which would set an undesirable precedent for other town committees regarding email circulation. The Board voted (3-2) "to refer the past complaints to Town Counsel to be forwarded to the Attorney General's office for their review and guidance."

The Board never, in advance or retroactively, voted to give Town Counsel the authority to respond or ask for dismissal.

The deadline has now passed and the will of the Public Body, to forward the OML complaints to the Attorney General for review and guidance, still has not happened.

What action do you want the public body to take in response to your complaint?

Note: This text field has a maximum of 500 characters.

The Board of Selectmen should be instructed to take Open Meeting Law training. Chairman Chuck Woodard should be fined \$100 for his handling of these complaints. Members of the public have come forward at numerous public meetings and explained the Open Meeting Law to Chuck and asked that their complaints be handled appropriately. Chuck's handling of these complaints was intentional. He was told several times he was wrong but still persisted to handle these complaints in violation of the law.

Review, sign, and submit your complaint**I. Disclosure of Your Complaint.**

Public Record. Under most circumstances, your complaint, and any documents submitted with your complaint, will be considered a public record and available to any member of the public upon request. In response to such a request, the AGO generally will not disclose your contact information.

II. Consulting With a Private Attorney.

The AGO cannot give you legal advice and is not able to be your private attorney, but represents the public interest. If you have any questions concerning your individual legal rights or responsibilities you should contact a private attorney.

III. Submit Your Complaint to the Public Body.

The complaint must be filed first with the public body. If you have any questions, please contact the Division of Open Government by calling (617) 963-2540 or by email to openmeeting@state.ma.us.

By signing below, I acknowledge that I have read and understood the provisions above and certify that the information I have provided is true and correct to the best of my knowledge.

Signed: _____

Date: _____

For Use By Public Body

For Use By AGO

Date Received by Public Body: _____ Date Received by AGO: _____

November 25, 2014

To the Sudbury Board of Selectmen

The Sudbury Board of Selectmen has violated the Open Meeting Law by not responding to recent complaints in compliance with the law.

At first, Chairman Chuck Woodard chose to not even share the complaints with the Board in a timely manner but instead asked Town Counsel Paul Kenny to deal with them. At our 10/28/14 meeting Chairman Woodard put forth a vague and peculiar agenda item: "vote to comply with the Mass General Laws relative to the Open Meeting Law." I asserted that we were already bound to comply with all Mass General Laws. Chairman Woodard explained that he needs a vote to "ratify" his past actions and provided a letter from Paul Kenny: "It is my understanding the Chairman reported to the Board at an open meeting (on 9/10) that I advised him I would respond for the Board and they should not discuss the matter in open session. The Selectmen did not raise any opposition at the meeting." (end quote)

In fact, at our 9/10/14 meeting, Woodard reported this: "There have been open meeting law complaints regarding Mr. Simon. These have been referred to Town Counsel who is going to review them, examine state law and advise the Board on next steps we should take, but in the mean time we will not and we should not be discussing them publicly."

Woodard did not report that Town Counsel was responding on our behalf but instead reported that Town Counsel would be advising the Board on next steps. There would be no opposition to asking Town Counsel for advice as that is logical. Further, we were instructed not to speak publicly and Chairman Woodard did not schedule an agenda item to discuss these complaints in executive session. The Board was waiting for advice from Town Counsel while, unbeknownst to the Selectmen, Town Counsel, without authority, was asking the Attorney General for dismissal.

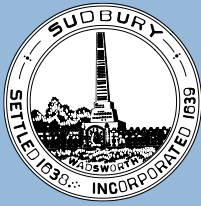
To "cure that issue," Town Counsel recommended the Board vote retroactively to refer the complaints to Town Counsel for response.

The Board, however, discussed this matter on 10/28/14 and much opposition was raised as the Board disagreed with Town Counsel's advice. Board members expressed a willingness to take OML training and raised a concern about seeking a dismissal of these complaints which would set an undesirable precedent for other town committees regarding email circulation. The Board voted (3-2) "to refer the past complaints to Town Counsel to be forwarded to the Attorney General's office for their review and guidance."

The Board never, in advance or retroactively, voted to give Town Counsel the authority to respond or ask for dismissal.

The deadline has now passed and the will of the Public Body, to forward the OML complaints to the Attorney General for review and guidance, still has not happened.

CC: Sudbury Town Clerk
Massachusetts Attorney General



SUDBURY BOARD OF SELECTMEN

Tuesday, January 13, 2015

TIMED ITEM**6: Capital Funding Committee Report**REQUESTOR SECTION

Date of request:

Requestor: Chairman Woodard

Formal Title: Hear preliminary report of the Strategic Financial Planning Committee for Capital Funding.

Recommendations/Suggested Motion/Vote: Hear preliminary report of the Strategic Financial Planning Committee for Capital Funding.

Background Information:

See attached

Financial impact expected:

Approximate agenda time requested:

Representative(s) expected to attend meeting:

Review:

Patty Golden	Pending
Maureen G. Valente	Pending
Paul Kenny	Pending
Charles C. Woodard	Pending
Board of Selectmen	Pending

01/13/2015 7:30 PM

MEETING NOTES SECTION

Board's action taken:

Follow-up actions required:

- Requestor:
- Board of Selectmen:
- Staff:

Future agenda date:



Town of Sudbury

Town Manager's Office

Townmanager@sudbury.ma.us

278 Old Sudbury Road
Sudbury MA 01776
978-639-3385

Maureen G. Valente, Town Manager

<http://www.sudbury.ma.us>

Date: January 8, 2015
To: Board of Selectmen
CC: Capital Funding Committee, Finance Committee
From: Maureen G. Valente, Town Manager
Subject: Update on work of the Strategic Financial Planning Committee for Capital Funding

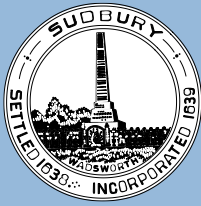
The Capital Funding Committee asked me to write a memo with an update based on their most recent meeting. Although they did not take final votes (they are meeting again next week), they are contemplating updating their recommendation regarding the funding plan for the newly established Special Purpose Stabilization Fund for DPW Rolling Stock.

In their interim report provided to you last month, they recommended that a special purpose capital override be requested by the Board of Selectmen in the amount of \$400,000. This request, if approved at the ballot box, would provide for this amount to be available for Town Meeting to annually vote this amount into the Special Purpose Stabilization Fund. This action would provide funding for the FY16 request for two large pieces of DPW heavy equipment/rolling stock: a 6 wheel dump truck for \$136,500 and a 10 wheel dump truck for \$174,800, totally \$311,300 AND it would provide ongoing funding for future rolling stock, as explained to Town Meeting last year when they approved creation of this Fund.

At this time the Committee is *contemplating* updating their recommendations to the Board of Selectmen and Town Meeting regarding the Special Purpose Stabilization as follows.

- Change the amount of the Capital override request for the special purpose stabilization from \$400,000 to \$300,000
- That the ballot question requesting this capital override be on the March Town Election
- That rental income payments received for the cell tower located at the DPW Transfer Station be annually dedicated to the special purpose stabilization fund for Rolling Stock for FY16. This annual rental income is approximately \$113,000.
- That this allocation of rental income for the Transfer Station cell tower be made by Town Meeting annually going forward
- That the purpose of the fund be amended to include Fire Department ambulances
- That an appropriation for the two DPW rolling stock items cited above be from the Special Purpose Stabilization Fund as described above if the fund is capitalized as recommended above.

As stated previously, these are changes that the Committee is contemplating recommending and thus should not be considered as final in form or substance until the Committee meets on January 15th. But the Funding Committee wanted the Board to have these potential changes to the report at this time.



SUDBURY BOARD OF SELECTMEN

Tuesday, January 13, 2015

MISCELLANEOUS (UNTIMED)**7: Rail Trail Forum Moderator**REQUESTOR SECTION

Date of request: January 7, 2015

Requestor: Chairman Woodard

Formal Title: Discuss Rail Trail Forum Moderator

Recommendations/Suggested Motion/Vote: Discussion on Rail Trail Forum Moderator

Background Information:

None - discussion only

Financial impact expected:N/A

Approximate agenda time requested: 10 minutes

Representative(s) expected to attend meeting:

Review:

Patty Golden	Pending
Maureen G. Valente	Pending
Barbara Saint Andre	Pending
Charles C. Woodard	Pending
Board of Selectmen	Pending

01/13/2015 7:30 PM

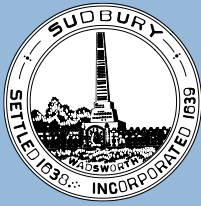
MEETING NOTES SECTION

Board's action taken:

Follow-up actions required:

- Requestor:
- Board of Selectmen:
- Staff:

Future agenda date:



SUDBURY BOARD OF SELECTMEN
Tuesday, January 13, 2015

8

MISCELLANEOUS (UNTIMED)

8: Preview of Town Meeting Articles submitted by BoS

REQUESTOR SECTION

Date of request: January 7, 2015

Requestor: Chairman Woodard

Formal Title: Preview of 2015 Town Meeting Articles submitted by Board of Selectmen

Recommendations/Suggested Motion/Vote:

Background Information:
See attached

Financial impact expected:N/A

Approximate agenda time requested:

Representative(s) expected to attend meeting:

Review:

Patty Golden	Pending
Maureen G. Valente	Pending
Barbara Saint Andre	Pending
Charles C. Woodard	Pending
Board of Selectmen	Pending

01/13/2015 7:30 PM

MEETING NOTES SECTION

Board's action taken:

Follow-up actions required:

- Requestor:
- Board of Selectmen:
- Staff:

Future agenda date:



Town of Sudbury

Town Manager's Office

278 Old Sudbury Road
Sudbury MA 01776
978-639-3385
Maureen G. Valente, Town Manager

Townmanager@sudbury.ma.us

<http://www.sudbury.ma.us>

Date: January 8, 2015
To: Board of Selectmen, Finance Committee, SPS School Committee, and L-S
Regional School Committee
From: Maureen G. Valente, Town Manager
Subject: Potential Board of Selectmen articles for the 2015 Annual Town Meeting

Attached is my list of articles that have been discussed by the Board, by committees created by the Board, or by town department heads that might be submitted by the Board. I look forward to discussing these with the Board and getting feedback and direction from you.

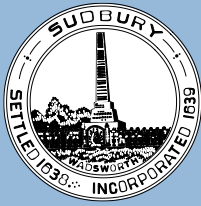
Attachment: potential articles from MG (1105 : Preview of Town Meeting Articles submitted by BoS)

2015 Town Meeting Articles for Consideration to Be Submitted by Board of Selectmen

- A. Hear Reports (Article 1 each year)
- B. Stabilization Fund (Article submitted each year but passed over if no action anticipated)
- C. Extend the means tested senior tax exemption. Board of Assessors is studying the program now and will have a recommendation later for the Board of Selectmen.
- D. Request to establish a new Special Purpose Stabilization fund for Melone Gravel Pit Restoration/Future Use and put \$1.1 million in gravel receipts (currently held as part of Free Cash) into a new special stabilization fund
- E. Request to stay in/withdraw from Minuteman Vocational Technical High School or other related items, which would include approval of amendment to the district agreement.
- F. OPEB related articles
 - a. Put balance of Health Claims Trust Fund (except \$150,000 hold back for future claims) into OPEB trust
 - b. Move forward with Special Act to Dedicate Meal Tax to funding of OPEB liabilities
 - c. Accept 32B Section 20 to augment investment options for existing OPEB Trust
- G. Special Purpose Stabilization Fund for DPW Rolling Stock related articles
 - a. Request an operating override (\$300,000) to fund the special purpose stabilization fund for Rolling Stock, established at the 2014 Annual Town Meeting (potential recommendation of the Capital Funding Committee)
 - b. Request that the funds to be received from lease payments for a cell tower located at the DPW Transfer Station – estimated at \$113,000 for FY16 – be voted into the Special Purpose Stabilization Fund for DPW Rolling Stock
 - c. Amend the Special Purpose Stabilization Fund for DPW Rolling Stock to include Fire Department ambulances
- H. Request change to Dog Bylaw
- I. Request bylaw change for site plan review to be responsibility of the Planning Board (see attached minutes from prior discussions of the Board of Selectmen regarding this recommendation of the Planning Board in 2014).
- J. CPC funding request for Central Rail Trail

Articles that may be submitted by others (in addition to the recurring articles for budget related items)

- K. Articles for each capital project over \$50K but less than \$1,000,000 – project requestors
- L. Davis Field - \$3.6 million – Park and Recreation Commission
- M. CPC projects - project requestors
- N. Board of Health Revolving Fund (new fund) – Board of Health
- O. Zoning amendments – Planning Board
- P. Add funding to the Energy Savings Programs Special Stabilization Fund – Energy Committee
- Q. Create a new Special Purpose Stabilization Fund for Replacement of Turf Field at Cutting Field – Recreation Commission

**SUDBURY BOARD OF SELECTMEN**

Tuesday, January 13, 2015

MISCELLANEOUS (UNTIMED)**9: Nixon School Project Funding****REQUESTOR SECTION**

Date of request: January 6, 2015

Requestor: Town Counsel

Formal Title: Move to authorize the Town to enter into and be bound by the Project Funding Agreement with the Massachusetts School Building Authority pursuant to Article 1, Nixon School – Partial Roof, Window and Door Replacements, Envelope Repair Project, voted at the Special Town Meeting held on December 3, 2014; and further to authorize the Chairman of the Board of Selectmen to execute said document inclusive of Exhibit A, Project Budget; and further to designate the Town Manager to administer the Project Funding Agreement for the Town and to sign all documents relative thereto.

Recommendations/Suggested Motion/Vote: Move to authorize the Town to enter into and be bound by the Project Funding Agreement with the Massachusetts School Building Authority pursuant to Article 1, Nixon School - Partial Roof, Window and Door Replacements, Envelope Repair Project, voted at the Special Town Meeting held on December 3, 2014; and further to authorize the Chairman of the Board of Selectmen to execute said document inclusive of Exhibit A, Project Budget; and further to designate the Town Manager to administer the Project Funding Agreement for the Town and to sign all documents relative thereto.

Background Information:

See attached

Financial impact expected: Project to be bonded

Approximate agenda time requested:

Representative(s) expected to attend meeting:

Review:

Patty Golden	Pending
Maureen G. Valente	Pending
Paul Kenny	Pending
Charles C. Woodard	Pending
Board of Selectmen	Pending

01/13/2015 7:30 PM

MEETING NOTES SECTION

Board's action taken:



Massachusetts School Building Authority

Steven Grossman
Chairman, State Treasurer

John K. McCarthy
Executive Director

December 18, 2014

Ms. Maureen C. Valente, Town Manager
Town of Sudbury
278 Old Sudbury Road
Sudbury, MA 01776

Re: Project Funding Agreement for the General John Nixon Elementary School
MSBA Project No. 201402880025

Dear Ms. Valente:

Enclosed please find three (3) original Execution Copies of the Project Funding Agreement (the "PFA"), including one complete set of PFA Exhibits, for the Accelerated Repair Program Project ("Project") at the General John Nixon Elementary School in the Town of Sudbury (the "Town"). The Town must approve and authorize local funding for the Project within ninety (90) days after the MSBA's Board of Directors voted to approve the Project. The Town then must execute and return three (3) originals of the PFA within thirty (30) days after the date upon which the Town approved and authorized local funding for the Project. One of the originals of the PFA will be returned to the Town after it has been signed by the MSBA's Executive Director. Please do not date the PFA on the first and last pages. The PFA will be dated by the MSBA when the MSBA's Executive Director signs the Agreement.

In addition to signing and submitting three (3) originals of the PFA, the Town must submit to the MSBA two (2) fully executed originals of the Exhibit A, the Total Project Budget. The Town should keep the enclosed set of Exhibits and one executed original of Exhibit "A" for attachment to the fully executed original PFA that will be returned to the Town. Also, please review Section 17 of the PFA to make sure that the designated Town officer and address are accurate with regard to the receipt of notices that may be sent pursuant to the PFA.

The Town must also submit two (2) originals of the Certification of Legal Counsel which is being sent via e-mail as a Word document to enable the Town's legal counsel to put the Certification on his or her letterhead. The Legal Counsel Certification requires the Town's legal counsel to certify which local public official or governmental body (the "Local Governing Body") has the full legal authority to execute the PFA on behalf of the Town and to bind the Town to its terms. The Town should keep an additional copy of the certification for its records.

The Town will need to provide a certified copy of the vote of the Local Governing Body authorizing the Town to enter into and be bound by the PFA and authorizing the signatory to execute the document on behalf of the Town if required by local charter, by-law, ordinance or other applicable law or policy. This document, if necessary, must bear the Town's raised seal.

Finally, please complete and submit an electronic payment form (Exhibit J to the PFA). A copy is also being transmitted as an attachment in Word format so that it can be printed on the Town's letterhead.

Town of Sudbury
ARP Project Funding Agreement, General John Nixon Elementary School
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The required documents that must be submitted to the MSBA within thirty days after local funding is approved and authorized include:

- three (3) executed originals of the PFA (please retain the enclosed set of Exhibits for attachment to the fully executed PFA that will be returned to the Town);
- two (2) fully executed originals of the Exhibit A, the Total Project Budget (please keep a copy for insertion into the set of Exhibits retained by the Town);
- two (2) signed originals of the Certification of Legal Counsel (please keep an additional copy for the Town 's records);
- a certified copy (bearing the Town 's raised seal) of the vote authorizing the Town to enter into and be bound by the PFA and authorizing the signatory to execute the PFA on behalf of the Town, if required by local charter, by-law, ordinance, or other applicable law or policy;
- a completed electronic payment form (Exhibit J to the PFA).

should be mailed to my attention at the following address:

Massachusetts School Building Authority
40 Broad Street, Suite 500
Boston, MA 02109

All of this documentation must be completed and returned to the MSBA within the time limits described above. After this documentation has been properly completed and submitted to the MSBA, and the PFA has been fully executed, the Town can enter its Total Project Budget into the MSBA's ProPay System. The MSBA will include instructions to enter the project budget with the transmittal of the fully executed PFA. Once the Town has entered the budget and the budget has been accepted by the MSBA, then the Town can begin submitting requests for reimbursement to the MSBA. The MSBA will not process reimbursement requests until these requirements have been satisfied, the PFA has been fully executed, and the Total Project Budget has been accepted in the MSBA's ProPay System.

If you have any questions, please contact either Julia Seibolt or me at the MSBA.

Very Truly Yours,



George F. Driscoll, Jr.
Deputy General Counsel

Town of Sudbury

ARP Project Funding Agreement, General John Nixon Elementary School

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Enclosures/Attachments

Cc: Legislative Delegation
Charles Woodward, Chair, Sudbury Board of Selectmen
Ellen Winer Joachim, Chair, Sudbury School Committee
Dr. Anne Wilson, Superintendent, Sudbury Public Schools
Kimberly Swain, Assistant Superintendent, Sudbury Public Schools
Dale Caldwell, Owner's Project Manager, Skanska USA Building, Inc.
Ahmed Idris, Designer, Baker/Wohl Architects
File: 10.2 Letters

PROJECT FUNDING AGREEMENT **ACCELERATED REPAIR PROGRAM**

This PROJECT FUNDING AGREEMENT, (the “Project Funding Agreement”), dated as of _____, 20____ (the “Effective Date”) is entered into by and between the Massachusetts School Building Authority, an independent public authority of the Commonwealth of Massachusetts (the “Authority”), and the Town of Sudbury together with its successors and assigns (the “District” or “Owner”) (Authority and District or Owner collectively referred to herein as the “Parties”).

RECITALS

WHEREAS, the provisions of General Laws Chapter 70B, as amended (“Chapter 70B”), Chapters 208 and 210 of the Acts of 2004, and 963 CMR 2.00 *et seq.* authorize the Authority to provide a Total Facilities Grant (as defined in Section 1 below) to Eligible Applicants for approved school building construction, renovation and repair projects; and

WHEREAS, the District has applied for and desires to receive a Total Facilities Grant from the Authority pursuant to the provisions of Chapter 70B, Chapters 208 and 210 of the Acts of 2004, and 963 CMR 2.00 *et seq.* for a Project (as defined in Section 1 below) consisting of an Accelerated Repair Project at the General John Nixon Elementary School, as it is more particularly described elsewhere in this Agreement; and

WHEREAS, the Authority has determined that this Project is eligible for participation in the Authority’s Accelerated Repair Program; and

WHEREAS, the Authority has determined that the District’s Project is eligible for the receipt of a Total Facilities Grant, and the District has agreed to receive a Total Facilities Grant, pursuant to a payment schedule determined by the Authority and subject to all of the terms and conditions of this Project Funding Agreement; and

WHEREAS, the Project is in the best interests of the Commonwealth and the District with respect to its site, type of construction, sufficiency of accommodations, open space preservation, urban development, urban sprawl, and energy efficiency; and

WHEREAS, the Project has a value over its useful life commensurate with the lifecycle cost of building, operating, and maintaining the school facility; and

WHEREAS, the Project is not at a school that has been the site of an approved school project pursuant to Chapter 70B or Chapter 645 of the Acts of 1948, as amended, within the 10 years prior to the Project Application date, or the Project is unrelated to such previously approved project in the same school; and

WHEREAS, the Project is within the capacity of the Authority to finance within revenues projected to be available to the Authority; and

WHEREAS, the Authority, though a competitive procurement process, has selected a pool of Owner’s Project Managers and a pool of Designers for the Accelerated Repair Program and has assigned an Owner’s Project Manager and a Designer from those pools to the District’s Project in

accordance with the assignment process described in the Authority's "Science Lab Initiative & Accelerated Repair Program Owner's Project Manager and Designer Assignment Procedure," which is incorporated by reference herein; and

WHEREAS, the Board of the Authority has voted to authorize the Executive Director to enter into a Project Funding Agreement with the District for the Project; and

WHEREAS, the District has taken all necessary votes authorizing the Project and has authorized and appropriated the Total Project Budget, in formats acceptable to the Authority;

NOW, THEREFORE, in consideration of the promises and the mutual covenants contained in this Project Funding Agreement, and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the Authority and the District, intending to be legally bound, hereby agree as follows:

The Authority agrees to provide a Total Facilities Grant to the District, subject to all of the following terms and conditions:

SECTION 1 DEFINITIONS

Capitalized terms that are not defined in this Section 1 shall have the meanings ascribed to them in Chapter 70B or 963 CMR 2.00 *et seq.* For purposes of this Project Funding Agreement, the following words shall have the following meanings:

"Accelerated Repair Program" means the Authority's program to provide Total Facilities Grants to school districts for certain Projects involving the repair, replacement, or upgrade of roofs, boilers, and/or window systems and related upgrades in accordance with the terms and conditions of the Accelerated Repair Program, including, but not limited to, the Authority's Sustainability Requirements for the Accelerated Repair Program, which are incorporated by reference herein, and any other eligibility requirements set forth in this Project Funding Agreement or otherwise established by the Authority.

"Assisted Facility" means the school facility that is eligible for and will receive either a Total Facilities Grant or partial payment of a Total Facilities Grant pursuant to this Project Funding Agreement.

"Construction Contract Documents" means all agreements, contracts, and other documents, including, but not limited to, the Owner-Contractor or Owner-CM at Risk Contracts and attachments thereto, Advertisements, Instructions to Bidders, Bidding Documents, Contract Forms, Conditions of the Contracts, Specifications, Drawings, all addenda issued prior to execution of the Contracts, and other documents listed in the Owner-Contractor or Owner-CM at Risk contracts and any amendments or modifications issued after execution of said contracts, executed by and between the District and the Contractors or any other parties that set forth the terms, conditions, requirements, and specifications for the design and construction of the Project. For purposes of this Project Funding Agreement, the Construction Contract Documents shall also at all times include a current construction schedule, a current Total Project Budget, and a current cash flow projection.

“Contractor” is the person or entity identified as such throughout the Construction Contract Documents and who is primarily responsible for the performance and execution of the construction work on the Project.

“Designer” shall mean the individual, corporation, partnership, sole proprietorship, joint stock company, joint venture, or other entity engaged in the practice of architecture, landscape architecture, or engineering that meets the requirements of M.G.L. c. 7C, §44(b) and has been procured and assigned by the Authority and contracted by the District in accordance with the procedures described in the Authority’s “Science Lab Initiative and Accelerated Repair Program Owner’s Project Manager and Designer Assignment Procedure,” which are incorporated by reference herein, and all other applicable provisions of law to perform professional design services.

“Effective Date” means the date stated in the first paragraph of this Project Funding Agreement which shall be the date on which this Project Funding Agreement shall take effect.

“Excusable Delay” means a delay of the Project that either (a) is solely because of a natural event, such as flood, storms, or lightning, that is not preventable by any human agency, or (b) is reasonably determined by the Authority to be excusable.

“Final Request and Certificate for Reimbursement” means the certificate, submitted by the District to the Authority upon final completion of the Project, that is (1) signed by the Owner’s Project Manager stating that, to the best of the Owner’s Project Manager’s knowledge and belief, the Project has been completed and constructed in accordance with all Construction Contract Documents; (2) signed by the Designer stating that, to the best of the Designer’s knowledge and belief, the Project has been completed and constructed in accordance with the Construction Contract Documents and all applicable building and safety codes in effect at the time of construction; and (3) signed by a duly authorized representative of the District stating, to the best of his/her knowledge and belief, that all of the terms and conditions of this Project Funding Agreement, all other agreements between the District and the Authority and all applicable regulations and guidelines of the Authority have been satisfied.

“Monthly” means once each calendar month.

“Notice to Proceed” means the written communication issued by the District to the Contractor or CM at Risk authorizing him to proceed with the Owner-Contractor or Owner-CM at Risk contract and establishing the date for commencement of the contract time.

“Owner’s Project Manager” shall mean the individual, corporation, partnership, sole proprietorship, joint stock company, joint venture, or other entity procured and assigned by the Authority and contracted by the District, in accordance with the procedures of the Authority’s “Science Lab Initiative and Accelerated Repair Program Owner’s Project Manager and Designer Assignment Procedure,” which are incorporated by reference herein, and all other applicable provisions of law to fully and completely manage and coordinate administration of the Project to completion. The Owner’s Project Manager must meet the qualifications set forth in M.G.L. c. 149, § 44A ½, 963 CMR 2.00 *et seq.*, and all applicable policies and guidelines of the Authority.

“Project” refers to a partial roof replacement and partial window/door replacement

project at the General John Nixon Elementary School, as it is more particularly described elsewhere in this Agreement, which is a (1) Capital Construction Project, (2) Major Reconstruction Project, or (3) School Project, each as defined in Chapter 70B, §2.

“Project Cash Flow” means a detailed accounting of the projected amount of funding being received and expended by the District during the course of the Project on a monthly basis, which is attached hereto as Exhibit “D”.

“Project Permits” means all permits, approvals, consents and licenses issued or granted by governmental authorities, necessary or appropriate to the construction, completion and occupancy of the Project.

“Project Schedule” means the schedule for the Project, including a detailed estimated timeline as described in 963 CMR 2.10(10), which is attached hereto as Exhibit “C”.

“Project Scope” means the scope of the Proposed Project that has been mutually agreed to by the Authority and the District and as is attached hereto as Exhibit “B”.

“Project Scope and Budget Conference” means the conference described in 963 CMR 2.10(9).

“Project Site” means the specific location of the Project as more fully described in Exhibit “E” attached hereto.

“Schematic Drawings and Plans” means, where applicable to the Project, preliminary floor plans identifying programmatic and other spaces, elevations, site plans, plot plans, topographical plans, plans showing the location of the Project in relationship to other schools in the district, engineering studies, and any other plans deemed necessary by the Authority.

“Subcontractor” means a person or entity that has a direct contract with the Contractor or CM at Risk to perform a portion of the work on the Project.

“Total Facilities Grant” means the Authority’s final, approved, total financial contribution to an Approved Project, which is calculated by the Authority pursuant to the provisions of Chapter 70B, Chapter 208 of the Acts of 2004, and 963 CMR 2.00 *et seq.*, and paid to the District pursuant to a schedule established by the Authority and subject to the terms and conditions of this Project Funding Agreement.

“Estimated Maximum Total Facilities Grant” shall mean the estimated Total Facilities Grant amount, as set forth in the Total Project Budget (“Exhibit A”), which amount does not include reimbursement amounts for any potentially eligible costs within the owner’s contingency and construction contingency line items in the Total Project Budget (“Exhibit A”). The actual Total Facilities Grant for the Project may be an amount less than the Estimated Maximum Total Facilities Grant pursuant to the Authority’s regulations, policies, and guidelines and the provisions of this Agreement.

“Maximum Total Facilities Grant” shall mean the maximum Total Facilities Grant amount, as set forth in the Total Project Budget (“Exhibit A”), which the District may be eligible to receive for the Project, which amount shall not be exceeded under any circumstances. The Maximum Total

Facilities Grant amount includes reimbursement amounts for any potentially eligible costs that may be expended from the owner's contingency and the construction contingency line items in the Total Project Budget ("Exhibit "A") in accordance with the Authority's regulations, policies, and guidelines and the provisions of this Agreement. The eligibility of any such costs for reimbursement shall be determined by the Authority within its sole discretion provided that the total amount of Project costs eligible for reimbursement, including any eligible costs expended from the owner's contingency and construction contingency line items, shall not exceed the Maximum Total Facilities Grant amount under any circumstances. The actual Total Facilities Grant for the Project may be an amount less than the Maximum Total Facilities Grant pursuant to the Authority's regulations, policies, and guidelines and the provisions of this Agreement.

"Total Project Budget" means a complete and full enumeration of all costs, including both hard costs and soft costs, so-called, that the District reasonably estimates, to the best of its knowledge and belief, has been or will be incurred in connection with the planning, design, construction, development, the mobilization of the operation, and the completion of the Project, approved by the Authority, which may be updated from time to time by mutual agreement of the Parties and which is attached hereto as **Exhibit "A"**.

"Vendor" means any person, entity, business, or service provider under contract or agreement with the District to provide goods or services to the District in connection with the Project.

SECTION 2 THE PROJECT AND THE TOTAL FACILITIES GRANT

2.1 As of the Effective Date and subject to the satisfaction of or compliance with, as reasonably determined by the Authority, (a) all of the terms and conditions of this Project Funding Agreement, (b) the applicable provisions of Chapter 70B, Chapters 208 and 210 of the Acts of 2004, and 963 CMR 2.00 *et seq.*, and (c) any other rule, regulation, policy, guideline, approval, or directive of the Authority, the Authority hereby approves the following Estimated Maximum Total Facilities Grant for the Project: an amount that, except as specifically provided in this Section 2.1, shall under no circumstances exceed the lesser of (i) thirty-six and eighty-nine hundredths percent (36.89%) of the final approved, total eligible Project costs, as determined by the Authority, ("Reimbursement Rate") or (ii) \$375,914. Notwithstanding the foregoing, the Authority may determine, in its sole discretion, and subject to the limitations set forth in Section 2.3 of this Agreement, that expenditures from the owner's contingency and construction contingency line items of the Total Project Budget, so-called, are eligible for reimbursement, and in the event of any such determination, the Authority may adjust the above-stated Estimated Maximum Total Facilities Grant amount to account for the eligible, approved owner's and construction contingency expenditures up to a Maximum Total Facilities Grant of \$393,658. In no event shall the final, Maximum Total Facilities Grant, including any eligible owner's and construction contingency amounts, exceed \$393,658.. The Parties hereby acknowledge and agree that the Estimated Maximum Total Facilities Grant and Maximum Total Facilities Grant amounts set forth in this Section 2.1, are maximum amounts of funding that the District may receive from the Authority for the Project, and that the final amount of the Total Facilities Grant may equal an amount less than either of the aforesaid amounts, as determined by an audit conducted by the Authority. Any costs and expenditures that are determined by the Authority to be either in excess of the above-stated Total Facilities Grant or ineligible for payment by the Authority shall be the sole responsibility of the District. The Parties hereby agree that costs incurred by the District in connection with the

Project prior to the Effective Date may be eligible for reimbursement if the Authority determines in its sole discretion that such costs meet the Authority's eligibility requirements.

2.2 In the event that the Authority reasonably determines that the Project is not in accordance or compliance with the Project Scope, the Project Schedule, the Total Project Budget, the Construction Contract Documents, the Schematic Drawings and Plans, all of the covenants in Section 3 of this Project Funding Agreement, all other terms and conditions of this Project Funding Agreement, the provisions of Chapter 70B, Chapters 208 and 210 of the Acts of 2004, 963 CMR 2.00 *et seq.*, and any other applicable rule, regulation, policy, guideline, approval or directive of the Authority, including, but not limited to, the terms and conditions of the Accelerated Repair Program, including the Authority's "Sustainability Requirements for the Accelerated Repair Program," or is delayed (other than an Excusable Delay), then the Authority may temporarily and/or permanently withhold payments to the District for the Project, provided that the Authority shall not unreasonably withhold any such payments. In the event that the Authority either temporarily or permanently withholds payment for the Project, the District hereby agrees and acknowledges that the Authority shall have no liability for any such withholding of payment or any loss that may occur as a result of any such withholding of payment.

2.3 The Parties hereby acknowledge and agree that, in the event that the lowest, responsible bid accepted by the District for the construction of the Project is lower than the corresponding amount set forth in the Total Project Budget, the Authority shall reduce the Total Facilities Grant amount set forth in Section 2.1 of this Agreement accordingly. The Parties hereby further acknowledge and agree that, in the event that the lowest, responsible bid accepted by the District for the construction of the Project exceeds the corresponding amount set forth in the Total Project Budget, the Authority shall not make any adjustments to its Total Facilities Grant on account of the bid, and the increased costs shall be the sole responsibility of the District. The Parties hereby further acknowledge and agree that, in the event that the lowest responsible bid accepted by the District for construction of the Project exceeds the corresponding amount set forth in the Total Project Budget, the District may use a reasonable amount of the owner's and/or construction contingency to fund the cost of any such budget overrun; provided however, that expenditures of owner's and/or construction contingency funds for the purpose of funding such budget overruns shall not be eligible for reimbursement by the Authority and shall be the sole responsibility of the District.

2.4 The Reimbursement Rate for the Project is calculated as set forth in the reimbursement rate summary, attached hereto as **Exhibit "I"**, and shall be subject to the provisions of M.G.L. c. 70B, 963 CMR 2.00 *et seq.*, and the policies and guidelines of the Authority.

2.5 INTENTIONALLY LEFT BLANK

SECTION 3 COVENANTS

The District covenants and agrees that as long as this Project Funding Agreement is in effect, the District shall and shall cause its employees, agents, and representatives to perform and comply with the following covenants:

3.1 The District acknowledges and agrees that the Authority's grant program, established pursuant to Chapter 70B, Chapters 208 and 210 of the Acts of 2004, 963 CMR 2.00 *et seq.*, and any other applicable rule, regulation, policy or guideline of the Authority, is a non-entitlement, discretionary program based on need and the District shall not be entitled to any funds from the Authority except as provided in this Project Funding Agreement.

3.2 The District shall and shall cause its employees to comply with all provisions of this Project Funding Agreement; all other agreements related to the Project that have been referenced herein or otherwise approved in writing by the Authority; and all provisions of law that are applicable to the Project and this Project Funding Agreement and the District shall take all action necessary to fulfill its obligations under this Project Funding Agreement and under all other agreements related to the Project that have been referenced herein or otherwise approved by the Authority.

3.3 The District hereby agrees that it shall submit all Project information, including but not limited to, Total Project Budget information, plans, specifications, Project Schedules, and Project progress reports, and any additional information that may be requested by the Authority, to the Authority in a timely manner in a form satisfactory to the Authority.

3.4 The District hereby agrees that it shall use its best efforts and resources to diligently satisfy and complete each of the terms and conditions of this Project Funding Agreement as promptly as possible.

3.5 The District hereby acknowledges and agrees that all costs related to the Project, including the costs identified in the Total Project Budget and costs of the items appearing in the Project Scope, shall be subject to review and audit by the Authority, and the Authority shall determine, in its sole discretion, whether such costs are eligible for reimbursement pursuant to the Authority's regulations, policies and guidelines. There may be Project costs, in addition to the items specifically identified as ineligible in the Total Project Budget and/or the Project Scope that are ineligible for reimbursement according to such regulations, policies, and guidelines. The District hereby further acknowledges and agrees that certain costs incurred by the District in connection with the Project shall not be eligible for reimbursement by the Authority, pursuant to 963 CMR 2.10 & 2.16(5) and any other rules, regulations, policies, and guidelines of the Authority, including, but not limited to, the following:

(a.) Financing and Interest Costs. The District hereby acknowledges and agrees that any financing costs incurred by the District, including, but not limited to, interest, principal, costs of issuance, and any other cost related to short or long term bonds, notes, or other certificates of indebtedness, refunding notes or bonds, temporary loans, or any other form of indebtedness issued by the District in relation to an Approved Project and all costs associated with credit rating services, legal services related to the issuance of any indebtedness, and financial consulting services shall not be eligible for reimbursement by the Authority.

(b.) Legal Fees and Costs. The District hereby acknowledges and agrees that the cost of legal services, including, but not limited to, bond counsel fees, attorney's fees, arbitration or mediation fees, filing fees, and any other legal fees, costs, or expenses incurred by the District in connection with the Project shall not be eligible for reimbursement by the Authority.

(c.) All other costs identified in 963 CMR 2.16(5).

All project costs and Project Scope items are subject to review and audit by the Authority, and whether a project cost is eligible for reimbursement shall be determined by the Authority, in its sole discretion, during the Authority's audit of the Project.

3.6 The District hereby acknowledges and agrees that the Authority's Total Facilities Grant is subject to the District's adherence to and maintenance of the Project Scope, Project Schedule, and Total Project Budget, and the District shall not make any changes, additions, or reductions to the Project Scope, Project Schedule, or Total Project Budget without the prior written approval of the Authority. Any increases to the Total Project Budget as set forth in Exhibit A as of the Effective Date, shall not result in any changes to the amount of the Total Facilities Grant set forth in Section 2.1 of this Project Funding Agreement.

3.7 The District hereby acknowledges and agrees that the Authority shall not provide any funding for the Project in excess of the amount of the Total Facilities Grant described in Section 2 of this Agreement.

3.8 The District hereby acknowledges and agrees that the Authority shall not be required or obligated to make any payment of the Total Facilities Grant for eligible Project costs while an Event of Default, as defined in Section 22, shall have occurred.

3.9 The District hereby acknowledges and agrees that it shall provide the Authority with an updated Total Project Budget on a Monthly basis that shall include, but not necessarily be limited to, the following: (a) the projected total Project costs, (b) actual expenditures to date, (c) estimated remaining expenditures for the Project, (d) a detailed explanation of all variances from Total Project Budgets previously submitted to the Authority, (e) all sources and amounts of funding, and (f) an updated Project Schedule.

3.10 The District hereby agrees that, in order to demonstrate that adequate funding for the Project is available, it shall provide the Authority with financial statements, details relating to the financial condition of the District, an updated Project Cash Flow projection on a Monthly basis, in a suitable format acceptable to the Authority, to demonstrate that adequate funding for the Project is available.

3.11 The District hereby agrees that the Project shall meet the Authority's Sustainability Requirements for the Accelerated Repair Program, which are incorporated by reference herein, and the District further agrees that the Project shall produce measurable energy savings and shall incorporate sustainable maintenance practices.

3.12 The District hereby agrees that it shall use its best efforts and resources to secure additional energy conservation resources from other sources, including utility conservation programs, and shall allocate savings from reduced energy consumption to improved routine and capital maintenance practices.

3.13 The District hereby acknowledges and agrees that, in the event that it receives, has received, or is eligible to receive any insurance proceeds, damages, awards, payments, rebates, grants, or

donations from any third party or funding source, other than the Authority, for or in connection with the Project, all such amounts shall be disclosed to the Authority in writing and shall be deducted from the total amount of eligible project costs (also known as Basis of Total Facilities Grant), as determined by the Authority, and the remaining amount of eligible costs shall be apportioned according to the District's reimbursement rate to calculate the maximum Total Facilities Grant.

3.14 The District shall use the Authority's Contract for Project Management Services and, Contract for Designer Services, as they have been revised by the Authority specifically for the Accelerated Repair Program, and any other standard contracts, contract provisions, guidelines, procurement documents, requests for services, and forms prescribed by, or otherwise acceptable to, the Authority to procure and hire any Owner's Project Manager, Designer, Contractor, professionals, or Consultants in connection with the Project.

3.15 During the course of the Project, the District shall investigate and review, and shall require the Owner's Project Manager and the Designer to investigate and review the progress and quality and construction of the Project. The District shall undertake all reasonable efforts designed to ensure that the Contractor, Subcontractors, and all Vendors expeditiously and diligently construct, equip and complete the Project in a good and workmanlike manner.

3.16 The District hereby acknowledges and agrees that it shall keep all records related to the Project including, but not limited to, those records described in 963 CMR 2.16(4), for as long as the Assisted Facility is in service as a public school or remains under the ownership or control of the District. The District shall and shall cause its employees, agents, representatives, and its Owner's Project Manager, Designer, Contractor, and Vendors to keep adequate records of the Project and shall make all Project records and the Project Site available to the Authority, representatives of the Authority, and the Authority's Commissioning Consultant.

3.17 The District shall neither change nor permit a change of the Designer or any of its key personnel or sub-consultants without the prior written approval of the Authority in accordance with the provisions of 963 CMR 2.12 and the Authority's requirements for the "Science Lab Initiative and Accelerated Repair Program Owner's Project Manager and Designer Assignment Procedure." If there is any change or proposed change in the Designer or any of its key personnel or subconsultants, the District shall give a written notice to the Authority that shall include a statement of reasons for the change or proposed change and an explanation of the impact of the change or proposed change on the Project. If the Authority determines, in its sole discretion, that a change of the Designer is necessary, the Authority shall assign a new Designer from the Authority's pre-selected pool of Designers for the Accelerated Repair Program in accordance with the procedures described in the Authority's "Science Lab Initiative and Accelerated Repair Program Owner's Project Manager and Designer Assignment Procedure." The District shall not contract with any new Designer other than a Designer assigned by the Authority to the Project. The District shall also use the Authority's standard Contract for Designer Services as it has been specifically revised by the Authority for the Accelerated Repair Program.

3.18 The District shall not change the Contractor without first giving prior written notice to the Authority of the District's intent to make such a change in accordance with the provisions of 963 CMR 2.12. As part of its written notice to the Authority, the District shall provide a statement of reasons for the proposed change and an explanation of the impact of the change on the Project. The

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District shall comply with all applicable provisions of law in selecting or otherwise allowing a new Contractor to take over the Project and the District shall provide written notice to the Authority identifying the new Contractor and describing the process by which the new Contractor was selected for or otherwise took over the Project.

3.19 By no later than ten (10) days after the Effective Date, the District shall certify to the Authority in writing that it has delivered this Project Funding Agreement to the Designer, Owner's Project Manager, and Contractor hired, or otherwise assigned to the Project, by the Authority and/or the District and shall provide the Authority with copies of the transmittal letters and any documents evidencing such delivery. In the event that the Owner's Project Manager, Designer, or Contractor is assigned by the Authority or hired by the District after the Effective Date, the District shall deliver this Project Funding Agreement to said Owner's Project Manager, Designer, or Contractor within ten (10) days after the effective date of hire or assignment.

3.20 With respect to all actions taken in relation to the Project, the District and all of its officers, agents and employees shall observe and obey, and shall include language in all of its contracts with the Owner's Project Manager, Designer, Contractor, and all Vendors requiring them to observe and obey all federal, state and local laws, regulations, ordinances, codes, statutes, orders, and directives and any other applicable provisions of law.

3.21 The District shall require the Contractor to indemnify the Authority and comply with the indemnification requirements set forth in Section 16 of this Project Funding Agreement. Within sixty (60) days after the Effective Date, the District shall provide the Authority with written documentation evidencing such indemnification of the Authority, unless otherwise agreed in writing by the Authority. In the event that the Contractor is hired or assigned by the District after the Effective Date, the District shall provide such written documentation evidencing such indemnification within ten (10) days after the effective date of hire or assignment. In the event that the District does not obtain indemnification of the Authority from the Contractor within these deadlines, the Authority may terminate this Project Funding Agreement.

3.22 The District shall furnish to the Authority such further affidavits, certificates, opinions of counsel, surveys and other documents and instruments as may be required by the Authority to ensure that the terms of this Project Funding Agreement are being observed and performed in all respects, and that the Project is progressing satisfactorily as planned in strict compliance with all applicable federal, state, and local laws, regulations, ordinances, codes, statutes, orders, and directives and any other applicable provisions of law.

3.23 During the course of the Project, the District shall submit to the Authority a list of all proposed changes (in the form of a Potential Change Order log, so-called) and all actual changes, amendments, addenda to the Construction Contract Documents, the Owner-Designer contract, and the Owner-OPM contract. The District shall submit all executed change orders, extra work orders, or modifications to the Project to the Authority for the Authority to consider whether the costs associated with such change orders, extra work orders, or modifications are eligible for reimbursement by the Authority pursuant to this Project Funding Agreement. The District hereby acknowledges and agrees that the Authority's review of the proposed change orders, change orders, and amendments shall be limited to whether the change order or amendment may be eligible for reimbursement pursuant to this Agreement and the Authority's regulations, policies, and guidelines. The District must independently determine whether the proposed change order or amendment is

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reasonable and necessary for the Project. Nothing stated herein shall relieve the District of its obligation to comply with all applicable law related to the processing of change orders and amendments by the District.

3.24 The District shall undertake all reasonable efforts to ensure that the Contractor and Subcontractors obtain all Project Permits and shall certify to the Authority in writing that the Contractor and Subcontractors have obtained such Project Permits within fifteen (15) days after the Project Permits have been obtained. With respect to any of the Project Permits that are required by law to be recorded or filed with any government office, the same shall be duly recorded and filed in accordance with all applicable requirements. The Authority shall have the right to request copies of Project Permits at any time, and the District shall make available any Project Permits requested by the Authority.

3.25 Prior to receiving final payment from the Authority, the District shall have obtained all required inspections and approvals of the Project that are required by law or otherwise required by the Authority.

3.26 The District hereby acknowledges and agrees that the Authority may engage an independent party, not affiliated or associated with the Owner's Project Manager, Designer, or Contractor, to provide commissioning services with the intent of achieving, verifying and documenting the performance of building systems in accordance with the design intent and the functional and operational needs of the District (hereinafter "Commissioning Consultant"). The District agrees that it shall fully cooperate with and accommodate the commissioning efforts undertaken by the Authority and the Commissioning Consultant and shall require the Owner's Project Manager, Designer, and Contractor to provide the same level of cooperation and accommodation. The District further agrees to allow adequate time within its Project Schedule to allow the Authority's Commissioning Consultant to perform its work, and the Authority shall not be responsible for any delays that may result from the Commissioning Consultant's work.

3.27 Within ninety (90) days after the District approves final payment to the Contractor for the Project, or provides such other appropriate documentation, as reasonably determined by the Authority, indicating that the construction of the Project is one hundred percent (100%) complete, the District shall submit to the Authority a Final Request and Certificate for Reimbursement and an accounting of the total final Project costs in a form prescribed by or otherwise acceptable to the Authority.

3.28 The District hereby agrees that, upon completion of the Project, the Assisted Facility shall have an anticipated useful life of at least 50 years as a public school or that the Project will materially extend the useful life of the School and preserve an asset that otherwise is capable of supporting the required Educational Program.

3.29 The District hereby acknowledges and agrees that neither the District nor any of its employees, officials or agents shall submit any false or intentionally misleading information or documentation to the Authority in connection with this Project Funding Agreement, and further acknowledges and agrees that the submission of any such information or documentation shall be a material breach of this Project Funding Agreement and shall be cause for the Authority to revoke any and all payments otherwise due to the District, to recover any previous payments made to the District, and/or make the District ineligible for any further funding from the Authority. The District

hereby further agrees that it shall have a continuing obligation to update and notify the Authority in writing when it knows or has any reason to know that any information or documentation submitted to the Authority contains false, misleading or incorrect information.

3.30 The District hereby acknowledges and agrees that the Authority shall bear no responsibility, cost or liability for the results of any study, environmental assessment, geotechnical site testing, including but not limited to, site remediation, clean-up, or other site remediation services.

3.31 The District hereby acknowledges and agrees that the requirements set forth in the Agreement are intended solely for the benefit and protection of the Authority as the grantor of Project funding. Nothing herein shall be construed as advice to, nor create a duty to provide advice to, the District regarding legal or contractual requirements or best practices for the Project. It is solely the obligation of the District to determine and comply with all legal requirements applicable to the Project and to determine and enforce any necessary contractual requirements and obligations of its Designer, Owner's Project Manager, and Contractor.

3.32 The District shall not issue the Notice to Proceed prior to the Effective Date unless otherwise agreed to in writing by the Authority.

3.33 The District shall use its best efforts to monitor the performance of the Owner's Project Manager, Designer, Contractor, and Vendors and shall use its best efforts to enforce the provisions of the District's contracts with each of them.

3.34 The District shall not combine, consolidate, or conjoin in any way the procurement, pre-qualification or selection of a Contractor, Subcontractor, consultant, or vendor for the Project with the procurement, pre-qualification or selection of a Contractor, Subcontractor, consultant or vendor for any other construction, repair or renovation project without the express prior written approval of a duly authorized representative of the Authority. Any costs incurred by the District that relate to, or arise out of, the use of a combined, consolidated or conjoined procurement, pre-qualification or selection process as proscribed above, including, but not limited to, the preparation of bid documents, requests for services, and requests for qualifications, without the express prior written approval of a duly authorized representative of the Authority shall not be eligible for reimbursement.

3.35 Specifications for Construction Contract Documents shall comply with, among other things, the provisions of G.L. c. 30, §39M(b). If the District intends to include specifications that are written for less than full competition for one or more items of material furnished under the Construction Contract Documents (so-called "proprietary specifications") as described in G.L. c. 30, §39M(b), the District shall provide to the Designer for inclusion with the Designer's Construction Documents submittals to the Authority the supporting documentation required by G.L. c. 30, §39M(b). Upon request by the Authority, the District shall submit to the Authority all documentation required by G.L. c. 30, §39M(b) and any additional documentation or certifications that the Authority may require. If the District fails to comply with the provisions of G.L. c. 30, §39M(b) or this paragraph, the Authority may deem ineligible some or all of the costs related to such proprietary specifications.

SECTION 4

REPRESENTATIONS AND WARRANTIES

The District and the undersigned, for themselves and for the District, hereby warrant and represent that each of the following statements is true, correct and complete:

4.1 The District is validly organized and existing under and by virtue of the laws of the Commonwealth, has full power and authority to own its properties and carry on its business as now conducted, and has full power and authority to execute, deliver and perform its obligations under this Project Funding Agreement.

4.2 The District is duly authorized and has taken all necessary steps to authorize the execution and delivery of this Project Funding Agreement and to perform and consummate all transactions contemplated by this Project Funding Agreement. The undersigned have been duly authorized in accordance with law to execute and deliver this Project Funding Agreement on behalf of the District. This Project Funding Agreement and its execution by the undersigned does not and will not, to any material extent, conflict with or result in the violation of any charter, by-law, ordinance, order, rule, regulation, statute or any other applicable provision of law or any order, rule, regulation or judgment of any court or other agency of government.

4.3 The District has all requisite legal power and authority to own, or to control in accordance with the provisions of 963 CMR 2.05(1), and to operate the Assisted Facility and Project Site for the useful life of the Assisted Facility.

4.4 The District holds fee simple title, or, in the alternative, a lease in accordance with the provisions of 963 CMR 2.05(1), to the Assisted Facility and the Project Site and any easements and rights-of-way, necessary to ensure the undisturbed use and possession of the Assisted Facility and Project Site.

4.5 No information furnished by or on behalf of the District to the Authority in this Project Funding Agreement, including all Exhibits attached hereto, the Feasibility Study Agreement, the Initial Compliance Certification, or any other document, certificate or written statement furnished to the Authority in connection with the Statement of Interest or Project contains any untrue statement of a material fact or omits any material fact necessary to make the statements contained in this Agreement or in the aforementioned documents not misleading in light of the circumstances in which the same were made.

4.6 The District has duly obtained all necessary votes, resolutions, appropriations, and local approvals for the Project, in accordance with formats prescribed by or otherwise acceptable to the Authority, and has taken all actions necessary or required by law to enable it to enter into this Project Funding Agreement and to fund and perform its obligations hereunder in accordance with the Authority's policies and standards. This Project Funding Agreement constitutes a valid and binding obligation of the District, enforceable in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, moratorium, reorganization or other laws heretofore or hereafter enacted and general equity principles.

4.7 The District has read and fully understands, and shall remain in compliance with Chapter 70B; Chapter 208 and 210 of the Acts of 2004; 963 CMR 2.00 *et seq.*, and all other applicable rules, regulations, policies, guidelines approvals, directives, and procedures of the Authority.

4.9 The District has read and fully understands the provisions of 963 CMR 2.04 and warrants and represents that the Project has been designed and constructed in accordance with the requirements and standards set forth in 963 CMR 2.04.

4.10 The District has read and fully understands the provisions of 963 CMR 2.16 and understands that certain costs and expenses incurred by the District in connection with the Project shall not be eligible for reimbursement by the Authority, including, but not limited to, those items listed in 963 CMR 2.16.

4.11 The District has read and fully understands the provisions of 963 CMR 2.16(4) and has a record keeping system in place to file, track, and retain all records related to the Project for as long as the Assisted Facility is in service as a public school or remains under the ownership of the District.

4.12 The Project has successfully undergone review, or shall have successfully undergone review prior to the solicitation of construction bids, by any departments or agencies of the Commonwealth required by law to review such projects, including, but not limited to, the Massachusetts Historical Commission, the Massachusetts Commission Against Discrimination, the Secretary of Environmental Affairs, and the Architectural Access Board in accordance with all applicable laws and regulations and the District has provided, or shall have provided prior to the solicitation of construction bids, any written documentation evidencing such reviews to the Authority.

4.13 No litigation before or by any court, public board or body is pending against either the District or the Authority seeking to restrain or enjoin the execution and delivery of this Project Funding Agreement or the construction or operation of the Project, or contesting or affecting the validity of this Project Funding Agreement or the power of the District to pay its share of the Project.

4.14 The District has read and fully understands the provisions of the Massachusetts Conflict of Interest law, M.G.L. c. 268A, and has implemented policies and procedures to ensure that all District employees, agents, consultants and representatives and the Owner's Project Manager, Designer, Contractor and Vendors working on or for the Project are in compliance with M.G.L. c. 268A to the extent that it is applicable.

4.15 The District meets all of the applicable requirements of M.G.L. c. 7C, § 44 c. 30 (sections 39F, 39J, 39K, 39N, 39O, 39P and 39R); c. 70B; c. 149; chapter 193 of the Acts of 2004; 963 CMR 2.00 *et seq.* ; and all other applicable provisions of federal, state, and local law, and has implemented policies and procedures to ensure that all District employees, agents, consultants and representatives and the Owner's Project Manager, Designer, Contractor, and Vendors working on or for the Project are in compliance with the applicable requirements of M.G.L. c. 7C, § 44 c. 30 (sections 39F, 39J, 39K, 39N, 39O, 39P and 39R); c. 70B; c. 149; chapter 193 of the Acts of 2004; 963 CMR 2.00 *et seq.*; and all other applicable provisions of federal, state, and local law.

4.16 The District has implemented policies and procedures to prevent and eliminate fraud, waste and abuse of public funds in connection with the Project.

4.17 The District has submitted all audit materials requested by the Authority in connection with any project for which the District has received or anticipates receiving funding from the Authority.

4.18 The District has submitted to the Authority a completed electronic payments form, as prescribed by the Authority and attached hereto as **Exhibit "J"**, in accordance with the instructions stated on the form.

4.19 In each fiscal year since fiscal year 1999, the District has spent at least 50% of the sum of the District's calculated foundation budget amounts for the purposes of foundation utility and ordinary maintenance expenses and extraordinary maintenance allotment as defined in M.G.L. c. 70 for those purposes.

4.20 All meetings of all public bodies in the District that relate in any way to the Project, including, but not limited to, the meetings of the District's school building committee, have been conducted, and shall be conducted, in compliance with the provisions of G.L. c. 30A, §§ 18 – 25, 940 CMR 29.00 *et seq.*, and all other applicable law.

SECTION 5 DISBURSEMENT OF TOTAL FACILITIES GRANT

Subject to the terms and conditions of this Project Funding Agreement, the Authority shall disburse Total Facilities Grant funds to the District in accordance with and subject to the following:

5.1 (a.) Using the Authority's Pro-Pay system, the District shall submit requests for reimbursement to the Authority on a Monthly basis in a format and manner prescribed by the Authority; provided, however, that the District shall not make any requests for reimbursement that total less than \$50,000. If the total value of a request for reimbursement is less than \$50,000, the District shall hold that request until such time as it can meet the \$50,000 threshold. Each request for reimbursement shall be approved locally by a duly authorized representative of the District, shall be in a form prescribed by or otherwise acceptable to the Authority, and shall include, in reasonable detail: (1) the amount of reimbursement requested, (2) the nature of the materials, property, or services received, (3) the total value of the work performed and materials furnished by each of the Designer, Contractor, Owner's Project Manager, and each Vendor to date, (4) the value of the work completed during the reimbursement period, and (5) the percentage of completion to date for each line item of work.

(b.) Each request for reimbursement submitted by the District shall be accompanied by (1) the invoices for each of the amounts requisitioned, (2) proof of payment by the District, and (3) any other supporting documentation and information substantiating the District's request for reimbursement, as the Authority may request, in a form satisfactory to the Authority.

(c.) Each request for reimbursement shall include a written certification signed by a duly authorized representative of the District stating that: (1) such request for reimbursement is solely for costs incurred by the District in connection with the Project, (2) the obligations itemized in the request for reimbursement have not been the basis for a prior request for reimbursement submitted by the District that has been paid or rejected by the Authority, unless otherwise directed by the Authority, (3) the request for reimbursement is for work actually and properly performed or for materials or property properly identified in the request for reimbursement as not incorporated in the

work but delivered and suitably stored at the Project Site, (4) the request for reimbursement properly identifies materials or property approved for payment by the District as stored off the Project Site, with all costs of storage, insurance, perpetual inventory, monthly inspection and any maintenance requirement borne by the Contractor, and that the District has received the necessary proof of insurance and titles to the materials or property prior to payment to the Contractor, (5) the District has not received and is not expecting to receive any rebates, monetary settlements, grants, monetary donations, surety bond payments, insurance proceeds, or any other funding from a third party, other than the Authority, in connection with the Project that is the subject of the request for reimbursement, (6) the request for reimbursement is for costs that already have been duly paid by the District, and (7) the request for reimbursement is within the Total Project Budget approved by the Authority.

(d.) After receipt from the District of a timely and properly submitted request for reimbursement, the Authority shall make a reasonable effort to reimburse the District for the Authority's share of eligible Project costs, subject to the terms and conditions of this Project Funding Agreement within 15 days of receiving such request for reimbursement. The District hereby acknowledges and agrees that the amount of eligible Project costs reimbursed by the Authority may be subject to change depending on the results of an audit conducted by the Authority pursuant to Sections 5 and 6 of this Project Funding Agreement.

5.2 The Authority may review and perform a preliminary audit on each request for reimbursement submitted pursuant to this Section 5 to ensure that only eligible, approved costs of the Project are reimbursed by the Authority. In the event that the Authority determines that an item contained in a request for reimbursement submitted by the District is not eligible for reimbursement by the Authority, the Authority shall adjust a pending or a subsequent reimbursement to the District to account for the ineligible costs. The District hereby acknowledges and agrees that each audit conducted pursuant to this Section 5 is preliminary, and the Authority may further adjust and alter the results of a preliminary audit after conducting subsequent audits or the final project cost audit of the Project pursuant to Section 6 of this Project Funding Agreement.

5.3 Notwithstanding any other provisions of this Project Funding Agreement to the contrary, in no event shall disbursements of the Total Facilities Grant by the Authority exceed, in the aggregate, ninety-five percent (95%) of the Total Facilities Grant described in Section 2 of this Project Funding Agreement, unless the District has filed a Final Request and Certificate for Reimbursement and the Authority has completed a final project cost audit of the Project pursuant to Section 6 of this Project Funding Agreement.

SECTION 6 FINAL PROJECT COST AUDIT

6.1 Upon the filing of a Final Request and Certificate for Reimbursement with the Authority or at a time determined by the Authority, the Authority shall conduct a final, close-out project cost audit of the Project, including a review of all requests for reimbursement and other documentation submitted to the Authority during the course of the Project, any other documents or materials that the Authority may request, and an inspection of the Project, to determine the final Total Facilities Grant. The District hereby agrees and acknowledges that the Contractor's, Owner's Project Manager's and Designer's records shall be subject to audit by the Authority and such records shall include, but not be limited to, to the extent applicable, accounting records, written policies and

procedures, Subcontractor files (including proposals of successful and unsuccessful bidders, bid tabulations, etc.), original estimates, estimating work sheets, correspondence, change order files (including documentation covering negotiated settlements), backcharge logs and supporting documentation, general ledger entries detailing cash and trade discounts earned, insurance rebates and dividends, and any other Contractor records which may have a bearing on matters of interest to the Authority in connection with the Contractor's work for the District. All of the foregoing shall be open to inspection and subject to audit and/or reproduction by the Authority and/or its agent and/or its authorized representative to the extent necessary to adequately permit evaluation and verification of (a) Contractor compliance with all requirements of the Construction Contract Documents, and (b) compliance with provisions for pricing change orders, invoices or claims submitted by the Contractor or any of his payees.

6.2 Other specific records subject to audit by the Authority shall include all information, materials and data of every kind and character such as documents, subscriptions, recordings, computerized information, agreements, purchase orders, leases, contracts, commitments, arrangements, correspondence, electronic mail, invoices, notes, daily diaries, photographs, videos, meeting minutes, field reports, superintendent reports, drawings, receipts, vouchers and memoranda, and any and all other agreements, sources of information that may in the Authority's judgment have any bearing on or pertain to any matters, rights, duties or obligations under or covered by any District documents, Designer documents, Owner's Project Manager documents, Vendor documents or Construction Contract Documents. Such records subject to audit shall also include those records necessary to evaluate and verify direct and indirect costs, (including overhead allocations) as they may apply to costs associated with the Project. In those situations where said records have been generated from computerized data (whether mainframe, mini-computer, PC based or other computer systems), the District agrees to provide the Authority with extracts of data files in computer readable format on data disks or suitable alternative computer data exchange formats.

6.3 Upon satisfactory completion of the final project cost audit, as reasonably determined by the Authority, the Authority shall send an audit report and acceptance form and release to the District and, subject to the execution of the acceptance form and release by the District, make a final payment of the Total Facilities Grant to the District, less all adjustments for ineligible Project costs and any other adjustments that the Authority reasonably determines as necessary.

6.4 Notwithstanding any provisions in this Project Funding Agreement to the contrary, the ninetieth (90th) day after the District approves final payment to the Contractor for the Project or the ninetieth (90th) day after the District provides sufficient documentation, as reasonably determined by the Authority, indicating that the construction of the Project is approximately one-hundred percent (100%) complete or such other time, as the Authority may determine in its sole discretion, shall be the final cut-off date for incurring Project costs that may be eligible for reimbursement by the Authority.

SECTION 7 OWNER'S PROJECT MANAGER

7.1 The District shall neither change nor permit a change of the Owner's Project Manager or any of its key personnel or sub-consultants without the prior written approval of the Authority in accordance with 963 CMR 2.11 and the Authority's requirements for the "Science Lab Initiative

and Accelerated Repair Program Owner's Project Manager and Designer Assignment Procedure." If there is any change or proposed change in the Owner's Project Manager or any of its key personnel or subconsultants, the District shall give a written notice to the Authority that shall include a statement of reasons for the change or the proposed change and an explanation of the impact of the change or the proposed change on the Project. If the Authority determines, in its sole discretion, that a change of the Owner's Project Manager is necessary, the Authority shall assign a new Owner's Project Manager from the Authority's pre-selected pool of Owner's Project Managers for the Accelerated Repair Program in accordance with the procedures described in "Science Lab Initiative and Accelerated Repair Program Owner's Project Manager and Designer Assignment Procedure." The District shall not contract with any new Owner's Project Manager other than an Owner's Project Manager assigned by the Authority to the Project. The District shall also use the Authority's standard Contract for Project Management Services as it has been specifically revised by the Authority for the Accelerated Repair Program.

7.2 The District shall make all reasonable efforts to ensure that the Owner's Project Manager complies with all provisions of any contract between the District and the Owner's Project Manager and shall use its best efforts to enforce its rights thereunder.

7.3 If the Authority determines (1) that the Owner's Project Manager is not performing its obligations in accordance with the provisions of the Owner-Owner's Project Manager contract, Chapter 70B, Chapters 208 and 210 of the Acts of 2004, 963 CMR 2.00 *et seq* and any policies, approvals, directives and guidelines of the Authority, or (2) that the District, knowing or having reason to know that the Owner's Project Manager is not performing its obligations in accordance with the provisions of the Owner-Owner's Project Manager contract, Chapter 70B, Chapters 208 and 210 of the Acts of 2004, 963 CMR 2.00 *et seq.*, and any policies, approvals, directives and guidelines of the Authority, has failed to use its best efforts to enforce its rights under the Owner-Owner's Project Manager Contract, or (3) if the District fails to perform its obligations under any provisions of this Project Funding Agreement that relate to services of the Owner's Project Manager, the Authority reserves the right to withhold payments to the District, to recoup payments already made to the District, and/or to set off against payments due to the District, any otherwise eligible costs, as determined by the Authority, that relate to reimbursement to the District for Owner's Project Manager services

7.4 The District hereby agrees that the Authority shall have free access to, and open communication with, any Owner's Project Manager assigned to the Project by the Authority and contracted by the District and that the Authority shall have full and complete access to all information and documentation relating to the Project to the same extent that the District has such access. The District agrees that it shall require any such Owner's Project Manager to fully cooperate with the Authority in all matters related to the Project; to promptly communicate, transmit, and/or make available for inspection and copying any and all information and documentation requested by the Authority; to fully, accurately and promptly complete all forms and writings requested by the Authority; and to give complete, accurate, and prompt responses to any and all questions, inquiries and requests for information posed by the Authority. The District agrees that it shall not in any way, directly or indirectly, limit, obstruct, censor, hinder or otherwise interfere with the free flow of communication and information between the Owner's Project Manager and the Authority in all matters related to the Project and as provided herein; that it shall not suffer the same to occur by the act or omission of any other person or entity; and that it shall not retaliate against the Owner's Project Manager for communicating information to the Authority as

provided herein. The District agrees to execute, deliver and/or communicate to the Owner's Project Manager any and all authorizations, approvals, waivers, agreements, directives, and actions that are necessary to fulfill its obligations under this paragraph. The District further agrees that the Authority shall bear no liability whatsoever arising out of the Authority's knowledge or receipt of information communicated to the Authority by the Owner's Project Manager and that the District shall remain responsible for the management and completion of the Project.

SECTION 8 DUTY TO BUILD, MAINTAIN AND OPERATE

8.1 The District hereby acknowledges and agrees that, in the event that the District does not complete the Project or otherwise fails to operate and maintain the Assisted Facility as a public school in substantial compliance with the District's educational program and in accordance with the provisions of this Project Funding Agreement, Chapter 70B, Chapter 208 and 210 of the Acts of 2004, 963 CMR 2.00 *et seq.* and any rules, regulations, policies, and guidelines of the Authority, the District shall reimburse the Authority the full amount of any and all funds received from the Authority in connection with the Project.

8.2 The District shall maintain the Assisted Facility as a public school in substantial compliance with the District's educational program and in accordance with the provisions of this Project Funding Agreement, Chapter 70B, and 963 CMR 2.00 *et seq.*, Chapter 208 and 210 of the Acts of 2004, 963 CMR 2.00 *et seq.* and any rules, regulations, policies, and guidelines of the Authority, unless otherwise agreed to in writing by the Authority. In the event that the District knows or has reason to know that the Assisted Facility is no longer operated and maintained as a public school in substantial compliance with the District's educational program and in accordance with the provisions of this Project Funding Agreement, Chapter 70B, and 963 CMR 2.00 *et seq.*, Chapter 208 and 210 of the Acts of 2004, 963 CMR 2.00 *et seq.* and any rules, regulations, policies and guidelines of the Authority, the District shall give written notice thereof to the Authority.

8.3 The District shall maintain the Assisted Facility in a good, safe, and habitable condition in all respects and in full compliance with all applicable laws, by-laws, ordinances, codes, covenants, and rules and regulations set forth by any government authority with jurisdiction over matters concerning the condition and the use of the Assisted Facility.

SECTION 9 INSURANCE

9.1 The District shall obtain and maintain all insurance required by law and such other insurance in such types and in such amounts as the Authority may require from time to time.

9.1.1 During the course of the Project, the District shall purchase and maintain, or shall cause the Contractor to purchase and maintain, at their own expense, coverage against loss or damage to the Project in an amount equivalent to the Total Project Budget at the sole expense of the District, Contractor, as the case may be. Such coverage shall be written on an "all risks" basis or equivalent form and shall include, without limitation, insurance against the perils of fire (with extended coverage) and theft, vandalism, malicious mischief, terrorism, collapse, earthquake, flood (if the Project is not in an "A" or "V" flood zone), windstorm, falsework,

testing and startup, and debris removal including demolition occasioned by enforcement of any applicable legal requirements. The limits for earthquake and flood shall be the lesser of the Total Project Budget or \$10,000,000. The policy shall include transportation and coverage for delivered and/or stored materials designated to be incorporated into the Project. The policy shall include the Authority as a loss payee as its interests may appear. Coverage shall be maintained until final acceptance of the Project by the District and final payment has been made. The District (or Contractor, if coverage is purchased by Contractor) is responsible for the payment of any and all deductibles, self-insured retentions or any portion thereof under the policy.

- 9.1.2 Following completion of the Project, the District shall, at its sole expense, purchase and maintain coverage against loss or damage to the Assisted Facility in an amount equivalent to the estimated full replacement cost of the Assisted Facility. Such coverage shall be written on an "all risks" basis or equivalent form and shall include, without limitation, insurance against the perils of fire (with extended coverage) and theft, vandalism, malicious mischief, terrorism, collapse, earthquake, flood (if the Project is not in an "A" or "V" flood zone), windstorm, falsework, mechanical and electrical breakdown, and boiler and machinery accidents, and debris removal including demolition occasioned by enforcement of any applicable legal requirements. The limits for earthquake and flood shall be the lesser of the estimated full replacement cost of the Assisted Facility or \$10,000,000. The policy shall include the Authority as a loss payee as its interests may appear. The District is responsible for the payment of any and all deductibles, self-insured retentions or any portion thereof under the policy.
- 9.1.3 The District shall include the Authority as an additional insured in any commercial general liability policy held by the District for liability arising out of the Project.
- 9.1.4 The Authority shall not be responsible for the payment of deductibles, self-insured retentions, or any portion thereof.
- 9.1.5 Upon request by the Authority, the District shall obtain and provide to the Authority originals of certificates of insurance evidencing the insurance coverage required by this section of the Project Funding Agreement.

9.2 The District shall require by contractual obligation, and shall also ensure by the exercise of due diligence, that each of any Owner's Project Manager, Designer, Contractor, or Vendor hired by the District in connection with the Project obtain and maintain all insurance coverage required by law and such other insurance coverage in such types and amounts as the Authority may require from time to time, including the insurance coverage required by this Project Funding Agreement and by any standard contracts that are prescribed by the Authority and executed by the District, including, but not limited to, the Authority's standard contract for Project Management Services and standard contract for Designer Services, as they have been specifically revised for the Accelerated Repair Program,. The insurance required by this Section shall be provided at the sole expense of the Owner's Project Manager, Designer, Contractor, and Vendors, as the case may be, and shall be in full force and effect for the full term of any contract between the District and said Owner's Project Manager, Designer, Contractor, and Vendors or for such longer period as the Authority may require, including any such longer period that may be required by this Project

Funding Agreement or the standard contracts prescribed by the Authority and executed by the District.

9.3 The District shall include in the contract between the Owner and the Contractor, as the case may be, the standard language contained in **Exhibit G** regarding minimum insurance requirements for Contractors. The District may impose additional insurance requirements for either construction delivery method provided that any such additional requirements shall not be inconsistent with the requirements imposed by the standard language set forth herein and further provided that the District shall give the Authority a written notice that clearly describes any such additional requirements. It shall be the sole responsibility of the District to determine whether additional insurance requirements are desirable or necessary and should be included in the contract between the Owner and the Contractor.

9.4 The District shall obtain originals of certificates of insurance evidencing the insurance coverage that may be required by the Authority from time to time, including the insurance coverage required by this Project Funding Agreement, any standard contracts that are prescribed by the Authority and executed by the District, including, but not limited to, the Authority's standard contract for Project Management Services and standard contract for Designer Services as they have been specifically revised for the Accelerated Repair Program, and any other contract between the District and the Owner's Project Manager, Designer, Contractor, or Vendors, simultaneously with the execution of said contracts or, in the event that said contracts have been executed prior to the date of this Project Funding Agreement, as soon as possible thereafter. Upon request of the Authority, the District shall submit such certificates of insurance to the Authority, showing each type of insurance, insurance company, policy number, amount of insurance, deductibles/self-insured retentions, and policy effective and expiration dates. The District shall require each of the Owner's Project Manager, Designer, Contractor, and Vendors to submit updated insurance certificates to the District prior to the expiration of any of the insurance policies or coverage referenced in this Section so that the District shall at all times possess certificates indicating current coverage.

9.5 The failure of the District to ensure that each of the Owner's Project Manager, Designer, Contractor, and Vendors obtain and maintain the insurance required by the Authority, this Project Funding Agreement, any standard contract prescribed by the Authority and executed by the District or any other contract between the District and the Owner's Project Manager, Designer, Contractor, or Vendors, or to provide the insurance certificates required by this Project Funding Agreement shall constitute a material breach of this Project Funding Agreement and shall be just cause for termination of this Project Funding Agreement.

9.6 The District shall, and shall require, as the case may be, its insurers and each of the Owner's Project Manager, Designer, Contractor, Vendors and their insurers to, give written notice to the Authority at least thirty days prior to the effective date of any termination, cancellation, or material modification of any insurance required by this Project Funding Agreement, any standard contracts that are prescribed by the Authority and executed by the District, including, but not limited to, the Authority's standard contract for Project Management Services and standard contract for Designer Services, as they have been specifically revised for the Accelerated Repair Program, and any other contract between the District and the Owner's Project Manager, Designer, Contractor, or Vendors.

9.7 With respect to all policies of insurance required of the Owner's Project Manager, Designer, Contractor, and Vendors by this Project Funding Agreement, any standard contracts that are prescribed by the Authority and executed by the District, including, but not limited to, the Authority's standard contract for Project Management Services and standard contract for Designer Services,, as they have been specifically revised for the Accelerated Repair Program, and any other contract between the District and the Owner's Project Manager, Designer, Contractor, and Vendors, the District shall ensure that neither the District nor the Authority shall be responsible for the payment of deductibles, self-insured retentions or any portion thereof.

9.8 Insufficient insurance shall not release the Owner's Project Manager, Designer, Contractor, or Vendors from any liability for breach of their obligations under an agreement between the District and any of them.

9.9 All insurance policies required by this Project Funding Agreement, any standard contract prescribed by the Authority and executed by the District and any other contract between the District and the Owner's Project Manager, Designer, Contractor, or Vendors shall be issued by companies lawfully authorized to write that type of insurance under the laws of the Commonwealth of Massachusetts with a financial strength rating of "A-" or better as assigned by A.M. Best Company, or an equivalent rating assigned by a similar rating agency acceptable to the District and the Authority.

9.10 The District shall take all reasonable steps designed to ensure that the Owner's Project Manager, Contractor, Designer, and Vendors each agree that they and their Subcontractors shall do no act, nor suffer any act to be done, which will vacate, void or impair the coverage of any insurance policies required under this Project Funding Agreement, any standard contract prescribed by the Authority and executed by the District or any other contract between the District and the Owner's Project Manager, Designer, Contractor, or Vendors.

9.11 The District shall, upon request by the Authority, produce copies of all policies of insurance maintained by the District, its Contractor, Owner's Project Manager, Designer and Vendors related to the Project, to the Authority.

SECTION 10 COMPLIANCE WITH CONSTRUCTION CONTRACT DOCUMENTS, PROJECT PERMITS and OTHER APPLICABLE LAW

10.1 The District shall be solely responsible to the Authority for the implementation and completion of the Project in accordance with the Construction Contract Documents and Project Permits, and for the economical and efficient operation and administration of the Project. In addition, notwithstanding any right of approval, review, or inspection held by the Authority in connection with this Project Funding Agreement, the District shall be fully and solely responsible for taking all reasonable actions designed to ensure that the Project complies with all applicable building codes, laws, rules and regulations.

10.2 The District shall be responsible for enforcing the provisions of the Construction Contract Documents and shall use its best efforts to ensure that the Contractor performs all of its contractual obligations thereunder in a satisfactory manner.

SECTION 11 DEFECTS

11.1 The District shall use its best efforts to require the Contractor, at the Contractor's own cost and expense, to repair any defect in materials or workmanship in the Project or any portion of the Project that may develop during the applicable warranty period and the District shall, to the extent permitted by law, indemnify, defend and hold the Authority harmless from and against any loss, cost, liability or expense paid or incurred by the Authority (including all attorney's fees and other costs incurred by the Authority in the defense of any such action) with respect to any claim asserted against the Authority by any party with respect to any such defect, actual or alleged.

SECTION 12 ACCESS

12.1 The District shall permit the Authority to have unrestricted access to the Project Site and the Assisted Facility at all reasonable times and shall allow the Authority to examine, inspect and copy all agreements, Construction Contract Documents, books, records, communications, and all other documents, materials and information related to the Project, for the purposes of, without limitation, determining compliance with this Project Funding Agreement, compliance with all other agreements related to the Project, and for assessing the progress of the Project.

12.2 The District shall promptly make available to the Authority any other documents or materials related to the Project, as the Authority may request from time to time.

SECTION 13 PRESENCE ON THE PREMISES OF THE ASSISTED FACILITY

13.1 The District shall require each of the Owner's Project Manager, Designer, Contractor and Vendors, as the case may be, to agree that that all persons whose duties bring them upon the Project Site shall comply with the reasonable directions of the authorized officers and/or representatives of the District and the Owner's Project Manager.

13.2 In the event of a material accident of any kind related to the Project, the District shall immediately notify the Authority in writing. For purposes of this section, material accident shall mean an accident resulting in death, serious injury or a serious breach in the physical plant.

SECTION 14 RESTRICTION ON SALE, LEASE, or REMOVAL FROM SERVICE

14.1 As a condition of the Authority providing a Total Facilities Grant to the District, the District agrees to maintain and operate the Assisted Facility as a public school facility consistent with its educational program and in accordance with the provisions of this Project Funding Agreement, Chapter 70B, Chapter 208 and 210 of the Acts of 2004, 963 CMR 2.00 *et seq.*, and any rules, regulations, policies and guidelines of the Authority. In the event that the District wishes to sell, rent, lease, license, mortgage, donate, transfer control of, declare as surplus or otherwise dispose of

an Assisted Facility, or any portion of an Assisted Facility, or convey or terminate any interest therein, other than renting, licensing, leasing or otherwise allowing for a temporary or periodic community use of the Assisted Facility that does not interfere with or result in changes to the Educational Program, the District shall provide the Authority with a written notice of its intent to sell, rent, lease, license, mortgage, donate, transfer control of, declare as surplus, or otherwise dispose of the Assisted Facility, or any portion of an Assisted Facility, or convey or terminate any interest therein, at least sixty (60) days prior to the effective date of any such proposed action, in accordance with the notice provisions of Section 17 of this Project Funding Agreement. The notice of intent to take any of the aforementioned actions shall include the current appraised value of the Assisted Facility and the maximum resale price on the basis of highest and best use of the facility. If the Authority disagrees with the current appraised value of the Assisted Facility, the Authority may obtain a second appraisal at its own expense, and the current appraised value shall be equal to the greater of the two appraisal amounts on the basis of highest and best use of the facility.

14.2 The provisions of Chapter 70B, § 15(a)-(c) shall apply to any sale, rental, lease or removal from service of the Assisted Facility, except for a rental or lease that is for a temporary or periodic community use. In the event that the District sells, rents, or leases the Assisted Facility, other than renting or leasing the Facility for a temporary or periodic community use, the Authority shall receive no less than its share, in proportion to its investment in the total Project cost, of the fair market value of the Assisted Facility, as determined by an appraisal conducted pursuant to Section 14.1 above.

SECTION 15 NOTICE OF CLAIMS

15.1 The District shall notify the Authority promptly in writing at the address and in the manner required by Section 17 of this Project Funding Agreement of any material claim or action brought against the District, Designer, Owner's Project Manager, Contractor, Vendors and/or any and all Sub-Contractors arising out of this Project Funding Agreement or the Project.

15.2 Neither the District nor any person or entity claiming by through or under it, shall file a civil action arising out of the provisions of this Project Funding Agreement against the Authority without first serving the Authority with a written notice stating the factual basis of its claims, the applicable provisions of the Project Funding Agreement that the claim is based upon, and the remedy that the District is seeking. No civil action arising out of the provisions of this Project Funding Agreement shall be filed by the District against the Authority until the expiration of sixty (60) days after the Authority has received the notice of claim required by this section.

SECTION 16 INDEMNIFICATION

16.1 To the fullest extent permitted by law, the District shall indemnify, defend, and hold harmless the Authority and its officers, agents and employees from and against any and all claims, actions, damages, awards, judgments, liabilities, injuries, costs, fees, expenses, or losses, including, without limitation, reasonable attorneys fees and costs of investigation and litigation whatsoever which may be incurred by or for which liability may be asserted against the Authority, its officers, agents or employees arising out of any activities undertaken by, for, or on behalf of the District in the implementation of this Project Funding Agreement or any activities, acts or omissions in

relation to the Project, including, but not limited to, the performance of any contract or obligation directly or indirectly related to the Project. This Section shall not be construed to negate or abridge any other obligation of indemnification running to the Authority which would otherwise exist.

16.2 To the fullest extent permitted by law, and unless otherwise agreed to in writing by the Authority, the District shall require the Contractor, as the case may be, to indemnify, defend, and hold harmless the Authority and its officers and employees as set forth below:

To the fullest extent permitted by law, the Contractor hereby agrees to indemnify, defend and hold harmless the Authority and its officers and employees from and against all claims, damages, liabilities, injuries, costs, fees, expenses, or losses, including, without limitation, reasonable attorney's fees and costs of investigation and litigation, whatsoever which may be incurred by the Authority arising out of or resulting from the performance or non-performance of the work performed by the Contractor and subcontractors, provided that such claims, damages, liabilities, injuries, costs, fees, expenses, or losses are alleged to be caused in whole, or in part, by an act or omission of any of the Contractor, any subcontractors, anyone directly or indirectly employed by any of them, or anyone for whose acts any of them may be liable, regardless of whether or not it is caused in part by a party indemnified hereunder.

SECTION 17 NOTICE

17.1 Any notices required or permitted to be given by either of the Parties hereunder shall be given in writing and shall be delivered to the addressee (a) in-hand (b) by certified mail, postage prepaid, return receipt requested; (c) by electronic mail; or (d) by a commercial overnight courier that guarantees next day delivery and provides a receipt, and such notices shall be addressed as follows:

If to the Authority:

Massachusetts School Building Authority
40 Broad Street, Suite 500
Boston, MA 02109
Attention: Director of Capital Planning

If to the District:

Town of Sudbury
278 Old Sudbury Road
Sudbury, MA 01776

Attention: Town Manager

or to such other address or addressee as the District and the Authority may from time to time specify in writing. Any notice shall be effective only upon receipt, which for any notice given by facsimile shall mean notice that has been received by the party to whom it is sent as evidenced by a confirmation slip that bears the time and date of receipt.

SECTION 18 AMENDMENTS

18.1 This Project Funding Agreement may be amended only through a written amendment signed by duly authorized representatives of the District and the Authority.

SECTION 19 ADDITIONAL PROVISIONS

19.1 All certifications, filings, and submissions to the Authority required by this Project Funding Agreement shall contain a statement, signed by a duly authorized representative of the District, that such certification, filing, or submission is true, complete and accurate, to the best of the District's knowledge.

19.2 No member or employee of the Authority shall be held personally or contractually liable by or to the District under any provision of this Project Funding Agreement, because of any breach of this Project Funding Agreement, or because of its execution or attempted execution.

19.3 The District shall neither assign any interest, in whole or in part, in this Project Funding Agreement, nor transfer any interest in same, whether by assignment or novation, without the prior written approval of the Authority.

19.4 Nothing in this Project Funding Agreement shall be construed as creating a duty or obligation on the part of the Authority to oversee or monitor the performance of the Designer, Contractor, Owner's Project Manager or other Project participants. The Authority shall not be responsible for, among other things, the design of the Project, architectural plans, construction means, methods, techniques, sequences or procedures, quality control or construction safety, or compliance with the Construction Contract Documents, Project Permits or any applicable provisions of law, which shall be and remain the sole responsibility of the District and its Designer, Contractor, Owner's Project Manager and Vendors, as the case may be.

SECTION 20 GOVERNING LAW, VENUE, AMENDMENT and SEVERABILITY

20.1 This Project Funding Agreement shall be governed by and interpreted in accordance with the laws of the Commonwealth of Massachusetts. In case any provision(s) hereof shall be determined invalid or unenforceable under the applicable law, such provision(s) shall, insofar as possible, be construed or applied in such manner as will permit the enforcement of this Project Funding Agreement; otherwise, this Project Funding Agreement shall be construed as though such provision(s) had never been made a part hereof.

20.2 Any civil action brought against the Authority by the District, or any person or entity claiming by through or under it, that arises out of the provisions of this Project Funding Agreement,

shall only be brought in the Superior Court for Suffolk County, Massachusetts. The District, for itself and for any person or entity claiming by through or under it, hereby waives any defenses that it may have as to the venue to which it has agreed herein, including, but not limited to, any claim that this venue is improper or that the forum is inconvenient. The District for itself and for any person or entity claiming by through or under it, hereby waives all rights, if any, to a jury trial in any civil action against the Authority that may arise out of the provisions of this Project Funding Agreement.

20.3 This Project Funding Agreement and any amendments hereto shall be deemed null and void and of no further force or effect unless it is executed by a duly authorized representative of the District and a duly authorized representative of the Authority. The undersigned, who are signing on behalf of the District, hereby warrant and represent that they possess the full legal authority to execute this Project Funding Agreement on behalf of the District and to bind the District to its terms and conditions. In the event that the Authority determines that the undersigned are not duly authorized to execute this Project Funding Agreement and to bind the District, the Authority may, in its sole discretion, take whatever action it deems necessary to terminate this Project Funding Agreement, to suspend or terminate payments to the District and to recover any funds disbursed to the District. Any rights and remedies available to the Authority under the provisions of this Project Funding Agreement shall be in addition to any other rights and remedies provided by law.

SECTION 21 WAIVERS

21.1 The terms, conditions, covenants, duties and obligations contained in this Project Funding Agreement may be waived only by written agreement executed by duly authorized representatives of the District and the Authority. No waiver by either party of any term, condition, covenant, duty or obligation shall be construed as a waiver of any other term, condition, covenant, duty or obligation nor shall a waiver of any breach be deemed to constitute a waiver of any subsequent breach, whether of the same or a different section, subsection, paragraph, clause, phrase, or other provision of this Project Funding Agreement. Forbearance or indulgence in any form or manner by either Party to this Project Funding Agreement shall not be construed as a waiver, nor in any way limit the remedies available to that party.

21.2 The Authority's payment(s) to the District under this Project Funding Agreement or its review, approval, or acceptance of any actions by the District under this Project Funding Agreement shall not operate as a waiver of any rights or remedies available to the Authority under this Project Funding Agreement or as otherwise provided by law and the District shall remain liable to the Authority for all damages incurred by the Authority arising out of the District's failure to perform in accordance with the terms and conditions of this Project Funding Agreement.

SECTION 22 DEFAULTS AND REMEDIES

22.1 The occurrence of any of the following events shall constitute, and is herein defined to be, an Event of Default under this Project Funding Agreement:

(a.) If the District shall fail to perform or observe any covenant, agreement, term or condition on its part provided in this Project Funding Agreement and such failure shall continue for

a period of thirty (30) days after written notice thereof shall be given to the District by the Authority; provided that, if such failure cannot be remedied within such thirty (30) day period, it shall not constitute an Event of Default hereunder if corrective action satisfactory to the Authority, as determined by the Authority, in writing, is instituted by the District within such period and diligently pursued until the failure is remedied;

(b.) If any representation or warranty made by the District in this Project Funding Agreement shall prove to have been incorrect, false, or to be misleading in any material respect;

22.2 If any Event of Default hereunder shall occur and be continuing, the Authority may proceed to protect its rights under this Project Funding Agreement, and may: (a) terminate this Project Funding Agreement, (b) permanently withhold or temporarily suspend payment of the Total Facilities Grant to the District, (c) recover any payments of the Total Facilities Grant previously made to the District, and/or (d) may exercise any other right or remedy upon such default as may be granted to the Authority under this Project Funding Agreement or under any other applicable provision of law.

22.3 No delay or omission to exercise any right, remedy or power accruing upon any Event of Default shall impair any such right, remedy or power or shall be construed to be a waiver thereof, but any such right, remedy or power may be exercised from time to time and as often as may be deemed expedient.

22.4 The rights and remedies conferred upon or reserved to the Authority under this Project Funding Agreement are not intended to be exclusive and every such right or remedy shall be cumulative and shall be in addition to any other rights or remedies provided by law. The Authority may assert a right to recover damages by any appropriate means, including, but not limited to, set-off, suit, withholding, recoupment, or counterclaim either during or after performance of this Project Funding Agreement.

SECTION 23 TERMINATION

23.1 This Project Funding Agreement may be terminated by the Authority if an Event of Default shall have occurred as provided in Section 22. Notice of such termination shall be in writing and shall be effective immediately upon service of the notice in the manner provided in Section 17. Upon five (5) days written notice, this Project Funding Agreement may be terminated by the Authority in the event of any action constituting fraud, malfeasance, or illegal activity committed in connection with the Project by the District or any of the District's employees, or, where the District knew or should have known, by the Architect, Owner's Project Manager, Contractors, or Vendors.

23.2 This Agreement may be terminated by mutual written agreement of the Parties.

SECTION 24 PUBLIC RECOGNITION OF THE AUTHORITY'S PARTICIPATION

24.1 The District shall erect a project identification sign on the construction site during the period of construction of the Project in accordance with the provisions of 963 CMR 2.04(1)(g). In addition to the requirements set forth in 963 CMR 2.04(1)(g), the project identification sign shall

MSBA No. 201402880025
District: Sudbury

include the full name of the Chairman of the Authority's Board and the Authority's Executive Director.

IN WITNESS WHEREOF, the Authority and the District have caused this Project Funding Agreement to be executed by their duly authorized representatives this ____ day of _____ in the year 20____.

THE MASSACHUSETTS SCHOOL BUILDING AUTHORITY

BY:

 John K. McCarthy
 Executive Director

TOWN OF SUDBURY

BY:

 Name (Type/Print)

 Title/Office (Type/Print)

Attachment: Sudbury, General John Nixon ARP PFA for Execution (1098 : Nixon School Project Funding)

**[Letterhead of Legal Counsel]
Certification of Legal Counsel for the
Town of Sudbury**

I, _____, duly appointed legal counsel for the Town, hereby certify that:

1. The following elected or appointed governmental officer(s) or governmental body has the full legal authority under the laws of the Commonwealth of Massachusetts and all applicable local charters, ordinances and by-laws to execute and deliver the Project Funding Agreement (the "Agreement"), and any amendments thereto, for the General John Nixon Elementary School Project (the "Project") between the Town and the Massachusetts School Building Authority on behalf of the Town and to bind the Town to its terms and conditions:

[Please list Name(s), Title(s), and Contact Information for the authorized governmental officer or governmental body signing the Project Funding Agreement. If a vote is required to authorize the governmental officer or governmental body to sign the Project Funding Agreement, please note such requirements here and submit a copy of said vote to the MSBA.]

2. The following elected or appointed governmental officer(s) or governmental body has the full legal authority under the laws of the Commonwealth of Massachusetts and all applicable local charters, ordinances and by-laws to make final, binding decisions with respect to the Project described in the Project Funding Agreement, and any amendments thereto, on behalf of the Town :

[Please list Name, Title, and Contact Information for the governmental officer or governmental body who is authorized to make final, binding decisions with respect to the Proposed Project. If a vote is required to authorize the governmental officer or governmental body to make binding decisions with respect to the Proposed Project, please note such requirements here and submit a copy of said vote to the MSBA.]

I hereby further certify that, to the best of my knowledge and belief, the above-listed certifications are true, complete and accurate.

IN WITNESS WHEREOF, signed this _____ day of _____, _____

Name (Print or Type)

Office/Title (Print or Type)

Attachment: General John Nixon ARP PFA (Legal Cert) (1098 : Nixon School Project Funding)

Total Project Budget

Town of Sudbury
General John Nixon Elementary School

11/12/2014

Total Project Budget: All costs associated with the project are subject to 963 CMR 2.16(5)	Estimated Budget	Scope Items Excluded from the Basis of Estimated Total Facilities Grant or Otherwise Ineligible	Basis of Estimated Total Facilities Grant ¹	Estimated Maximum Total Facilities Grant ¹
--	------------------	---	--	---

This document was prepared by the MSBA based on a preliminary review of information and estimates provided by the Town of Sudbury for the General Nixon Elementary School project. Based on this preliminary review, certain budget, cost and scope items have been determined to be ineligible for reimbursement, however, this document does not contain a final, exhaustive list of all budget, cost and scope items which may be ineligible for reimbursement by the MSBA. Nor is it intended to be a final determination of which budget, cost and scope items may be eligible for reimbursement by the MSBA. All project budget, cost and scope items shall be subject to review and audit by the Authority, and the Authority shall determine, in its sole discretion whether any such budget, cost and scope items are eligible for reimbursement. The MSBA may determine that certain additional budget, cost and scope items are ineligible for reimbursement.

1. The estimated maximum facilities grant established for the Project Funding Agreement does not include any potentially eligible contingency funds and is subject to review and audit by the MSBA. At the time of PFA Bid Amendment, the Estimated Maximum Facilities Grant and the Maximum Total Facilities Grant will be adjusted to account for any budget revision requests submitted and approved by the MSBA at the time of establishing the Amendment.
2. Pursuant to Section 3.20 of the Project Funding Agreement and the applicable policies and guidelines of the Authority, any project costs associated with the reallocation or transfer of funds from either the Owner's contingency or the Construction contingency to other budget line items shall be subject to review by the Authority to determine whether any such costs are eligible for reimbursement by the Authority. All costs are subject to review and audit by the MSBA.

By signing this Total Project Budget, I hereby certify that I have read and understand the form and further certify, to the best of my knowledge and belief, that the information supplied by the District in the table above is true, accurate, and complete.

By: Michael E. Melnick
Title: Chair of School Building Committee

Date: _____

By signing this Total Project Budget, I hereby certify that I have read and understand the form and further certify, to the best of my knowledge and belief, that the information supplied by the District in the table above is true, accurate, and complete.

By: Charles C. Woodard
Title: Chief Executive Officer

Date: _____

By signing this Total Project Budget, I hereby certify that I have read and understand the form and further certify, to the best of my knowledge and belief, that the information supplied by the District in the table above is true, accurate, and complete.

By: Anne S. Wilson
Title: Superintendent of Schools

Date: _____

By signing this Total Project Budget, I hereby certify that I have read and understand the form and further certify, to the best of my knowledge and belief, that the information supplied by the District in the table above is true, accurate, and complete.

By: Ellen W. Joachim
Title: Chair of School Committee

Date: _____

MSBA No. 201402880025
District: Sudbury

include the full name of the Chairman of the Authority's Board and the Authority's Executive Director.

IN WITNESS WHEREOF, the Authority and the District have caused this Project Funding Agreement to be executed by their duly authorized representatives this ____ day of _____ in the year 20____.

THE MASSACHUSETTS SCHOOL BUILDING AUTHORITY
BY:

John K. McCarthy
Executive Director

TOWN OF SUDBURY
BY:

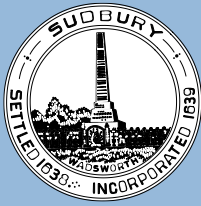
Charles C. Woodard
Name (Type/Print)

Chair, Board of Selectmen
Title/Office (Type/Print)

SUDBURY PUBLIC SCHOOLS

-

Ellen W. Joachim
Chair, Sudbury School Committee



SUDBURY BOARD OF SELECTMEN

Tuesday, January 13, 2015

MISCELLANEOUS (UNTIMED)**10: Minuteman Building Committee**REQUESTOR SECTION

Date of request: January 7, 2015

Requestor: Chairman Woodard

Formal Title: Discuss appointment to the Minuteman Building Committee and possibly vote to appoint Paul Lynch as member of this committee

Recommendations/Suggested Motion/Vote: Discuss appointment to the Minuteman Building Committee and possibly vote to appoint Paul Lynch as member of this committee

Background Information:
attached

Financial impact expected:n/a

Approximate agenda time requested:

Representative(s) expected to attend meeting:

Review:

Patty Golden	Pending
Maureen G. Valente	Pending
Barbara Saint Andre	Pending
Charles C. Woodard	Pending
Board of Selectmen	Pending

01/13/2015 7:30 PM

MEETING NOTES SECTION

Board's action taken:

Follow-up actions required:

- Requestor:
- Board of Selectmen:
- Staff:

Future agenda date:



MINUTEMAN
A REVOLUTION IN LEARNING

Attachment: Minuteman (1112 : Minuteman Building Committee)

man copy
agenda 12/13

RECEIVED
BOARD OF SELECTMEN
SUDBURY, MA

2014 DEC -5 P 1:01

December 3, 2014

Charles Woodard, Chair
Sudbury Board of Selectmen
Office of the Town Manager
278 Old Sudbury Rd.
Sudbury, MA 01776-1843

Dear Mr. Woodard:

I am writing to inform you that at their November 18, 2014 meeting, the Minuteman District School Committee voted not to approve the Sudbury Board of Selectmen's recommendation of David Manjarrez to serve as a voting member of the Minuteman School Building Committee.

Please consider submitting another recommendation, based on the detail described in Mr. Spalding's September 5, 2014 correspondence (attached).

Sincerely,

Jeffrey Stulin, Chair
Minuteman School Committee

Rozan, Elizabeth

From: Rozan, Elizabeth
Sent: Friday, September 05, 2014 9:58 AM
To: BOS all, Carlisle through Admin. ; Kathy Lamb, EA Lancaster; BOS all, Sudbury; Mary Ann DiNapoli, EA Wayland; BOS all, Weston
Cc: Carlisle Tim Goddard; Lancaster Ryan McNutt; Sudbury Maureen Valente; Wayland Robert Mercier Interim TM; Weston D. Vanderclark; Acton, Nancy Banks; Arlington, Sue Sheffler; Belmont, Jack Weis; Bolton, David O'Connor; Bouquillon, Ed; Boxborough, Cheryl Mahoney; Boxborough, Cheryl Mahoney; Carlisle, Judith Taylor; Concord, Carrie Flood; Dover, Ford Spalding; Ernie Houle; Lancaster, Daniel Mazzola; Lexington, David Horton; Lincoln, Kemon Taschioglou; Mahoney, Kevin; Needham, Jeffrey Stulin; Rozan, Elizabeth; Stow, Alice Deluca; Sudbury, David Manjarrez; Sudbury, David Manjarrez; Wayland, Mary Ellen Castagno; Weston, Doug Gillespie
Subject: Minuteman Building Project / New Committee Members
Attachments: Current Minuteman School Building Committee Members 8.8.14 and Criteria.pdf
Importance: High

Sent on behalf of Ford Spalding, Chair of Minuteman School Building Committee.

To: Member Town Board of Selectmen: Carlisle, Lancaster, Sudbury, Wayland & Weston
Cc: Member Town Administrators of Carlisle, Lancaster, Sudbury, Wayland & Weston
 Minuteman School Committee Members (All)

The Minuteman School Building Committee is requesting that all member towns be represented on the Minuteman School Building Committee going forward. The following towns currently have no representation: Carlisle, Lancaster, Sudbury, Wayland & Weston.

Please submit your nominations within the next 60 days to the Minuteman School Committee to my attention.

The process is:

- 1) The Selectmen nominate a qualified person to the Committee.
- 2) The Minuteman School Committee vote to approve & forward that person's name to the MSBA.
- 3) The MSBA endorses and appoints that person to the Committee.

The candidate must meet one or more of the criteria listed on the attached document. I like to suggest that they have prior town Building Committee experience and/or represent a building or professional trade related to construction. When making your nomination, please provide that person's experience and qualifications. For example, in my case, I previously served as a Co-Chair of a school building committee, and held other local government offices in Dover. The attached also lists all current School Building Committee members for your review.

Below is a listing of scheduled upcoming meetings, subcommittee activity, and current MSBA Time Schedule.

Meeting dates, all at 5pm @ Minuteman:

9/15
 9/29
 10/20
 11/3

11/17
12/1
12/15
1/5

Subcommittees are dealing with:

- 1) Building Design Options for 628 target enrollment
- 2) Education program to support 628 target enrollment
- 3) Budget
- 4) Estimated plans & costs to support renovations that may be required for safety / education / code requirements / Building sustainability if a MSBA building project is not supported.

Current MSBA Time Schedule:

9/16/14	628 target enrollment Education Program approved by the Minuteman School Committee
1/15/15	School Committee approved Project Schematic Report sent to MSBA for approval
2/17/15	MSBA Facilities Assessment Committee meeting
2/26/15	MSBA approve Preferred Schematic Report
10/5/15	Minuteman approve Project Budget
1/30/15	MSBA approve Design Plan & Budget
6/31/15	Member Towns complete Town Meeting approval of project

If you have questions please feel free to contact me directly. We thank you for your consideration.

Ford Spalding
Chair, Minuteman Building Committee
508-735-3635 (Cell)
978-548-3752 (Fax)
fspalding@fbeins.com

Elizabeth Rozan
District School Committee Assistant

Minuteman High School
758 Marrett Road, Lexington, MA 02421
T 781.861.6500 x449
F 781.863-1747
e.rozan@minuteman.org
www.minuteman.org

MINUTEMAN

A REVOLUTION IN LEARNING

Prepare for College and Life | Learn from the Experts | Make a Fresh Start | Be More Than Just Another Student | Experience The Modern American High School | Believe In Yourself

Current Minuteman Building Committee Members

08/08/2014

*Ford Spalding, Dover/ SC / Building Committee Chair, 508.735.3635**Dr. Edward Bouquillon, Minuteman Superintendent, 781.861.6500**Bill Blake, Minuteman Director of CIA**Simon Bunyard, Boxborough**Franklin Cannon, Concord**Maryann Cooley, Needham / Selectman**Alice DeLuca, Stow, SC**David Frizzell, Alumni/ Belmont Fire Chief**Dana Ham, Lexington / Alumni**Ernest F. Houle, Minuteman Principal**Anthony Lionetta, Arlington**Don Lowe, Bolton/ Town Administrator**Kevin Mahoney, Minuteman Assistant Superintendent for Finance**Carmin Reiss, Concord / Selectman**Peter Sugar, Lincoln**Jack Weis, Belmont/ SC*

OPM (Non-voting Member)

Michael McKeon

Designer

Kaestle Boos Associates Inc.

MaryAnn Williams LEED® AP, AVS, MCPPO

Project Executive

Skanska USA Building Consulting

MSBA Building Committee Criteria for Selection

- SBC member who is MCPPO certified
- Local Chief Executive
- Administrator or Manager
- School Committee Member
- Superintendent of Schools
- Local Official responsible for Building Maintenance
- Representative of Office authorized by law to construct school buildings
- School Principal
- Member knowledgeable in educational mission and function of facility
- Local budget official or member of local finance committee
- Members of the community with architecture, engineering, and/or construction experience

TOWN OF SUDBURY APPLICATION FOR APPOINTMENT

BOARD OF SELECTMEN
278 OLD SUDBURY ROAD
SUDBURY, MA 01776

FAX: (978) 443-0756
E-MAIL: selectmen@sudbury.ma.us

Board or Committee Name: Vocational Education Options Committee

Name: Paul F. Lynch

Address: 20 Dorothy Road, Sudbury

Email Address:

Home phone:

Work or Cell ph

Years lived in Sudbury: 23

Brief resume of background and pertinent experience:

I was formerly Sudbury's representative on the Minuteman School Committee (approximately 5 years) and served as Vice Chair of the School Committee for approximately 4 of those years. I am an attorney practicing in Boston and I have lived in Sudbury since 1991. Our foster daughter of 11 years, Shannon Dooling, attended Minuteman and I am familiar with the school both as a School Committee member and as a parent. I understand the workings of Minuteman and the current issues and challenges which will enable me to get up to speed quickly and which will hopefully enable me to provide useful input and analysis regarding these issues and the range of possible solutions.

Municipal experience: Former Sudbury Representative on Minuteman School Committee

Educational background: B.A., College of the Holy Cross (1978); J.D. University of San Diego (1985); M.B.A., University of San Diego (1986).

Reason for your interest in serving:

I am keenly interested in this issue and in vocational education for our children. I have seen first hand the great benefits that a vocational education offers and I strongly believe that this issue deserves significant effort and attention. My goal would be to assist the Committee in looking closely at all viable options.

Times when you would be available (days, evenings, weekends): I am flexible. I am self-employed and will work my schedule around the needs of the committee.

Do you or any member of your family have any business dealings with the Town? My daughter, Kayla, works as a Camp Counselor at the Sudbury Town Camp.

PK

(Initial here that you have read, understand and agree to the following statement)

I agree that if appointed, I will work toward furtherance of the committee's mission statement; and further, I agree that I will conduct my committee activities in a manner which is compliant with all relevant State and Local laws and regulations, including but not limited to the Open Meeting Law, Public Records Law, Conflict of Interest Law, Email Policy and the Code of Conduct for Town Committees.

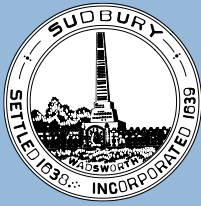
I hereby submit my application for consideration for appointment to the Board or Committee listed above.

Signature

Date

Paul F. Lynch
7/28/14

Attachment: Minuteman (1112 : Minuteman Building Committee)



SUDBURY BOARD OF SELECTMEN

Tuesday, January 13, 2015

CONSENT CALENDAR ITEM**11: Minutes Approval**REQUESTOR SECTION

Date of request: January 5, 2015

Requested by: Patty Golden

Formal Title: Vote to approve the regular session minutes of 11/12/14, 12/3/14 (prior to Special Town Meeting), and 12/11/14.

Recommendations/Suggested Motion/Vote: Vote to approve the regular session minutes of 11/12/14, 12/3/14 (prior to Special Town Meeting), and 12/11/14.

Background Information:

Financial impact expected:N/A

Approximate agenda time requested:

Representative(s) expected to attend meeting:

Review:

Patty Golden	Pending
Maureen G. Valente	Pending
Barbara Saint Andre	Pending
Charles C. Woodard	Pending
Board of Selectmen	Pending

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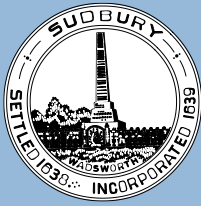
MEETING NOTES SECTION

Board's action taken:

Follow-up actions required:

- Requestor:
- Board of Selectmen:
- Staff:

Future agenda date:



SUDBURY BOARD OF SELECTMEN

Tuesday, January 13, 2015

CONSENT CALENDAR ITEM**12: Permanent Building Committee Resignation and Appointment**REQUESTOR SECTION

Date of request: January 6, 2015

Requestor: Elaine Jones, Co-Chair PBC

Formal Title: Vote to accept the resignation of Thomas Joyner, 19 Center Street, from the Permanent Building Committee and thank him for his service to the Town from April 30, 2010 until the present; and further to appoint Joseph J. Sziabowski, 799 Boston Post Road, to serve the unexpired term until May 31, 2016, pursuant to the recommendation of the Permanent Building Committee.

Recommendations/Suggested Motion/Vote: Vote to accept the resignation of Thomas Joyner, 19 Center Street, from the Permanent Building Committee and thank him for his service to the Town from April 30, 2010 until the present; and further to appoint Joseph J. Sziabowski, 799 Boston Post Road, to serve the unexpired term until May 31, 2016, pursuant to the recommendation of the Permanent Building Committee.

Background Information:

See attached

Financial impact expected: not applicable

Approximate agenda time requested:

Representative(s) expected to attend meeting:

Review:

Patty Golden	Pending
Maureen G. Valente	Pending
Paul Kenny	Pending
Charles C. Woodard	Pending
Board of Selectmen	Pending

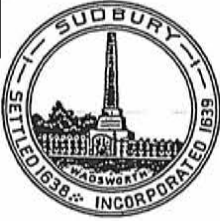
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MEETING NOTES SECTION

Board's action taken:

Follow-up actions required:

- Requestor:
- Board of Selectmen:
- Staff:



TOWN OF SUDBURY

Sudbury, Massachusetts 01776

January 5, 2015

Charles C. Woodard, Chair
Sudbury Board of Selectmen
278 Old Sudbury Rd.
Sudbury, MA 01776

RE: Permanent Building Committee Appointment

Dear Chairman Woodard:

The Permanent Building Committee recommends the appointment of Joseph J. Sziabowski, whose resume is attached, to the Committee. Mr. Sziabowski was previously appointed by the Permanent Building Committee as an Associate Member and is familiar with the purview of the Committee and its current projects. Further, as an architect by profession he compliments the professional qualifications of the other PBC members.

Mr. Sziabowski would be filling the vacancy caused by the resignation of Thomas Joyner with a term that expires on May 31, 2016.

Thank you for your consideration.

Very truly yours,

Elaine L. Jones, Co-Chair
Permanent Building Committee

**Hardaway
Associates Inc.**
Architects

47 River Street
Suite 200
Wellesley, MA
02481

RESUME - Joseph J. Sziabowski, AIA

1 June 2014

Education

Rensselaer Polytechnic Institute, B.Arch. - 1988

Rensselaer Polytechnic Institute, B. Building Science. - 1987

Experience

Hardaway Associates, 2005 - Present (Principal)
Wellesley, Massachusetts

ADD Inc, 1991 - 2005 (Senior Associate Principal)
Cambridge, Massachusetts

Rojas Vogt Associates, 1988-1991 (Senior Designer)
Cambridge, Massachusetts

Honors

Rensselaer Alumni Key Award, 2006

Citation for Community Revitalization, Boston Society of Architects,

Housing Design Awards, 2000 (Cronin's Landing w/ADD Inc)

Project Team Effectiveness Award, New England Construction Users
Council, 1999 (200 West Street w/ADD Inc)

Harriet R. Peck Thesis Prize, Rensselaer, 1988

American Institute of Architects Medal, Rensselaer, 1988

Alpha Rho Chi Leadership Medal, Rensselaer, 1988

Associations

American Institute of Architects

Massachusetts Council - AIA

Boston Society of Architects

Registration

National Council of Architectural Registration Boards - Certification

Massachusetts, Florida, New Hampshire, Maine

Civic Activities

Lyceum Traveling Fellowship, Board of Directors, 1988 - present

Sudbury Planning Board, 2004 - 2013

Sudbury Center Improvements Advisory Committee, 2005 - present

Rensselaer Alumni Association, Board of Trustees, 2006 - 2012

Massachusetts DHCD Designer Selection Committee, vice-chair, 1999 - 2003

Publications

"7 Issues to Consider Before Buying an Ambulatory Surgery Center,"

Becker's ASC Review, 1-6-11

"Design, Development, and Construction in the ASC Industry,"

SurgiStrategies Magazine, 5-26-10

Lyceum Fellowship Retrospective, 1991

Competitions Magazine, 1991

December 31, 2014

Board of Selectman/Town Manager
278 Old Sudbury Road
Sudbury, MA 01776

Subject: Permanent Building Committee Letter of Resignation.

Dear Selectmen and Town Manager:

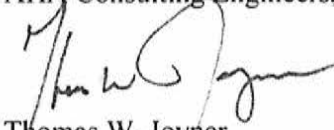
I am writing to you to inform you of my decision to resign from the Permanent Building Committee due to my family's plans to relocate to another town in Massachusetts.

I have been a member of the PBC since 2008 and have enjoyed working with this talented and extremely dedicated group of Sudbury residents.

Thank you for your past support and appointment.

Very truly yours,

AHA Consulting Engineers, Inc.



Thomas W. Joyner
19 Center Street, Sudbury MA

c:\pbc\pbc letter of resignation 12-31-14.doc

RECEIVED
BOARD OF SELECTMEN
SUDBURY, MA
2015 JAN -2 A 11: 19