HEARINGS, MEETINGS, LICENSES
8-22-11

HANNAH B. G. SHAW HOME FOR THE AGED
A Retirement Home Community

July 22, 2011

Ms. Jackie Shanley
Confidential Secretary to the Board of Selectmen
10 Nickerson Avenue
Middleboro, MA 02346

Dear Ms. Shanley:

Yesterday we arranged to have Hannah B. Griffith Shaw Home for the Aged, Inc. added to the Selectman's meeting docket on August 22nd to present our plans for growth. We attempted to get on the August 8th agenda, but it was to full. Our goal was for members and Charles Cristello to see our plans before we unveil them to the general public at our Seventieth Anniversary event on August 13th. Unfortunately, that goal will not be reached and extend a special invitation for you and your family to attend our anniversary gala. We have enclosed a brochure for you convenience.

We fully understand if you are unable to visit us on the 13th and look forward to meeting with you on the 22nd.

Sincerely,

Edward F Herrmann

Edward F. Herrmann,
Administrator

Cc: Hannah Shaw Board of Directors
Jackie Shanley

299 Wareham Street
Middleboro, Massachusetts 02346
Telephone: 508-947-0332
Fax: 508-923-4652

Town of Middleborough
Office of Economic & Community Development
20 Centre Street
Middleborough, MA 02346

Tel: 508-946-2402, Fax: 508-946-2413

August 18, 2011

Memorandum

To: Board of Selectmen Chair Alfred Rullo
Board Members Stephen McKinnon, Steven Spataro, Allin Frawley, and Ben Quelle

From: Anna M. Nalevanko
RE: Economic and Community Development Update

This is an update on major Office of Economic and Community Development activities over the past 3 months. I also highlighted some other activities/communications at the bottom of this letter that I can elaborate further on at your 8-22-2011 Board of Selectmen meeting. Most projects relate to Economic Revitalization of Downtown/Surrounding areas and Business Parks.

Everett Square/Centre Street Revitalization Infrastructure Grant

This project was originally submitted as a PWED grant in 2009 to the Mass Department of Transportation. We have updated this project for the 2011/2012 newly organized MassWorks infrastructure grant program and will be submitting this on-line application by September 9, 2011 to the Mass Office of Business Development (MOBD). Award notice will be announced shortly after in mid-October since MOBD will only fund those projects that can demonstrate they are shovel by April 2012 and completed within that construction season. To reach this goal, preliminary engineering, design, and cost estimates have been completed by McMahon Associates and a tight construction schedule has been established. Grant amount requested is approximately $2 million. The OECD can capture some modest administrative fee from this 1 year grant to support our grant funded office.

The Town Manager and I met with MOBD staff last week to get their feedback on our application prior to submission. They offered some suggestions but overall were very positive about this project.

The project consists of four general tasks related to:

- Geometric and safety improvements to Everett Square
- Geometric and safety improvements at the intersection of Centre Street and Oak Street
- Reconstruction of the existing parking lot located between Pearl Street and Oak Street
- Traffic calming, roadway geometry, and safety improvements on East Main Street (this was added since PWED grant).

Please review the attached maps for overview of projects and design layouts.

We have been fortunate to have the assistance of a Suffolk University student this summer to help with updating the former submission and gathering new data.

(OVER)

This presentation serves as a public forum for the grant and we will also advertise a meeting on the Everett Square design for public input to be held in early October. We will also be requesting a letter of support for our grant application from the Board of Selectmen.

Star Mill/Winthrop Atkins

The last step before construction of this 72 unit rental project (with 25% affordable) is the securing of a Water Resources Protection District (WRPD) permit. The developer is planning to start demolition and construction this fall. The OECD will be the monitoring agent of the affordable units bringing in some modest annual fees to our grant supported office. I am working with Barbara Kiley, the developer, at marketing the commercial building on the property.

Shoe Shop Place

This affordable housing project is moving at a slower pace than Star Mill since the developers, the Neighborhood Corp. and Debbie Blaise, are pursuing a variety of state and federal tax credits and deadlines for consideration vary among funding sources. Dean Harrison, Neighborhood Corp., has asked for letters of support and would appreciate your signature on attached.

Other Activities

- Spring Job Fair (worked in conjunction with Danielle Bowker, Middleborough Library Director).
- Outreach to commercial property owners, agents, and developers.
- Support to downtown businesses. A meeting to review concerns and discuss business attraction and retention is tentatively planned for Wednesday, September 14th from 6:00 p.m. to 7:00 p.m., Selectmen's meeting room, Town Hall. Notices will go out soon to businesses and building owners.
- Administering 2010 CDBG grant for Middleborough and Lakeville (Home Repairs and Emergency Financial Assistance) and writing 2012 CDBG grant partnering with the Town of Bridgewater. Grant due December 16, 2011.
- Participation on monthly downtown Christmas/Holiday events planning meetings.
- Monthly participation on economic and affordable housing committees: SRPEDD Economic Develop Strategy Committee, Regional Old Colony Crossroads Collaborative, the Greater-Attleboro-Taunton Housing Consortium, Middleborough at Home, and Middleborough on the Move.
- Finalizing OECD's new website (with the support of Suffolk University graduate student).
- Working with Middleborough G&E on sign design that they are paying for and will serve as a template for Town signage (welcoming signs at major intersections, sign for Town Hall, and possible bulletin board for Kramer Park).
- Worked with Rene Mugnier, engineer that provided an updated report on structural conditions of town owned Washburn Freight House. Paul Fellini, Planning Dept. Engineer, supported this effort by participating in site walk through and with comments on report). Obtained developer interest in property working with Town Manager and Planning Department Director.

I hope you find this useful….I can answer any questions at your Monday meeting.

C: Charles Cristello, Town Manager

CRANBERRY CAPITAL
OF THE WORLD

Phone: 508-946-2405
Fax: 508-946-0058

Town of Middleborough

Massachusetts

Board of Selectmen

August 18, 2011

Governor Deval Patrick
State House
Office of the Governor
Room 280
Boston, MA 02133

The Honorable Governor Patrick:

The Board of Selectmen asks that DHCD award the remaining financing necessary to make the Shoe Shop Place development viable in the current round of awards this fall.

This development is very important to Middleborough for the following reasons:

- It is an investment in downtown Middleborough of over $8 million
- It will provide employment opportunities through the construction trades
- As a locally approved "friendly 40B" it will provide much needed affordable housing to the downtown area
- It will rehab an abandoned building that is located in a residential neighborhood
- It is consistent with the commonwealth's "Smart Growth" policy
- It is "shovel ready" and could be under construction by late fall 2011
- It received approval from Massachusetts Historical and an award of $300,000 of State Historic Tax Credits
- It has received an award of $300,000 from local HOME consortium

We hope that you will make the necessary financing awards without delay.

Sincerely,
BOARD OF SELECTMEN

Alfred P. Rullo, Jr.
Chairman

Stephen J. McKinnon
Vice Chairman

Steven P. Spataro

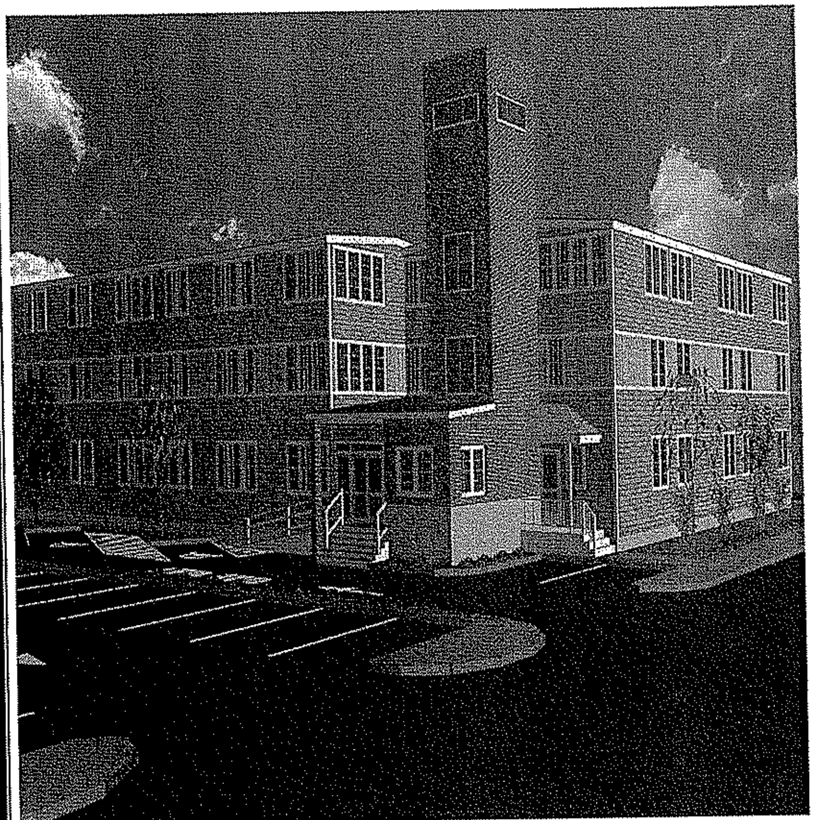
Allin Frawley

Ben Quelle

cc: Anna Nalevanko, EOCD
Dean Harrison, Neighborhood Corporation

SHOE SHOP PLACE
CONVERSION OF VACANT MILL INTO AFFORDABLE RENTAL HOUSING
MIDDLEBOROUGH, MASSACHUSETTS

PROJECT FACT SHEET – August, 2011



PROJECT HIGHLIGHTS

- **Creates 25 affordable rental units**
- **Estimated project cost $8.2 million**
- **Town of Middleborough ZBA comprehensive permit**
- **Approval of Local HOME funds of $300,000.**
- **Applying to DHCD for Tax Credit, HOME, AHTF, and Community Based Housing funding.**
- **Approval by Massachusetts Historical of Part 1 – Initial Certification as a "qualified historic structure".**
- **Approval of State Historic Tax Credits of $300,000**
- **Expected approved National Park Service Part 2 for Federal historic credits.**

PROJECT DESCRIPTION

The project involves converting a historic 30,000 SF vacant mill building in Middleborough into a 25-unit, affordable, rental community. The site, located on Peirce Street is served by municipal water and wastewater services and is within easy walking distance to many amenities in downtown Middleborough, including food shops, restaurants and other convenience services. The Middleborough commuter rail station is a few miles away.

The town through the Greater Attleboro-Taunton HOME Consortium has awarded $300,000 to offset project costs. DHCD approval will be sought for joint venture proposal by non-profit, The Neighborhood Corporation and local developer Debra L. Blais, for additional resources – AHTF, HOME and 9% LIHTC's. The estimated total development cost is $8.2 million.

CURRENT STATUS

The development team has completed preliminary architectural drawings and plans. Historic rehabilitation plans are to be submitted and approved by Mass Historic Commission and forwarded to the National Park Service. The project has also been granted a comprehensive permit by the Middleborough ZBA. Construction is expected to commence within 6 months of DHCD approval – potential start date Fall 2011.

UNIT COMPOSITION

Consistent with DHCD's Qualified Allocation Plan where the agency outlines its priorities for awarding funds to applicants, the project consists of more than 75% two or more bedroom units. The units are designed to meet a range of housing needs including housing for families and persons with disabilities.

The project includes laundry facilities, an elevator and limited area for tenant storage. There is parking for 40 cars.

RENT AND INCOME LIMITS

The residential units will be available at for residents who incomes do not exceed 60% of Area's Median Income based on family size.

TENANT SELECTION

Tenant selection will be the responsibility of the property manager with supervision and oversight by the owner. The comprehensive permit issued by the Middleborough ZBA requires a lottery system with a local preference. Consistent with state and federal fair housing law there will be extensive outreach to potential tenants. The lottery will be conducted according to a carefully prepared plan meeting all of the guidelines, requirements and restrictions that have been developed for affordable housing. In addition, the funding sources require that all accessible rental units be listed with MassAccess, a registry of accessible housing administered by CHAPA (Citizen's Housing and Planning Association).

DEVELOPMENT TEAM

The development team represents a joint venture between the not-for-profit, regional housing agency, The Neighborhood Corp. (formerly known as The WEIR Corp.) and local developer/builder/broker Debra L. Blais. The development consultant is Rick Lefferts, principal of Commonweal Collaborative, a consultant to many housing and community development projects. The remaining team members include Jeffrey Metcalf, registered architect from Plymouth, MA, Blais Builder's Inc, a Middleborough-based contractor, Peabody Properties Inc. property management, and Commonweal Collaborative, historic consultants among others.

For additional information please contact:

Dean E. Harrison, Executive Director
The Neighborhood Corp.
120 Ingell Street
Taunton, MA 02780
Phone: (508) 813.1388
E-Mail: dean@neighborhoodcorp.org

April 27, 2011

Ms. Tina Brooks
Undersecretary
Department of Housing and Community Development
Suite 300
100 Cambridge Street
Boston, MA 02114

Re: Shoe Shop Place, Middleboro

Dear Ms. Brooks:

The Neighborhood Corporation is pleased to provide your office with our One-Stop proposal for the Shoe Shop Place development in Middleborough MA. Through this letter and the attached proposal the Neighborhood Corporation is requesting Low Income Housing Tax Credits, State HOME, Community Based Housing, Housing Stabilization Funds and Affordable Housing Trust funding to support the production of 25 rental units of which 100% will be affordable in perpetuity. The local HOME Consortium has already committed $300,000 to the project.

The project is located at 151 Peirce Street Middleboro, MA. The Shoe Shop Place development was originally approved as a friendly 40B as a 30-unit condominium development by the Town of Middleboro's ZBA. We currently have site control in the form of a Purchase and Sales Agreement. The ZBA have agreed to amend the Comprehensive Permit from condominium to rental.

Readiness to Proceed:

As emphasis in the QAP, readiness to proceed is one of the determining factors in the decision for funding. We are ready to proceed to closing and construction within 90 days of the award of the financing. Specifically, We would like to bring your attention to the status of the construction documents (exhibit 17) and the executed construction contract (exhibit 17).

The contractor for the development is Blais Builders Inc., which is owned 100% by Debbie Blais. As we did with the Residences at the Groves, the architectural team and Blais Builders Inc. have been working closely together through the development of the construction documents to developed a budget and the final construction cost.

Based on this approach, Blais Builders Inc. has **executed** a "Guarantee Maximum Price" Construction Contract for the development.

In addition, it should be noted that in the executed Construction Contract the following Section address the matter of construction documents. Specifically, Section **5.2.6 states "To the extent that the Drawings and Specifications are anticipated to require further development by the Architect, the Contractor has provided in the Guaranteed Maximum Price for such further development consistent with the Contract Documents and reasonably inferable therefrom**. Such further development does not include such things as changes in scope, systems, kinds and quality of materials, finishes or equipment, all of which, if required by the Owner, shall be incorporated by Change Order".

This is very important to note because this was the same process that was used in constructing the Groves in Middleboro. The construction process was successful and resulted in the construction costs coming in on budget and completed on time. While the Shoe Shop Place is a historic rehabilitation project, many of the construction methods, products and equipment are similar to the Groves.

While this might not be the conventional process for larger developments or when there is arms-length transaction between the development entity and the contractor, we have found this process to be the most cost effective for smaller developments because it identifies the construction cost prior to funding there by reducing the risk of delays after approval of funding. Furthermore, it minimizes the amount of architectural and engineering costs prior to funding.

Project Narrative:

Shoe Shop Place LLC proposes to acquire and adaptively convert the former Leonard, Shaw and Dean Inc mill building, which upon completion, will comprise of approximately 30,000 square foot facility containing 25 rental living units. This is a redevelop first, smart growth initiative that will expand rental opportunities as well as restore an historic mill that has been a blight on the surrounding residential neighborhood.

The existing historic mill building consists of 30,000 square feet and occupies approximately one acre of land on the corner of Peirce and Rice Streets. It is a one 3 story original wood framed building.

The building is largely in the original condition as its former use as a shoe factory mill. However, most of the original windows are boarded up or broken and in ill repair. There will be some minor demolition to some outbuilding to increase green space. The rehabilitation of the building will include installation of new windows, new HVAC and mechanicals, replacement of the existing roof, and the addition of new passage elevator.

The project has made every effort to support the requirements of the DHCD emphasis on Environmentally Friendly Design and Enhanced Accessibility including the following principles: Energy Efficient Envelope Design, Efficient Building Systems Healthy Indoor Air Quality Site Design Renewable Energy Enhanced Accessibility.

Project Re-Submission - Additional Information:

1. Project description identifying material changes since the last submission and projected construction start date assuming award date within 12 weeks of application.

   Since the submission, we have made substantial progress towards being in a position to **close within 90 days on all the financing** from the date of the award. We are confident that we can meet this date and will be able to meet the 10% carryover threshold in the required timeframe.

   The following new and/or update information in our resubmission that should be noted are outline below:

   - Zoning – Exhibit 3
   - Executed Construction Contract – See Exhibit 17
   - Equity Commitment– See Exhibit 22
   - Funding Commitment – See Exhibits – 20,21, and 23
   - Market Study and Appraisal – Exhibit 6
   - Environmental Site Assessment – Exhibit 2

2. Status of construction documents with architect's certification certifying as to percent complete.

   Included in the application is a certificate from the project's architect listing the various design elements and the extent to which each component is complete. Since the original application substantial progress has been made in refining the design, plans and specifications.

   - Site Engineering – 95%
   - Architectural – 70%
   - Landscape Architectural – 95%

   We plan to continue this process during the DHCD review period so that the project will be ready to obtain a building permit shortly after approval of financing by DHCD. See Exhibit 17, part 2.

3. Status of all required reviews, including environmental, historic, wetlands, etc. with evidence of sponsor compliance.

   All reviews have been completed and the project is prepared to obtain a building permit upon approval of financing request to DHCD.

4. Comparison of September 2010 sources and uses to current proposed sources and uses.

   See the Comparison of September 2010 sources and uses to current proposed sources and uses is located in the One-Stop application. The comparison can be found behind the hard copy of the computerized One-Stop.

5. Comparison of September 2010 operating budget to current proposed operating budget.

   See the Comparison of September 2010 operating budget to current proposed operating budget and is located in the One-Stop application. The comparison can be found behind the hard copy of the computerized One-Stop.

Smart Growth/Sustainable Development Features:

The proposed redevelopment project is consistent with the goals of sustainable development, especially as defined by the Commonwealth's Sustainable Development Principles through the strategic integration of housing development with transportation planning while balancing the needs of the environment. Our affordable housing initiative demonstrates the sustainable development principles that the state has been striving towards to combat the negative impacts of sprawl. To summarize, the Shoe Shop Place will:

- Create 25 rental units in an existing building of which 100% will be affordable for those earning 60% of the area median income. In addition, 3 units (12%) will be for those earning 30% of the area median income.
- Provide a variety of transportation choices by its location to the existing MBTA, Middleboro Lakeville commuter rail, existing bus lines, and proximity to the highways and to the "walkable" village environment.
- Cleanup of a blighted historic mill to create a distinctive, attractive development that is a gateway to the village area.
- Responds to the neighborhood and city's sustainable planning efforts and is the focus of a low to moderate-income urban area's revitalization plan.
- Strengthens and directs development towards an existing urban environment, already served by existing infrastructure that will benefit from the revitalization.
- Adds affordable housing to a community with a lower than average poverty rate. (Middleboro: 6.7% / Massachusetts: 10.3% in 2009 – Source: http://www.city-data.com/poverty/poverty-Middleborough-Massachusetts.html

Community Involvement and Support:

Shoe Shop Place has received the overwhelming support of the neighborhood, the Town of Middleboro, and the Taunton/Attleboro HOME Consortium. The Neighborhood Corporation continues to work very closely with the above-mentioned entities on all aspects of the project.

Municipal and community support of the project include:

- Permitting of the property with a "friendly" Comprehensive Permit.
- Improvements to the public infrastructure at the property.
- Award of $300,000 HOME Consortium funds for construction to The Neighborhood Corporation.
- Approval and Recommendation from the Middleboro Historic Commission.
- Support from Middleborough on the Move. The downtown business and community organization.
- Support from Congressman Frank, Senator Pacheco, Representative Haddad,

Development Team:

The owner of the project will be a limited liability corporation, the Shoe Shop Place LLC. The Neighborhood Corporation and Debbie Blais of Blais Builders Inc., a women own business, are co-developers on the project. All entities have solid development and redevelopment experience and are creditworthy entities. Rockland Trust has expressed a strong interest in providing construction financing and MHP has expressed a strong interest in permanent financing. Both Hudson Housing Capital LLC and WNC and Associates have provided commitments regarding the equity for the development. Both have experience in Massachusetts and working with DHCD and the other lenders proposed for the development. Upon further review one of these investors will be selected and DHCD will be notified of the choice.

Owner/Developers: The Neighborhood Corporation and Debbie Blais of Blais Builders Inc.
Architect: Jeffrey M. Metcalfe, RA.
Development Consultant: Commonweal Collaborative (Richard Lefferts)
Historic Consultant: Commonweal Collaborative (Dianne Siergiej)
Legal Counsel: Roger Mervis, Attorney at Law
Tax Credit Counsel: Paul Bouton, Nixon and Peabody, PC
General Contractor: Blais Builders Inc.
Property Manager: Peabody Properties, Inc.

The development team for Shoe Shop Place has extensive experience in the development of affordable housing in the Commonwealth and with the Department of Housing and Community Development.

As always, we look forward to working with DHCD on this development. If there are additional questions or the need to discuss any aspect of the project, please do not hesitate to contact me.

Thank you for your assistance and support from DHCD on the Shoe Shop Place development.

Sincerely,

Dean E. Harrison
Executive Director

A hearing will be held in the Selectmen's Meeting Room at the Town Hall, 10 Nickerson Avenue, Middleborough, MA on Monday, August 22, 2011 at 8:00 PM, for the purpose of discussing the petition filed by Lightower Fiber Networks to attach a small diameter fiber optic cable within the communications space to an existing utility pole line jointly owned by Middleborough Gas & Electric and Verizon New England Inc. from Route 44 Lakeville/Taunton Town line to 8 Commerce Drive, Middleborough. This petition is necessary in order to provide service to Compass Medical located at 8 Commerce Drive, Middleborough, MA. Anyone desiring to be heard on this matter should appear at the time and place designated.

Alfred P. Rullo, Jr.
Stephen J. McKinnon
Steven P. Spataro
Allin Frawley
Ben Quelle
BOARD OF SELECTMEN

lightower
fiber networks

August 3, 2011

Town of Middleboro
Attn: Board of Selectmen
Town Hall
10 Nickerson Avenue
Middleboro, MA 02346

Dear Selectmen,

Enclosed you will find a Lightower Fiber Networks two page plan labeled "Harding St, Bedford St and Clay St." they represent a proposed route of fiber optic cable to service Compass Medical located at 8 Commerce Dr, Middleborough MA. The proposed route starts at Pole 1 on Harding St (Route 44) and continues on Harding St to Bedford St from Bedford St north to Clay St. to Pole 19 on Clay St. Please present at your next Board meeting for usual course of action relative to granting.

This petition does require a hearing and notice to the abutters.

Sincerely,

Mike Saraceno
Fiber Optic Engineer
Lightower
80 Central Street
Boxborough, MA. 01719
978 264-6019 direct
774 273-0504 mobile
978 264-6119 fax

lightower
fiber networks

PETITION FOR JOINT OR IDENTICAL POLE LOCATIONS

August 3, 2011

To the Board of Selectmen in Middleboro, MA

Lightower Fiber Networks request permission to attach a small diameter fiber optic cable within the communications space to an existing utility pole line owned by Middleboro Gas & Electric from Route 44 Lakeville/Taunton town line to 8 Commerce Dr, Middleboro. This cable is being installed to service Compass Medical located at 8 Commerce Dr in Middleboro, MA.

Wherefore they pray that after due notice and hearing as provided by law, they be granted joint or identical locations for and permission to install and maintain the cables, together with other such sustaining and protecting fixtures as they may find necessary, said poles to be attached to in accordance with the plan filed herewith marked "Harding St,Bedford St and Clay St".

Your petitioners agree that space shall be reserved for the limited purpose of attaching a one- way low voltage fire and police signaling wires owned by the municipality or governmental entity for public safety purposes only.

Lightower Fiber Networks

X ______________________
By

Dated this day of , 2011

Grant of Location Order
To
Lightower Fiber Networks
For
Fiber Optic Cable Attachment Within The Communication Space
To Poles Jointly Owned By Middleborough Gas & Electric and Verizon New England Inc.
From Route 44 Lakeville/Taunton Town Line To 8 Commerce Drive, Middleborough

By the Board of Selectmen of the Town of Middleborough:

ORDERED

That permission be and hereby is granted to Lightower Fiber Networks (also referred to herein as the "Company") to attach a small diameter fiber optic cable within the communications space to an existing utility pole line, jointly owned by Middleborough Gas & Electric and Verizon New England Inc., from Route 44 Lakeville/Taunton Town line to 8 Commerce Drive, Middleborough as requested in the petition filed by said Company with the Board of Selectmen on August 10, 2011. This grant of location order shall include the right of the Company to install, accessory to said fiber optic cable, reasonably sized and placed sustaining and protecting fixtures, as are necessary for the placement and maintenance of said fiber optic cable. All substantially in accordance with, and not inconsistent with, the plan filed with the petition by the Petitioner, entitled "Harding St, Bedford St. and Clay Street, dated July 2011.

The within permission is subject to the following conditions and requirements:

1. All work shall be done in such manner as to be reasonably satisfactory to the Town and all materials shall be of good quality, and shall be in accordance with all applicable law and regulations.

2. Nothing in this Grant of Location Order shall be deemed to grant the Company the right to interfere with any right or privilege of the Town of Middleborough or otherwise granted by the Town of Middleborough to a third party in accordance with applicable law.

3. A final as-built plan shall be filed with the Board of Selectmen and/or its designee.

4. All cable and accessory equipment shall be kept in good and safe order, and shall be repaired and replaced as necessary.

5. The Company shall indemnify, hold harmless and defend the Town, its officials, employees and agents against all claims, actions, damages, costs and expenses, whatsoever, to which the Town, its officials, employee or agents may be subjected to as a result of issuing this Grant of Location, in any manner arising from the rights or

privileges hereby granted, or arising from the acts of the Company, its employees or agents.

6. In the event the Town reasonably determines that the Company may disturb the public way in the course of its work, the Company shall execute a bond in a penal sum reasonably determined by the Town, conditioned upon the faithful performance of its duties and obligations under this Grant of Location, applicable law and/or regulation, and reimbursement to the Town for any damages to the public way caused by the Company, its employees or agents, or otherwise incurred pursuant to this Grant of Location.

7. Nothing herein grants the Company the right to provide cable service, as defined in applicable federal and or state law, within the Town of Middleborough, and the Company shall not provide "cable service" within the Town of Middleborough pursuant to this Grant of Location.

Nothing in this Grant of Location, provides any rights to the Company with respect to pole attachment issues and matters between the Company and the owners of the poles, currently Middleborough Gas & Electric and Verizon New England Inc., subject to applicable law and regulations.

I hereby certify that the forgoing Order was adopted at a meeting of the Board of Selectmen of the Town of Middleborough, Massachusetts, held on this 22nd day of August, 2011.

Clerk, Board of Selectmen

Project: Edgeway Estates, Middleboro, MA 8/15/2011
Roof Drain Infiltration System Estimated Budget (Preliminary)

	System Type 1		System Type 2		
Leach Pit	$ 495.00		$ 495.00		(J&R Precast price 8-15-11)
Crushed Stone (double washed)	$ 846.00	47 yards	$ 270.00	15 yards	($18.00 per yard for double washed 3/4" to 1.5")
Piping (4" sdr35) (average 150' per unit)	$ 778.00	4 units	$ 439.00	2 units	(piping at $1.13 per linear foot per Cap Cod Winwater on 8-15-11 + $100 in connections)
Installation	$ 1,500.00		$ 1,200.00		
repairs to irrigation and lawn	$ 400.00		$ 250.00		(patch to broken lines and reinstall irrigation heads that are in the way, loam and seed)
Sub total	$ 4,019.00		$ 2,654.00		
contingency (15%)					
Budget Total per system	$ 4,621.85		$ 3,052.10		
number of systems	9		8		
Budget Total	$ 41,596.65		$ 24,416.80		

Budget Total (type 1 & 2) **$66,013.45**

WM STADELMANN JR.
ELECTRICAL SERVICE, LLC.
P.O. BOX 796
MIDDLEBORO, MA 02346-0796
TELEPHONE: (508) 583-7795
FAX: (508) 947-7796
billy@wmstadelmannjr.com

PROPOSAL

PHONE: DATE: 8/19/11

TO:
EDGEWAY REALTY TRUST
17 WESLEY CIRCLE
MIDDLEBORO, MA 02346
ATTN: COREY FARCAS

JOB NAME/LOCATION:
SITE LIGHTING
EDGEWAY
MIDDLEBORO, MA 02346

We hereby submit specifications and estimates for:

1. FURNISH AND INSTALL TEN (10) THIRTY-FOOT (30') UTILITY POLES WITH 100-WATT HIGH-PRESSURE SODIUM SECURITY LIGHTS MANUFACTURED BY COOPER LIGHTING, CAT #RMA 10-S-R-2-55, INCLUDING THREE-FOOT (3') ARMS.

2. LIGHTING TO OPERATE DUSK TO DAWN.

3. FIXTURES TO BE MOUNTED AT A HEIGHT OF TWENTY-FIVE FEET (25').

QUALIFICATION
1. TRENCHING AND BACKFILL TO BE BY OWNER.
2. ELECTRICAL PERMIT FEE ADDITONAL TO PROPOSAL.

WE PROPOSE hereby to furnish material and labor-complete in accordance with the above specifications, for the sum of:

THIRTY-THREE THOUSAND SEVEN HUNDRED SIXTY-TWO AND 00/100 DOLLARS ($33,762.00)

Payment to be made as follows:
WITHIN 15 DAYS OF MONTHLY REQUISITION OF WORK COMPLETED.

All material is guaranteed to be as specified. All work to be completed in a professional manner according to standard practices. Any alteration or deviation from above specifications involving extra costs will be executed only upon written orders and will become an extra charge over and above the estimate. All agreements contingent upon strikes, accidents, or delays beyond our control. Owner to carry fire, tornado and other necessary insurance. Our workers are fully covered by Workers' Compensation Insurance.
Note: This proposal may be withdrawn if not accepted within 30 days.

Signature W M Stadelmann, Jr.

Acceptance of Proposal-The above prices, specifications and conditions are satisfactory and are hereby accepted. You are authorized to do the work as specified. Payment will be made as outlined above.

Date of Acceptance: ____________________ Signature ____________________

As of August 18th 2011

Address	Unit SF	Total Vent. SF	Plastic Done - Month/Year	Vents Done - Month/Year
10 Wesley	1450	9.7	None	
24 Wesley	1500	10	None	Aug-11
36 Wesley	1800	12	Jul-10	Jul-10
60 Wesley	1650	11	Jul-10	Jul-10
68 Wesley	1800	12	Jun-10	Jun-10
72 Wesley	1500	10	Jun-10	Jun-10
80 Wesley	1650	11	Sep-09	Sep-09
87 Wesley	1600	10.7	None	Aug-11
88 Wesley	1500	10	Jun-10	Jun-10
92 Wesley	1800	12	May-09	May-09
95 Wesley	1600	10.7	None	Aug-11
100 Wesley	1800	12	Jun-09	Jun-09
108 Wesley	1800	12	Jul-08	Jul-08
112 Wesley	1450	9.7	Jul-09	Jul-09
118 Wesley	1450	9.7	Jul-09	Jul-09
123 Wesley	1600	10.7	Jul-11	
126 Wesley	1650	11	Aug-09	Aug-09
127 Wesley	1500	10	Jul-11	Aug-11
132 Wesley	1500	10	Sep-09	Sep-09
133 Wesley	1000	6.7	Jul-11	Aug-11
135 Wesley	1000	6.7	None	Aug-11
139 Wesley	900	6	None	Aug-11
143 Wesley	1000	6.7	None	Aug-11
145 Wesley	1000	6.7	Jul-11	Aug-11
147 Wesley	1000	6.7	None	Aug-11
151 Wesley	1000	6.7	None	Aug-11
162 Wesley	1450	9.7	Jun-10	Jun-10
174 Wesley	1500	10	Aug-11	Aug-11
11 Lyn	1500	10	Jul-11	Aug-11
12 Lyn	1450	9.7	None	
17 Lyn	1500	10	None	Aug-11
18 Lyn	1450	9.7	None	
23 Lyn	1500	10	None	Aug-11
24 Lyn	1500	10	None	
29 Lyn	1650	11	None	Aug-11
30 Lyn	1450	9.7	Aug-11	Aug-11
35 Lyn	1450	9.7	None	Aug-11
38 Lyn	1500	10	Aug-11	Aug-11
40 Lyn	1650	11	None	Aug-11
41 Lyn	1450	9.7	Aug-11	Aug-11
46 Lyn	1350	9	None	Aug-11
47 Lyn	1800	12	None	Aug-11
51 Lyn	1800	12	Jul-11	Aug-11
52 Lyn	1350	9	None	Aug-11
57 Lyn	1500	10	Jul-11	Aug-11
58 Lyn	1450	9.7	None	Aug-11
63 Lyn	1800	12	Jul-11	Aug-11
64 Lyn	1350	9	Jul-11	Aug-11
68 Lyn	1800	12	Jul-11	Aug-11
69 Lyn	1350	9	None	Aug-11
74 Lyn	1650	11	Aug-11	Aug-11
75 Lyn	1800	12	Jul-10	Jul-10
Average:	1490.384615	9.948076923		
Totals:	77500	517.3	**All 52 Units**	**47 Units**

May 12, 2011

Personal and Confidential

Ms. Judy M. MacDonald
Treasurer & Collector
Town of Middleborough
20 Centre Street, 3rd Floor
Middleborough, MA 02346

Re: GASB 45 – Summary of Results

Dear Ms. MacDonald:

The purpose of this letter is to summarize our actuarial valuation of the Town of Middleborough Other Postemployment Benefits Plan (the "Plan") for the fiscal year ending June 30, 2011 in accordance with Statement No. 45 of the Governmental Accounting Standards Board ("GASB 45").

<u>What is GASB 45 & why does it matter?</u>

GASB 45 was issued to provide a more comprehensive and useful look at the costs and financial obligations that governments incur when they provide postemployment benefits other than pensions ("OPEB"). These benefits often include healthcare, dental insurance and life insurance. Prior to the implementation of GASB 45, most municipal entities accounted for these benefits on a "pay-as-you-go" basis (the actual cash costs of the benefits in a reporting period were charged to the financial statement with no accrual for future costs). It is hoped that GASB 45 will result in more informed policy decisions as all parties will have a better idea as to costs and will further result in a more accurate financial picture of the total costs of services provided by municipal entities by recognizing costs over the working lifetime of employees rather than after their employment has ceased.

<u>What caused plan liabilities to change from FY 09 to FY 11</u>

Plan experience was much more favorable than expected, the current APBO is $91.9 million- had no changes been made we would have expected an APBO of $117.2 million. The change in participant contributions from 10% to 20% for the HMO and

25% to 40% for the PPO resulted in a savings of approximately $7.0 million (6.0%) from the total APBO. Additionally, the lower than expected increase in medical costs and plan design changes resulted in a reduction of the APBO of approximately $18.1 million (15.5%).

Why now & why us? Has Corporate America faced this?

GASB 45 is similar to Statement No. 106 of the Financial Accounting Standards Board ("FASB 106") which was issued in 1989 and was effective in 1992 for private employers. With the issuance of FASB 106, many plan sponsors either curtailed or eliminated their retiree welfare plans. As a municipal entity, you have seen the effects of these corporate decisions as the lack of retiree welfare programs at private employers yields additional spousal and dependent coverage in your plans which ultimately increases your costs. GASB took many years to finally issue GASB 45 and tried to balance the unique nature of municipalities and the desire for more useful financial statements. The final product is far more flexible than FASB 106 to reflect the concerns of municipal entities.

What is the value of benefits accrued to date? How much is accrued each year?

As of July 1, 2010, the Plan had accrued benefits (medical & life insurance) of approximately $91,901,926. The Plan has a "normal cost" or benefits accruing during the year of approximately $2,132,209. Additionally, the Plan must amortize the accrued benefits in place at adoption of GASB 45 over a period of not more than 30 years. Given a 30 year amortization period for the obligation at adoption, the continuing annual amortization payment is $5,913,467. In combination with the normal cost and interest to the end of the plan year and required adjustments to the ARC, the OPEB expense is $7,821,917 which exceeds the expected pay-as-you-go cost of $3,229,699 by $4,592,218. A key issue to remember is that this is a "non-cash" charge and does not require pre-funding like a pension plan.

What are the key assumptions used to estimate a $91,901,926 liability?

While there are a number of assumptions used to estimate plan costs and liabilities, the most important are future increases in medical care costs and the likelihood of participants retiring when they are eligible. Unlike a pension plan where a participant receives a reduced benefit for early retirement, a participant in a retiree welfare plan will actually receive a higher benefit by retiring early (more years of benefits to be received plus more years before Medicare). A key issue to keep in mind is that participant behavior (as far as retirement is concerned) is affected by many factors including the economy, personal health and work satisfaction.

For future medical care costs, we have assumed that such costs will increase at 7.8% for FY 2011, increasing by 7.0% for FY 2012, grading down to FY 2014 per year by 5.0%. If costs increase at rates higher than assumed, plan liabilities will escalate while costs less than those assumed will yield lower liabilities in the future.

<u>We have an "unfunded liability". How do we fund it? Can we fund it?</u>

The Plan currently has an unfunded liability of approximately $91,901,926 and this amount is expected to grow over time in the foreseeable future. While some municipal entities across America have chose to fund this liability, over 95% are not currently dedicating funding to it. In order for funds to be considered as "plan assets", they must be placed in an irrevocable trust for this purpose. In January 2009, the State of Massachusetts passed legislation to allow municipalities to establish such a trust. To the best of our knowledge Town of Middleborough has not established an irrevocable trust for the purposes of prefunding liabilities under GASB 45.

<u>How do we solve the "problem"? What can be done?</u>

While you are more limited than Corporate America due to various statutory restrictions, you do have some options available to you to manage plan liabilities and "pre-fund" the liability.

<u>Section 18</u> – your plan has not yet adopted Section 18 which would require those participants eligible for Medicare to participate in it and elect a Medicare integrated plan such as Medex or Managed Blue. The Plan currently has 171 participants over the age of 65 who are in non-Medicare integrated plans. This increases the annual retiree medical costs to the Town by nearly $750,000 and the liabilities by approximately $9 million. Current legislation pending before the State legislature would mandate Section 18 and would result in significant savings. Alternatively, the Town could adopt Section 18 at any time.

Pre-Funding – if you were to elect to "pre-fund" the OPEB expenses each year by contributing the entire Annual Required Contribution, you would be allowed to use a long-term interest rate based on your underlying investment policy. Assuming a balanced portfolio (50% equities & 50% fixed-income), you could discount plan liabilities at approximately 7.0% vs. the 4.0% used in our analysis. While this does not impact the ultimate cost of the plan, it would reduce disclosed liabilities and expenses.

Change in HMO cost sharing from 20% to 30% for retirees – assuming no other plan design or accounting changes, a change in the HMO premium percentage paid by retirees from 20% to 30% would decrease plan liabilities by approximately $3.33 million, annual OPEB costs by approximately $41,000 and expected payments by $260,000.

Blue Cross Blue Shield new design – We worked with Blue Cross Blue Shield of Massachusetts last year to help them design a new product to address the OPEB obligations of municipalities. Basically, under this product the current benefits are slightly reduced for actives & retirees, Medicare benefits are "leveled" to be consistent with those prior to age 65, Flexible Spending Accounts are created for active employees and a VEBA is created to "pre-fund" the retiree liability. This approach creates current cost savings for the Town, long-term accounting benefits due to a higher discount rate, more security for employees/retirees as assets are available to pay future benefits and taxpayer "equity" in that today's taxpayers pay today's bills.

How does GASB 45 impact our bond ratings or ability to raise cash?

In the short run, GASB 45 is unlikely to have any material impact on bond ratings. While S&P, Moody's & Fitch have all stated that they will reflect these figures in their ratings, the comparative financials to other municipal entities will be similar as they will have all adopted GASB 45. Over time, the outliers (those with very modest or very severe GASB 45 liabilities) are likely to see some benefit or harm to their ratings or financing operations.

Healthcare Reform in Massachusetts & Nationally – how does this impact our plan?

As noted earlier, the ultimate cost of the Plan is the premiums and benefits paid from the Plan less the contributions paid by retirees and their dependents. While you can slightly change participant contributions, the true costs of the Plan are the underlying costs of benefits and premiums. As such, if healthcare reform is successful in addressing the underlying cost issue, your Plan will benefit. The experiment in Massachusetts is still under review and the cost savings promised at implementation have yet to be achieved.

If you or your auditors have questions on this, feel free to give us a call.

Sincerely,

Parker E. Elmore, A.S.A., E.A., M.A.A.A.
President & CEO

Town of Middleborough Other Postemployment Benefits Plan

<u>GASB 45 Actuarial Valuation</u>

as of

<u>July 1, 2010</u>

For the fiscal year ending

<u>June 30, 2011</u>

Delivered May 2011

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May 12, 2011

Personal and Confidential

Ms. Judy M. MacDonald
Treasurer & Collector
Town of Middleborough
20 Centre Street, 3rd Floor
Middleborough, MA 02346

Dear Ms. MacDonald:

We have performed an actuarial valuation of the Town of Middleborough Other Postemployment Benefits Plan for the fiscal year ending June 30, 2011. The figures presented in this report reflect the adoption, by the Town of Middleborough, of Statement No. 45 of the Governmental Accounting Standards Board ("GASB 45") effective July 1, 2008.

The financial results of the actuarial valuation are summarized in the report. The Executive Summaries highlight the results of the valuation. Additional information summarizing census data, actuarial assumptions, claim rates and the methodology for developing them, as well as a glossary of selected terms used in this study, is also included in the report.

All costs, liabilities and other factors under the plan were determined in accordance with generally accepted actuarial principles and procedures. In our opinion, the actuarial assumptions used are reasonable, taking into account the experience of the plan and reasonable expectations and, in combination, represent our best estimate of the anticipated experience under the plan.

We refer you to Section I of this report for a detailed summary and commentary on the results of the valuation and a comparison with the prior valuation. Section II is a summary of the plan provisions, and Section III describes the actuarial cost method and assumptions. Details for cost calculations, supporting data, and disclosures are provided in Exhibits A through C.

We will be pleased to answer any questions that you may have regarding this actuarial valuation report.

Very truly yours,

Parker E. Elmore, A.S.A., E.A., M.A.A.A.
President & CEO

Enclosure

SECTION I

PRINCIPAL RESULTS OF THE VALUATION

Town of Middleborough
Comparison of Plan Liabilities to Prior Valuation

		July 1, 2010	July 1, 2008
I.	Actuarial Accrued Liability (Projected Unit Credit)		
	A. Actives	27,930,736	32,320,590
	B. Retirees/Disabled	63,971,190	74,025,497
	C. Total	91,901,926	106,346,087
II.	Plan Assets	0	0
III.	Unfunded Actuarial Accrued Liability ("UAAL")	91,901,926	106,346,087
IV.	Funded Ratio	0.00%	0.00%
V.	Unrecognized Transition Obligation	102,477,932	106,346,087
VI.	Annual Covered Payroll	30,716,985	24,736,417
VII.	UAAL as % of Covered Payroll	299.20%	429.9%
VIII.	Net OPEB Obligation	14,338,003	0
IX.	Number of Covered Participants		
	A. Actives	538	564
	B. Retirees/Disabled	344	316
	C. Total	882	880
	For the Fiscal Year Ending:	**June 30, 2011**	**June 30, 2009**
X.	Normal Cost	2,132,209	3,578,040
XI.	Amortization of UAAL - 30 year flat dollar	5,913,467	5,913,467
XII.	Annual Required Contribution ('ARC') [X. + XI.]	8,045,676	9,491,507
XIII.	Interest on Net OPEB Obligation	573,519	379,660
XIV.	Adjustment to Annual Required Contribution	(797,278)	0
XV.	Annual OPEB Cost [XII. + XIII. + XIV.]	7,821,917	9,871,167
XVI.	Expected Employer Contribution	3,229,699	2,463,312
XVII.	Percentage of Annual OPEB Cost Contributed	41.3%	25.0%
XVIII.	Net OPEB Obligation at Beginning of Year (VIII.)	14,338,003	0
XIX.	Increase in Net OPEB Obligations (XV. - XVI.)	4,592,218	7,407,855
XX.	Net OPEB Obligation at End of Year (XVIII. + XIX.)	18,930,221	7,407,855
XXI.	Discount Rate	4.00%	4.00%

Town of Middleborough
Plan Liabilities as of July 1, 2010

		Medical	Dental	Life	Total
I.	Actuarial Accrued Liability (Projected Unit Credit)				
	A. Actives	27,860,494	0	70,242	27,930,736
	B. Retirees/Disabled	63,717,337	0	253,853	63,971,190
	C. Total	91,577,831	0	324,095	91,901,926
II.	Plan Assets	0	0	0	0
III.	Unfunded Actuarial Accrued Liability ("UAAL")	91,577,831	0	324,095	91,901,926
IV.	Unrecognized Transition Obligation	102,307,878	0	170,054	102,477,932
V.	Annual Covered Payroll	30,716,985	30,716,985	30,716,985	30,716,985
VI.	UAAL as % of Covered Payroll	298.1%	0.0%	1.1%	299.2%
VII.	Net OPEB Obligation	14,287,440	0	50,563	14,338,003
VIII.	Number of Covered Participants				
	A. Actives	538	0	538	
	B. Retirees/Disabled	344	0	299	
	C. Total	882	0	837	
	For Fiscal Year Ending June 30, 2011				
IX.	Normal Cost	2,127,402	0	4,807	2,132,209
X.	Amortization of UAAL - 30 year flat dollar	5,903,654	0	9,813	5,913,467
XI.	Annual Required Contribution ('ARC') [IX. + X.]	8,031,056	0	14,620	8,045,676
XII.	Interest on Net OPEB Obligation	571,496	0	2,023	573,519
XIII.	Adjustment to Annual Required Contribution	(794,466)	0	(2,812)	(797,278)
XIV.	Annual OPEB Cost [XI. + XII. + XIII.]	7,808,086	0	13,831	7,821,917
XV.	Expected Employer Contribution	3,217,401	0	12,298	3,229,699
XVI.	Percentage of Annual OPEB Cost Contributed	41.2%	0.0%	88.9%	41.3%
XVII.	Net OPEB Obligation at Beginning of Year (VII.)	14,287,440	0	50,563	14,338,003
XVIII.	Increase in Net OPEB Obligations (XIV. - XV.)	4,590,685	0	1,533	4,592,218
XIX.	Net OPEB Obligation at End of Year (XVII. + XVIII.)	18,878,125	0	52,096	18,930,221

PRINCIPAL RESULTS OF THE VALUATION
(continued)

Town of Middleborough
General Employees
Plan Liabilities as of July 1, 2010

		Medical	Dental	Life	Total
I.	Actuarial Accrued Liability (Projected Unit Credit)				
	A. Actives	8,396,325	0	19,138	8,415,463
	B. Retirees/Disabled	27,803,562	0	92,054	27,895,616
	C. Total	36,199,887	0	111,192	36,311,079
II.	Plan Assets	0	0	0	0
III.	Unfunded Actuarial Accrued Liability ("UAAL")	36,199,887	0	111,192	36,311,079
IV.	Unrecognized Transition Obligation	35,879,608	0	58,349	35,937,957
V.	Annual Covered Payroll	8,710,442	8,710,442	8,710,442	8,710,442
VI.	UAAL as % of Covered Payroll	415.6%	0.0%	1.3%	416.9%
VII.	Net OPEB Obligation	5,647,695	0	17,348	5,665,043
VIII.	Number of Covered Participants				
	A. Actives	157	0	157	
	B. Retirees/Disabled	138	0	110	
	C. Total	295	0	267	
	For Fiscal Year Ending June 30, 2011				
IX.	Normal Cost	631,281	0	1,326	632,607
X.	Amortization of UAAL - 30 year flat dollar	2,070,425	0	3,367	2,073,792
XI.	Annual Required Contribution ('ARC') [IX. + X.]	2,701,706	0	4,693	2,706,399
XII.	Interest on Net OPEB Obligation	225,908	0	694	226,602
XIII.	Adjustment to Annual Required Contribution	(314,045)	0	(965)	(315,010)
XIII.	Annual OPEB Cost [XI. + XII. + XIII.]	2,613,569	0	4,422	2,617,991
XIV.	Expected Employer Contribution	1,292,396	0	4,046	1,296,442
XVI.	Percentage of Annual OPEB Cost Contributed	49.4%	0.0%	91.5%	49.5%
XVII.	Net OPEB Obligation at Beginning of Year (VII.)	5,647,695	0	17,348	5,665,043
XVIII.	Increase in Net OPEB Obligations (XIII. - XIV.)	1,321,173	0	376	1,321,549
XIX.	Net OPEB Obligation at End of Year (XVII. + XVIII.)	6,968,868	0	17,724	6,986,592

SECTION I

PRINCIPAL RESULTS OF THE VALUATION
(continued)

Town of Middleborough
School Employees
Plan Liabilities as of July 1, 2010

		Medical	Dental	Life	Total
I.	Actuarial Accrued Liability (Projected Unit Credit)				
	A. Actives	18,705,180	0	49,390	18,754,570
	B. Retirees/Disabled	33,639,698	0	152,765	33,792,463
	C. Total	52,344,878	0	202,155	52,547,033
II.	Plan Assets	0	0	0	0
III.	Unfunded Actuarial Accrued Liability ("UAAL")	52,344,878	0	202,155	52,547,033
IV.	Unrecognized Transition Obligation	62,420,353	0	106,074	62,526,427
V.	Annual Covered Payroll	21,202,241	21,202,241	21,202,241	21,202,241
VI.	UAAL as % of Covered Payroll	246.9%	0.0%	1.0%	247.9%
VII.	Net OPEB Obligation	8,166,543	0	31,539	8,198,082
VIII.	Number of Covered Participants				
	A. Actives	361	0	361	
	B. Retirees/Disabled	194	0	178	
	C. Total	555	0	539	
	For Fiscal Year Ending June 30, 2011				
IX.	Normal Cost	1,425,697	0	3,335	1,429,032
X.	Amortization of UAAL - 30 year flat dollar	3,601,953	0	6,121	3,608,074
XI.	Annual Required Contribution ('ARC') [IX. + X.]	5,027,650	0	9,456	5,037,106
XII.	Interest on Net OPEB Obligation	326,662	0	1,262	327,924
XIII.	Adjustment to Annual Required Contribution	(454,108)	0	(1,754)	(455,862)
XIII.	Annual OPEB Cost [XI. + XII. + XIII.]	4,900,204	0	8,964	4,909,168
XIV.	Expected Employer Contribution	1,804,473	0	7,772	1,812,245
XVI.	Percentage of Annual OPEB Cost Contributed	36.8%	0.0%	86.7%	36.9%
XVII.	Net OPEB Obligation at Beginning of Year (VII.)	8,166,543	0	31,539	8,198,082
XVIII.	Increase in Net OPEB Obligations (XIII. - XIV.)	3,095,731	0	1,192	3,096,923
XIX.	Net OPEB Obligation at End of Year (XVII. + XVIII.)	11,262,274	0	32,731	11,295,005

SECTION I

PRINCIPAL RESULTS OF THE VALUATION
(continued)

Town of Middleborough
Jarius Agency Employees
Plan Liabilities as of July 1, 2010

		Medical	Dental	Life	Total
I.	Actuarial Accrued Liability (Projected Unit Credit)				
	A. Actives	9,503	0	12	9,515
	B. Retirees/Disabled	0	0	0	0
	C. Total	9,503	0	12	9,515
II.	Plan Assets	0	0	0	0
III.	Unfunded Actuarial Accrued Liability ("UAAL")	9,503	0	12	9,515
IV.	Unrecognized Transition Obligation	555	0	0	555
V.	Annual Covered Payroll	48,906	48,906	48,906	48,906
VI.	UAAL as % of Covered Payroll	19.4%	0.0%	0.0%	19.5%
VII.	Net OPEB Obligation	1,483	0	2	1,485
VIII.	Number of Covered Participants				
	A. Actives	2	0	2	
	B. Retirees/Disabled	0	0	0	
	C. Total	2	0	2	
	For Fiscal Year Ending June 30, 2011				
IX.	Normal Cost	3,535	0	4	3,539
X.	Amortization of UAAL - 30 year flat dollar	32	0	0	32
XI.	Annual Required Contribution ('ARC') [IX. + X.]	3,567	0	4	3,571
XII.	Interest on Net OPEB Obligation	59	0	0	59
XIII.	Adjustment to Annual Required Contribution	(82)	0	0	(82)
XIII.	Annual OPEB Cost [XI. + XII. + XIII.]	3,544	0	4	3,548
XIV.	Expected Employer Contribution	0	0	0	0
XVI.	Percentage of Annual OPEB Cost Contributed	0.0%	0.0%	0.0%	0.0%
XVII.	Net OPEB Obligation at Beginning of Year (VII.)	1,483	0	2	1,485
XVIII.	Increase in Net OPEB Obligations (XIII. - XIV.)	3,544	0	4	3,548
XIX.	Net OPEB Obligation at End of Year (XVII. + XVIII.)	5,027	0	6	5,033

SECTION I

PRINCIPAL RESULTS OF THE VALUATION
(continued)

Town of Middleborough
Trash Employees
Plan Liabilities as of July 1, 2010

		Medical	Dental	Life	Total
I.	Actuarial Accrued Liability (Projected Unit Credit)				
	A. Actives	75,348	0	326	75,674
	B. Retirees/Disabled	0	0	0	0
	C. Total	75,348	0	326	75,674
II.	Plan Assets	0	0	0	0
III.	Unfunded Actuarial Accrued Liability ("UAAL")	75,348	0	326	75,674
IV.	Unrecognized Transition Obligation	11,697	0	173	11,870
V.	Annual Covered Payroll	162,489	162,489	162,489	162,489
VI.	UAAL as % of Covered Payroll	46.4%	0.0%	0.2%	46.6%
VII.	Net OPEB Obligation	11,755	0	51	11,806
VIII.	Number of Covered Participants				
	A. Actives	4	0	4	
	B. Retirees/Disabled	0	0	0	
	C. Total	4	0	4	
	For Fiscal Year Ending June 30, 2011				
IX.	Normal Cost	11,670	0	42	11,712
X.	Amortization of UAAL - 30 year flat dollar	675	0	10	685
XI.	Annual Required Contribution ('ARC') [IX. + X.]	12,345	0	52	12,397
XII.	Interest on Net OPEB Obligation	470	0	2	472
XIII.	Adjustment to Annual Required Contribution	(654)	0	(3)	(657)
XIV.	Annual OPEB Cost [XI. + XII. + XIII.]	12,161	0	51	12,212
XV.	Expected Employer Contribution	0	0	0	0
XVI.	Percentage of Annual OPEB Cost Contributed	0.0%	0.0%	0.0%	0.0%
XVII.	Net OPEB Obligation at Beginning of Year (VII.)	11,755	0	51	11,806
XVIII.	Increase in Net OPEB Obligations (XIV. - XV.)	12,161	0	51	12,212
XIX.	Net OPEB Obligation at End of Year (XVII. + XVIII.)	23,916	0	102	24,018

SECTION I

PRINCIPAL RESULTS OF THE VALUATION
(continued)

Town of Middleborough
Water Employees
Plan Liabilities as of July 1, 2010

		Medical	Dental	Life	Total
I.	Actuarial Accrued Liability (Projected Unit Credit)				
	A. Actives	495,693	0	1,092	496,785
	B. Retirees/Disabled	1,710,861	0	7,252	1,718,113
	C. Total	2,206,554	0	8,344	2,214,898
II.	Plan Assets	0	0	0	0
III.	Unfunded Actuarial Accrued Liability ("UAAL")	2,206,554	0	8,344	2,214,898
IV.	Unrecognized Transition Obligation	2,931,646	0	4,384	2,936,030
V.	Annual Covered Payroll	370,396	370,396	370,396	370,396
VI.	UAAL as % of Covered Payroll	595.7%	0.0%	2.3%	598.0%
VII.	Net OPEB Obligation	344,254	0	1,302	345,556
VIII.	Number of Covered Participants				
	A. Actives	9	0	9	
	B. Retirees/Disabled	9	0	9	
	C. Total	18	0	18	
	For Fiscal Year Ending June 30, 2011				
IX.	Normal Cost	36,730	0	69	36,799
X.	Amortization of UAAL - 30 year flat dollar	169,170	0	253	169,423
XI.	Annual Required Contribution ('ARC') [IX. + X.]	205,900	0	322	206,222
XII.	Interest on Net OPEB Obligation	13,770	0	52	13,822
XIII.	Adjustment to Annual Required Contribution	(19,143)	0	(72)	(19,215)
XIII.	Annual OPEB Cost [XI. + XII. + XIII.]	200,527	0	302	200,829
XIV.	Expected Employer Contribution	82,381	0	403	82,784
XVI.	Percentage of Annual OPEB Cost Contributed	41.1%	0.0%	133.4%	41.2%
XVII.	Net OPEB Obligation at Beginning of Year (VII.)	344,254	0	1,302	345,556
XVIII.	Increase in Net OPEB Obligations (XIII. - XIV.)	118,146	0	(101)	118,045
XIX.	Net OPEB Obligation at End of Year (XVII. + XVIII.)	462,400	0	1,201	463,601

PRINCIPAL RESULTS OF THE VALUATION
(continued)

Town of Middleborough
Waste Water Employees
Plan Liabilities as of July 1, 2010

		Medical	Dental	Life	Total
I.	Actuarial Accrued Liability (Projected Unit Credit)				
	A. Actives	178,445	0	284	178,729
	B. Retirees/Disabled	563,216	0	1,782	564,998
	C. Total	741,661	0	2,066	743,727
II.	Plan Assets	0	0	0	0
III.	Unfunded Actuarial Accrued Liability ("UAAL")	741,661	0	2,066	743,727
IV.	Unrecognized Transition Obligation	1,064,019	0	1,074	1,065,093
V.	Annual Covered Payroll	222,511	222,511	222,511	222,511
VI.	UAAL as % of Covered Payroll	333.3%	0.0%	0.9%	334.2%
VII.	Net OPEB Obligation	115,710	0	321	116,031
VIII.	Number of Covered Participants				
	A. Actives	5	0	5	
	B. Retirees/Disabled	3	0	2	
	C. Total	8	0	7	
	For Fiscal Year Ending June 30, 2011				
IX.	Normal Cost	18,489	0	31	18,520
X.	Amortization of UAAL - 30 year flat dollar	61,399	0	62	61,461
XI.	Annual Required Contribution ('ARC') [IX. + X.]	79,888	0	93	79,981
XII.	Interest on Net OPEB Obligation	4,628	0	13	4,641
XIII.	Adjustment to Annual Required Contribution	(6,434)	0	(18)	(6,452)
XIII.	Annual OPEB Cost [XI. + XII. + XIII.]	78,082	0	88	78,170
XIV.	Expected Employer Contribution	38,151	0	77	38,228
XVI.	Percentage of Annual OPEB Cost Contributed	48.9%	0.0%	87.5%	48.9%
XVII.	Net OPEB Obligation at Beginning of Year (VII.)	115,710	0	321	116,031
XVIII.	Increase in Net OPEB Obligations (XIII. - XIV.)	39,931	0	11	39,942
XIX.	Net OPEB Obligation at End of Year (XVII. + XVIII.)	155,641	0	332	155,973

Commentary on Plan Experience and Contribution Amounts

1. **Transition to GASB 45:**

The Plan adopted and implemented GASB 45 ("Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions") effective for the fiscal year ending June 30, 2009. As part of this implementation, the Employer must recognize the Actuarial Accrued Liability for past service. Under GASB 45, this amount may be amortized over a period not to exceed thirty (30) years. The Unfunded Actuarial Accrued Liability at transition was amortized over a 30 year period and a flat dollar amortization of the Unfunded Actuarial Accrued Liability at transition. This approach yields an amortization charge of $5,913,467. Additionally the Employer must recognize a "normal cost" which represents the annual accrual of benefits for current active employees toward their ultimate postemployment benefits. The normal cost for the 2011 fiscal year is $2,132,209. The combined amortization charge and normal cost represent the Annual Required Contribution ("ARC") for the plan for the 2011 fiscal year. As the Employer has chosen to continue their "pay-as-you-go" funding policy, this valuation must utilize a discount rate which represents earnings on short term investments. For this discount rate, we have used 4.00% per annum. The incremental cost of GASB 45 for the 2011 fiscal year beyond the "pay-as-you-go" costs is $4,592,218.

2. **Plan Experience:**

Plan experience was much more favorable than expected, the current APBO is $91.9 million- had no changes been made we would have expected an APBO of $117.2 million. The change in participant contributions from 10% to 20% for the HMO and 25% to 40% for the PPO resulted in a savings of approximately $7.0 million (6.0%) from the total APBO. Additionally, the lower than expected increase in medical costs and plan design changes resulted in a reduction of the APBO of approximately $18.1 million (15.5%).

SECTION II

SUMMARY OF PLAN PROVISIONS

Effective Date	July 1, 2008; GASB 45 is adopted.
Plan Year	July 1 through June 30.
Eligibility	An employee shall become eligible to retire under this plan upon attainment of age 55 as an active member and completion of 10 years of service.
Credited Service	Elapsed time from date of hire to termination of service date.
Participant Contributions	20% of premiums for BCBS HMO, 40% of premiums for BCBS PPO, 25% of premiums for Medex, Managed Blue and life insurance.
Benefits Offered	Comprehensive Medical Insurance offered through Blue Cross Blue Shield of Massachusetts and Group Term Life Insurance.
Normal Retirement Date	The normal retirement date is the first day of the month following a participant's 65th birthday.
Early Retirement	Early retirement is available for any participant who has attained benefit eligibility.

SECTION III

ACTUARIAL COST METHOD, ASSET VALUATION METHOD AND ACTUARIAL ASSUMPTIONS

A. ACTUARIAL COST METHOD

The actuarial cost method used to calculate the costs and liabilities of the plan is the Projected Unit Credit Actuarial Cost Method. Under this method, the normal cost and actuarial accrued liability are both based on an accrual of projected benefits over the period for which benefits are accrued. The normal cost is the actuarial present value of one year's benefit accrual on this basis. The actuarial accrued liability is the actuarial present value of the projected benefit times the ratio of past service to total service.

Actuarial gains and losses are calculated each year and amortized over the minimum and maximum periods allowed by law from the year of such gain or loss.

All employees who are plan participants on a valuation date are included in the actuarial valuation.

B. ASSET VALUATION METHOD

The actuarial value of assets is equal to the Market Value of the Plan's assets.

SECTION III

ACTUARIAL COST METHOD, ASSET VALUATION METHOD AND ACTUARIAL ASSUMPTIONS
(continued)

C. ACTUARIAL ASSUMPTIONS

We used the following assumptions in this year's actuarial valuation:

Pre- and Post-Retirement Mortality

It is assumed that both pre-retirement and post-retirement mortality are represented by the RP-2000 Mortality Table for males and females.

Discount Rate

4.00% per annum (previously 4.00%)

Employee Termination

It was assumed that employees would terminate employment in accordance with the sample rates shown in the following table:

Service	Male	Female
0	15.00%	15.00%
10	5.40%	5.40%
20	2.00%	2.00%
30	0.00%	0.00%

SECTION III

ACTUARIAL COST METHOD, ASSET VALUATION METHOD AND ACTUARIAL ASSUMPTIONS
(continued)

C. ACTUARIAL ASSUMPTIONS (continued)

Retirement Rates

It was assumed that the following percentage of eligible employees would retire each year:

Age	Male	Female
50	1.00%	1.50%
51	1.00%	1.50%
52	1.00%	2.00%
53	1.00%	2.50%
54	2.00%	2.50%
55	2.00%	5.50%
56	2.50%	6.50%
57	2.50%	6.50%
58	5.00%	6.50%
59	6.50%	6.50%
60	12.00%	5.00%
61	20.00%	13.00%
62	30.00%	15.00%
63	25.00%	12.50%
64	22.00%	18.00%
65	40.00%	15.00%
66	25.00%	20.00%
67	25.00%	20.00%
68	30.00%	25.00%
69	30.00%	20.00%
70	100.00%	100.00%

C. ACTUARIAL ASSUMPTIONS (continued)

Healthcare Trend

It was assumed that healthcare costs would increase in accordance with the trend rates in the following table:

Year	Medical	Dental
FY 2008	8.0%	8.5%
FY 2009	2.2%	8.0%
FY 2010	2.2%	7.5%
FY 2011	7.8%	7.0%
FY 2012	7.0%	6.5%
FY 2013	6.0%	6.0%
FY 2014	5.0%	5.5%
FY 2015	5.0%	5.0%

Participation Rate

It was assumed that 80% of the employees eligible to receive retirement benefits would enroll in the retiree medical plans upon retirement. All eligible employees were assumed to be covered under the retiree life insurance program.

Percent Married

It was assumed that 80% of the participants who elect retiree healthcare coverage for themselves would also elect coverage for a spouse upon retirement. It was further assumed that husbands are three years older than their wives. For current retirees, the actual census information was used.

C. ACTUARIAL ASSUMPTIONS (continued)

Compensation Increases	4.50% per year.
Additional Comments	The values in this report reflect a closed group and do not reflect any new entrants after the valuation date. For purposes of this valuation, retiree contributions were assumed to increase with the same trend rate as health care claims.

SECTION III

ACTUARIAL COST METHOD, ASSET VALUATION METHOD AND ACTUARIAL ASSUMPTIONS
(continued)

D. DEVELOPMENT OF REPRESENTATIVE MEDICAL PER CAPITA CLAIMS COSTS

Initial premiums were developed for the two classes of retirees (pre-65 and post-65). These premiums were developed using fully insured premium rates in conjunction with census data for the retired participants of the Town of Middleborough's medical benefit program.

The pre-65 fully insured premiums are blended rates based on the combined experience of active and pre-65 retired members. Therefore, there is an implicit employer subsidy for the non-Medicare eligible retirees as the average costs of providing healthcare benefits to retirees under age 65 is higher than the average cost of providing healthcare benefits to active employees. The true per-capita cost for the non-Medicare retirees is developed by adjusting the demographic differences between the actives and retirees to reflect this implicit rate subsidy for the retirees. For the Medicare eligible retirees, the premium rate will be used as the basis of the initial pre-capita cost without adjustment as the rate reflects the actual claim experience of the post-65 retiree group.

Age graded and sex distinct premiums are utilized in this valuation. The premiums developed by the preceding process are appropriate for the existing unique age and sex distribution. Over the future years covered by this valuation, the age and sex distribution will likely change. Therefore, the process "distributes" the average premium over all age/sex combinations and assigns a unique premium for each specific age/sex combination. The age/sex specific premiums more accurately reflect the healthcare utilization and cost at that age.

Based on guidance provided by GASB on issues related to Medicare Part D payments to State and Local Governments effective as of June 30, 2006, an employer should apply the measurement requirements of GASB Statement No. 45 to determine the actuarial accrued liabilities, the annual required contribution of the employer, and the annual OPEB cost without reduction for Retiree Drug Subsidy (RDS) payments. Therefore, the impact of the RDS that is part of Medicare Prescription Drug Improvement and Modernization Act of 2003 is not reflected in this report.

SECTION III

ACTUARIAL COST METHOD, ASSET VALUATION METHOD AND ACTUARIAL ASSUMPTIONS

(continued)

D. DEVELOPMENT OF REPRESENTATIVE MEDICAL PER CAPITA CLAIMS COSTS

I. CLAIMS COSTS DEVELOPMENT - Based on Active & Retiree Incurred Claims & Premiums

	Number of Participants			
	Single	Two-Person	Family	Total
BCBS Network Blue Tiered v3	220		495	715
BCBS Tiered PPO v3	29		19	48
BCBS Managed Blue	1			1
BCBS Medex III	41	29		70
Total	291	29	514	834

	Per Contract Costs (monthly) - FY 2012		
	Single	Two-Person	Family
BCBS Network Blue Tiered v3	581.11		1,522.59
BCBS Tiered PPO v3	587.23		1,538.62
BCBS Managed Blue	426.18	852.36	
BCBS Medex III	489.56	979.12	

Gross Expected FY 2012 Non Medicare Incurred Premiums	11,133,476
Adjustment to reflect children's claims	(2,223,626)
Total Expected FY 2012 Non Medicare Incurred Premiums (adults only)	8,909,850

II. PRE-65 AND POST-65 PER CAPITA RETIREE ANNUAL CLAIM COSTS

	Employer Primary	Medicare Primary
Age 65	9,238	5,867
Average Age	9,200	5,867

D. DEVELOPMENT OF REPRESENTATIVE MEDICAL PER CAPITA CLAIMS COSTS

III. BREAKDOWN OF CLAIM COSTS

8,909,850 Active and Retired Claims (No Children) - Including Administrative fees & trend

4,320 Average Per-Capita Claim (including Retention & Pooling)

ALL ACTIVE EMPLOYEES AND SPOUSES

Age Bracket	Number of Females	Number of Males	Female Aging Factor	Male Aging Factor	Aged (F) Average Claims	Aged (M) Average Claims	Age Related Claims
24 & Under	4	1	1.312	0.549	5,668	2,372	25,044
25 to 29	23	14	1.312	0.591	5,668	2,553	166,106
30 to 34	24	25	1.312	0.712	5,668	3,076	212,932
35 to 39	37	27	1.312	0.850	5,668	3,672	308,860
40 to 44	71	64	1.312	1.000	5,668	4,320	678,908
45 to 49	86	73	1.456	1.193	6,290	5,154	917,182
50 to 54	76	72	1.599	1.441	6,908	6,225	973,208
55 to 59	78	69	1.740	1.753	7,517	7,573	1,108,863
60 to 64	37	51	1.968	2.102	8,502	9,081	777,705
65 to 69	9	15	2.168	2.316	9,366	10,005	234,369
70 & Over	3	4	2.396	2.557	10,351	11,046	75,237
Total	448	415					5,478,414

ALL RETIREES AND SPOUSES - NOT MEDICARE ELIGIBLE

Age Bracket	Number of Females	Number of Males	Female Aging Factor	Male Aging Factor	Aged (F) Average Claims	Aged (M) Average Claims	Age Related Claims
44 & Under	5	2	1.312	1.000	5,668	4,320	36,980
45 to 49	5	5	1.456	1.193	6,290	5,154	57,220
50 to 54	8	3	1.599	1.441	6,908	6,225	73,939
55 to 59	28	25	1.740	1.753	7,517	7,573	399,801
60 to 64	76	45	1.968	2.102	8,502	9,081	1,054,797
65 to 69	36	32	2.168	2.316	9,366	10,005	657,336
70 to 74	34	24	2.396	2.557	10,351	11,046	617,038
75 to 79	15	15	2.593	2.769	11,202	11,962	347,460
80 to 84	3	4	2.724	2.910	11,768	12,571	85,588
85 to 89	5	2	2.864	3.059	12,372	13,215	88,290
90 & Over	1	0	3.010	3.215	13,003	13,889	13,003
Total	216	157					3,431,452

ALL RETIREES AND SPOUSES - MEDICARE ELIGIBLE

Age Bracket	Number of Females	Number of Males	Female Aging Factor	Male Aging Factor	Aged (F) Average Claims	Aged (M) Average Claims	Age Related Claims
65 to 69	25	35	2.168	2.316	5,867	5,867	0
70 to 74	14	12	2.396	2.557	5,867	5,867	0
75 to 79	8	11	2.593	2.769	5,867	5,867	0
80 to 84	7	5	2.724	2.910	5,867	5,867	0
85 to 89	11	6	2.864	3.059	5,867	5,867	0
90 & Over	5	2	3.010	3.215	5,867	5,867	0
Total	70	71					0
Grand Totals	734	643					8,909,866

EXHIBIT A

Financial Statement Disclosure
(As of July 1, 2010)

The GASB Standards for accounting and financial reporting for postemployment benefits other than pensions requires the following disclosures in the financial statements with regard to the retiree medical and life insurance benefits;

1. A DESCRIPTION OF THE RETIREE MEDICAL INSURANCE PROGRAM:

a. Plan Type:	Blue Cross HMO Blue New England v3, Blue Care Elect Preferred (PPO) v3, Blue Cross – Medex 3 and Blue Cross Managed Blue for Seniors
b. Administrator:	Town of Middleborough
c. Eligibility:	An employee shall become eligible to retire under this plan upon meeting attainment of age 55 as an active member and completion of 10 years of service.
d. Cost Sharing:	20% of premiums for BCBS HMO, 40% of premiums for BCBS PPO, 25% of premiums for Medex and Managed Blue.

2. A DESCRIPTION OF THE DENTAL INSURANCE PROGRAM:

a. Plan Type:	Not offered
b. Administrator:	N/A
c. Eligibility:	N/A
d. Cost sharing:	N/A

3. A DESCRIPTION OF THE RETIREE LIFE INSURANCE PROGRAM:

a. Plan Type:	Group Term Life Insurance - $2,000
b. Administrator:	Town of Middleborough
c. Eligibility:	Same as above
d. Cost sharing:	25% of premiums.

EXHIBIT A

Financial Statement Disclosure
(As of July 1, 2010)
(continued)

4. RETIREE MEDICAL, DENTAL AND LIFE INSURANCE CONTRIBUTIONS:

Group	Individual	Family
Medical	20% of premiums for BCBS HMO, 40% of premiums for BCBS PPO, 25% of premiums for Medex and Managed Blue.	20% of premiums for BCBS HMO, 40% of premiums for BCBS PPO, 25% of premiums for Medex and Managed Blue.
Dental	N/A	N/A
Life	25% of premiums	N/A

EXHIBIT A

Financial Statement Disclosure
(As of July 1, 2010)
(continued)

5. FUNDING POLICY

The contribution requirements of plan members and the Town are established and may be amended through Town ordinances. The required contribution is based on the projected pay-as-you-go financing requirements. For the 2011 fiscal year, total Town premiums plus implicit costs for the retiree medical program are $3,229,699.

EXHIBIT A

Financial Statement Disclosure
(As of July 1, 2010)
(continued)

6. ANNUAL OPEB COST AND NET OPEB OBLIGATION

The Town's annual other postemployment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution of the employer ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty (30) years. The following table shows the components of the Town's annual OPEB costs for the fiscal year, the amount actually contributed to the plan and changes in the Town's net OPEB obligation to the plan:

Annual Required Contribution	$8,045,676
Interest on net OPEB obligation	$573,519
Adjustment to annual required contribution	($797,278)
Annual OPEB cost (expense)	$7,821,917
Contributions made	$3,229,699
Increase in net OPEB obligation	$4,592,218
Net OPEB Obligation – beginning of year	$14,338,003
Net OPEB Obligation – end of year	$18,930,221

EXHIBIT A

Financial Statement Disclosure
(As of July 1, 2010)
(continued)

The Town's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the 2011 fiscal year and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Expected Employer Payments	Increase in OPEB Obligation
06/30/2009	$9,871,167	$2,463,312	$7,407,855
06/30/2010	$9,871,167	$2,699,066	$7,172,101
06/30/2011	$7,821,917	$3,229,699	$4,592,218
06/30/2012 (est.)	$7,837,439	$3,496,756	$4,340,683
06/30/2013 (est.)	$7,855,345	$3,738,400	$4,116,945

Schedule of Funding Progress:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
07/01/2008	$0	$106,346,087	$106,346,087	0.00%	$24,736,417	429.92%
07/01/2009	$0	$111,808,514	$111,808,514	0.00%	$25,725,874	434.62%
07/01/2010	$0	$91,901,926	$91,901,926	0.00%	$30,716,985	299.20%
07/01/2011 (est.)	$0	$94,436,619	$94,436,619	0.00%	$32,099,249	294.20%
07/01/2012 (est.)	$0	$96,885,627	$96,885,627	0.00%	$33,543,716	288.83%

Note: The tables shown above do not include the gas and electric department for prior years as they separately report their GASB45 results.

EXHIBIT A

Financial Statement Disclosure
(As of July 1, 2010)
(continued)

	Fiscal Year Ending June 30, 2011								
	General Employees	School Employees	Jarius Agency Employees	Trash Employees	Water Employees	Waste Water Employees	Government Activities	Business-Type Activities	Total
OPEB obligation at beginning of year	5,665,043	8,198,082	1,485	11,806	345,556	116,031	13,876,416	461,587	14,338,003
Annual OPEB Cost	2,617,990	4,909,168	3,548	12,212	200,829	78,170	7,542,918	278,999	7,821,917
Expected Employer Payments	1,296,442	1,812,245	-	-	82,784	38,228	3,108,687	121,012	3,229,699
Increase in OPEB Obligation	1,321,548	3,096,923	3,548	12,212	118,045	39,942	4,434,231	157,987	4,592,218
OPEB obligation at end of year	6,986,591	11,295,005	5,033	24,018	463,601	155,973	18,310,647	619,574	18,930,221
APBO at beginning of year	36,311,079	52,547,033	9,515	75,674	2,214,898	743,727	88,943,301	2,958,625	91,901,926

	Fiscal Year Ending June 30, 2012								
	General Employees	School Employees	Jarius Agency Employees	Trash Employees	Water Employees	Waste Water Employees	Government Activities	Business-Type Activities	Total
OPEB obligation at beginning of year	6,986,591	11,295,005	5,033	24,018	463,601	155,973	18,310,647	619,574	18,930,221
Annual OPEB Cost	2,623,185	4,918,910	3,555	12,236	201,228	78,325	7,557,886	279,553	7,837,439
Expected Employer Payments	1,403,642	1,962,096	-	-	89,629	41,389	3,365,738	131,018	3,496,756
Increase in OPEB Obligation	1,219,543	2,956,814	3,555	12,236	111,599	36,936	4,192,148	148,535	4,340,683
OPEB obligation at end of year	8,206,134	14,251,819	8,588	36,254	575,200	192,909	22,502,795	768,109	23,270,904
APBO at beginning of year	37,312,554	53,996,302	9,777	77,761	2,275,986	764,239	91,396,394	3,040,225	94,436,619

	Fiscal Year Ending June 30, 2013								
	General Employees	School Employees	Jarius Agency Employees	Trash Employees	Water Employees	Waste Water Employees	Government Activities	Business-Type Activities	Total
OPEB obligation at beginning of year	8,206,134	14,251,819	8,588	36,254	575,200	192,909	22,502,795	768,109	23,270,904
Annual OPEB Cost	2,629,178	4,930,148	3,563	12,264	201,688	78,504	7,575,153	280,192	7,855,345
Expected Employer Payments	1,500,641	2,097,687	-	-	95,823	44,249	3,598,328	140,072	3,738,400
Increase in OPEB Obligation	1,128,537	2,832,461	3,563	12,264	105,865	34,255	3,976,825	140,120	4,116,945
OPEB obligation at end of year	9,334,671	17,084,280	12,151	48,518	681,065	227,164	26,479,620	908,229	27,387,849
APBO at beginning of year	38,280,174	55,396,578	10,031	79,778	2,335,009	784,057	93,766,561	3,119,066	96,885,627

EXHIBIT A

Financial Statement Disclosure
(As of July 1, 2010)
(continued)

7. FUNDED STATUS AND FUNDING PROGRESS

As of July 1, 2010, the most recent valuation date, the plan was 0.00% funded. The actuarial liability for benefits was $91,901,926, and the actuarial value of assets was $ 0, resulting in an unfunded actuarial accrued liability (UAAL) of $91,901,926. The covered payroll (annual payroll of active employees covered by the plan) was $ 30,716,985 and the ratio of the UAAL to the covered payroll was 299.2%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented in the required supplementary information following the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

8. EFFECT OF 1% CHANGE IN HEALTHCARE TREND RATES

In the event that healthcare trend rates were 1% higher than forecast and employee contributions were to increase at the forecast rates, the Actuarial Accrued Liability would increase to $110,287,458 or by 20.4% and the corresponding Normal Cost would increase to $2,851,644 or by 34.0%. If such healthcare trend rates were 1% less than forecast and employee contributions were to increase at the forecast rate, the Actuarial Accrued Liability would decrease to $76,403,262 or by 16.5% and the corresponding Normal Cost would decrease to $1,575,567 or by 25.9%.

EXHIBIT A

Financial Statement Disclosure
(As of July 1, 2010)
(continued)

9. ACTUARIAL METHODS AND ASSUMPTIONS

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

Actuarial Cost Method: Projected Unit Credit
Investment Rate of Return: 4.00% per annum (previously 4.00%)
Healthcare Trend Rates

Year	Medical	Dental
FY 2008	8.0%	8.5%
FY 2009	2.2%	8.0%
FY 2010	2.2%	7.5%
FY 2011	7.8%	7.0%
FY 2012	7.0%	6.5%
FY 2013	6.0%	6.0%
FY 2014	5.0%	5.5%
FY 2015	5.0%	5.0%

General Inflation Assumption: 3.50% per annum
Annual Compensation Increases: 4.50% per annum
Actuarial Value of Assets: Market Value
Amortization of UAAL: Level dollar amortization over 30 years at transition

Remaining Amortization Period: 28 years at July 1, 2010

EXHIBIT A

Financial Statement Disclosure
(As of July 1, 2010)
(continued)

10. Impact of Section 9A1/2 of M.G.L. Section 32B

For employees who retire on or after January 1, 2011 whenever a retired employee or beneficiary receives a healthcare premium contribution from a governmental unit in a case where a portion of the retiree's creditable service is attributable to service in 1 or more other governmental units, the first governmental unit shall be reimbursed in full, in accordance with this paragraph, by the other governmental units 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 other governmental units shall be charged based on their own contribution rate or the contribution rate of the first employer, whichever is lower.

For purposes of the valuation we have not attempted to value the impact of prior governmental service at other entities in the State of Massachusetts for current employees of the Town of Middleborough nor have we attempted to value the impact of prior Town of Middleborough employees currently working at other governmental entities in the State of Massachusetts.

11. Recognition of OPEB trust assets

The State of Massachusetts has recently passed legislation allowing municipal entities to establish a trust for Other Than Postemployment Benefits ("OPEB") under M.G.L. Chapter 32B, Section 20 for purposes of accumulating assets to pre-fund the liabilities under GASB 45. To the best of our knowledge Town of Middleborough has not established an irrevocable trust for the purposes of prefunding liabilities under GASB 45.

EXHIBIT B

Reconciliation of Plan Participation
(As of July 1, 2010)

ACTIVE EMPLOYEES

	July 1, 2010	July 1, 2008
A. Average Age at Hire	36.79	36.41
B. Average Service	11.07	10.12
C. Average Current Age	47.86	46.53

EXHIBIT C

Projected Cash Flows (Open Group)

Total Medical, Dental & Life Insurance

Fiscal Year	Total APBO	Normal Cost	Employer Payments	Expected Amortization	Interest on Net OPEB Obligation	Adjustment to ARC	Expected Annual OPEB Cost	Expected OPEB Obligation	Excess Employer Payments (beyond claims)	Plan Assets at Beginning of year	Unfunded Accrued Actuarial Liability ("UAAL")
								14,338,003			
2011	91,901,926	2,132,209	3,229,699	5,913,467	573,519	(797,278)	7,821,917	18,930,221	0	0	91,901,926
2012	94,436,619	2,219,394	3,496,756	5,913,467	757,209	(1,052,631)	7,837,439	23,270,904	0	0	94,436,619
2013	96,885,627	2,305,041	3,738,400	5,913,467	930,836	(1,293,999)	7,855,345	27,387,849	0	0	96,885,627
2014	99,271,396	2,374,153	3,958,296	5,913,467	1,095,514	(1,522,925)	7,860,209	31,289,762	0	0	99,271,396
2015	101,594,744	2,454,921	4,164,589	5,913,467	1,251,590	(1,739,894)	7,880,084	35,005,257	0	0	101,594,744
2016	103,880,998	2,544,318	4,372,885	5,913,467	1,400,210	(1,946,498)	7,911,497	38,543,870	0	0	103,880,998
2017	106,134,528	2,617,575	4,537,460	5,913,467	1,541,754	(2,143,265)	7,929,531	41,935,941	0	0	106,134,528
2018	108,384,444	2,718,109	4,755,684	5,913,467	1,677,437	(2,331,884)	7,977,129	45,157,386	0	0	108,384,444
2019	110,601,126	2,824,701	4,965,653	5,913,467	1,806,296	(2,511,015)	8,033,449	48,225,181	0	0	110,601,126
2020	112,798,581	2,934,166	5,198,537	5,913,467	1,929,007	(2,681,603)	8,095,037	51,121,681	0	0	112,798,581
2021	114,955,579	3,064,356	5,405,514	5,913,467	2,044,867	(2,842,665)	8,180,025	53,896,192	0	0	114,955,579
2022	117,120,022	3,186,544	5,646,182	5,913,467	2,155,847	(2,996,944)	8,258,914	56,508,924	0	0	117,120,022
2023	119,246,952	3,326,658	5,896,259	5,913,467	2,260,357	(3,142,228)	8,358,254	58,970,919	0	0	119,246,952
2024	121,344,689	3,481,988	6,106,345	5,913,467	2,358,837	(3,279,129)	8,475,163	61,339,737	0	0	121,344,689
2025	123,469,245	3,650,056	6,335,735	5,913,467	2,453,590	(3,410,849)	8,606,264	63,610,266	0	0	123,469,245
2026	125,616,054	3,834,810	6,519,882	5,913,467	2,544,411	(3,537,104)	8,755,584	65,845,968	0	0	125,616,054
2027	127,848,563	4,036,103	6,678,995	5,913,467	2,633,839	(3,661,422)	8,921,987	68,088,960	0	0	127,848,563
2028	130,213,897	4,246,504	6,846,737	5,913,467	2,723,559	(3,786,145)	9,097,385	70,339,607	0	0	130,213,897
2029	132,718,991	4,465,547	7,011,835	5,913,467	2,813,584	(3,911,295)	9,281,303	72,615,122	0	0	132,718,991
2030	135,379,610	4,710,572	7,173,314	5,913,467	2,904,605	(4,037,827)	9,490,817	74,940,784	0	0	135,379,610
2031	138,233,638	4,966,659	7,294,872	5,913,467	2,997,631	(4,167,147)	9,710,610	77,365,029	0	0	138,233,638
2032	141,342,005	5,239,373	7,419,248	5,913,467	3,094,601	(4,301,949)	9,945,492	79,900,056	0	0	141,342,005
2033	144,728,884	5,524,769	7,543,908	5,913,467	3,196,002	(4,442,912)	10,191,326	82,556,461	0	0	144,728,884
2034	148,418,806	5,822,113	7,642,000	5,913,467	3,302,258	(4,590,623)	10,447,215	85,370,788	0	0	148,418,806
2035	152,463,095	6,141,031	7,739,641	5,913,467	3,414,832	(4,747,116)	10,722,214	88,362,492	0	0	152,463,095
2036	156,899,583	6,473,422	7,835,392	5,913,467	3,534,500	(4,913,473)	11,007,916	91,544,084	0	0	156,899,583

EXHIBIT C

Projected Cash Flows (Open Group)
(continued)

Medical Insurance

Fiscal Year	Total APBO	Normal Cost	Employer Payments	Expected Amortization	Interest on Net OPEB Obligation	Adjustment to ARC	Expected Annual OPEB Cost	Expected OPEB Obligation	Excess Employer Payments (beyond claims)	Plan Assets at Beginning of year	Unfunded Accrued Actuarial Liability ("UAAL")
								14,287,440			
2011	91,577,831	2,127,402	3,217,401	5,903,654	571,496	(794,466)	7,808,086	18,878,125	0	0	91,577,831
2012	94,107,350	2,214,562	3,484,149	5,903,654	755,125	(1,049,734)	7,823,607	23,217,583	0	0	94,107,350
2013	96,551,273	2,300,187	3,725,459	5,903,654	928,703	(1,291,034)	7,841,510	27,333,634	0	0	96,551,273
2014	98,932,072	2,369,358	3,944,944	5,903,654	1,093,345	(1,519,910)	7,846,447	31,235,137	0	0	98,932,072
2015	101,250,746	2,450,178	4,150,811	5,903,654	1,249,405	(1,736,857)	7,866,380	34,950,706	0	0	101,250,746
2016	103,532,634	2,539,595	4,358,659	5,903,654	1,398,028	(1,943,464)	7,897,813	38,489,860	0	0	103,532,634
2017	105,782,113	2,612,963	4,522,726	5,903,654	1,539,594	(2,140,262)	7,915,949	41,883,083	0	0	105,782,113
2018	108,028,453	2,713,540	4,740,432	5,903,654	1,675,323	(2,328,945)	7,963,572	45,106,223	0	0	108,028,453
2019	110,242,004	2,820,167	4,949,860	5,903,654	1,804,249	(2,508,171)	8,019,899	48,176,262	0	0	110,242,004
2020	112,436,803	2,929,689	5,182,168	5,903,654	1,927,050	(2,678,883)	8,081,510	51,075,604	0	0	112,436,803
2021	114,591,697	3,059,907	5,388,550	5,903,654	2,043,024	(2,840,103)	8,166,482	53,853,536	0	0	114,591,697
2022	116,754,597	3,182,193	5,628,582	5,903,654	2,154,141	(2,994,572)	8,245,416	56,470,370	0	0	116,754,597
2023	118,880,687	3,322,376	5,878,025	5,903,654	2,258,815	(3,140,084)	8,344,761	58,937,106	0	0	118,880,687
2024	120,978,283	3,477,760	6,087,487	5,903,654	2,357,484	(3,277,249)	8,461,649	61,311,268	0	0	120,978,283
2025	123,103,398	3,645,878	6,316,257	5,903,654	2,452,451	(3,409,266)	8,592,717	63,587,728	0	0	123,103,398
2026	125,251,481	3,830,670	6,499,806	5,903,654	2,543,509	(3,535,851)	8,741,982	65,829,904	0	0	125,251,481
2027	127,485,979	4,031,978	6,658,356	5,903,654	2,633,196	(3,660,529)	8,908,299	68,079,847	0	0	127,485,979
2028	129,853,985	4,242,394	6,825,575	5,903,654	2,723,194	(3,785,639)	9,083,603	70,337,875	0	0	129,853,985
2029	132,362,414	4,461,463	6,990,187	5,903,654	2,813,515	(3,911,198)	9,267,434	72,615,122	0	0	132,362,414
2030	135,027,037	4,706,486	7,151,256	5,903,654	2,904,605	(4,037,827)	9,476,918	74,940,784	0	0	135,027,037
2031	137,885,653	4,962,574	7,272,467	5,903,654	2,997,631	(4,167,147)	9,696,712	77,365,029	0	0	137,885,653
2032	140,999,153	5,235,287	7,396,566	5,903,654	3,094,601	(4,301,949)	9,931,593	79,900,056	0	0	140,999,153
2033	144,391,657	5,520,682	7,521,021	5,903,654	3,196,002	(4,442,912)	10,177,426	82,556,461	0	0	144,391,657
2034	148,087,641	5,818,027	7,618,989	5,903,654	3,302,258	(4,590,623)	10,433,316	85,370,788	0	0	148,087,641
2035	152,138,365	6,136,933	7,716,599	5,903,654	3,414,832	(4,747,116)	10,708,303	88,362,492	0	0	152,138,365
2036	156,581,564	6,469,315	7,812,404	5,903,654	3,534,500	(4,913,473)	10,993,996	91,544,084	0	0	156,581,564

EXHIBIT C

Projected Cash Flows (Open Group)
(continued)

Dental Insurance

Fiscal Year	Total APBO	Service Cost	Employer Payments	Expected Amortization	Interest on Net OPEB Obligation	Adjustment to ARC	Expected Annual OPEB Cost	Expected OPEB Obligation	Excess Employer Payments (beyond claims)	Plan Assets at Beginning of year	Unfunded Accrued Actuarial Liability ("UAAL")
2011	0	0	0	0	0	0	0	0	0	0	0
2012	0	0	0	0	0	0	0	0	0	0	0
2013	0	0	0	0	0	0	0	0	0	0	0
2014	0	0	0	0	0	0	0	0	0	0	0
2015	0	0	0	0	0	0	0	0	0	0	0
2016	0	0	0	0	0	0	0	0	0	0	0
2017	0	0	0	0	0	0	0	0	0	0	0
2018	0	0	0	0	0	0	0	0	0	0	0
2019	0	0	0	0	0	0	0	0	0	0	0
2020	0	0	0	0	0	0	0	0	0	0	0
2021	0	0	0	0	0	0	0	0	0	0	0
2022	0	0	0	0	0	0	0	0	0	0	0
2023	0	0	0	0	0	0	0	0	0	0	0
2024	0	0	0	0	0	0	0	0	0	0	0
2025	0	0	0	0	0	0	0	0	0	0	0
2026	0	0	0	0	0	0	0	0	0	0	0
2027	0	0	0	0	0	0	0	0	0	0	0
2028	0	0	0	0	0	0	0	0	0	0	0
2029	0	0	0	0	0	0	0	0	0	0	0
2030	0	0	0	0	0	0	0	0	0	0	0
2031	0	0	0	0	0	0	0	0	0	0	0
2032	0	0	0	0	0	0	0	0	0	0	0
2033	0	0	0	0	0	0	0	0	0	0	0
2034	0	0	0	0	0	0	0	0	0	0	0
2035	0	0	0	0	0	0	0	0	0	0	0
2036	0	0	0	0	0	0	0	0	0	0	0

EXHIBIT C

Projected Cash Flows (Open Group)
(continued)

Life Insurance

Fiscal Year	Total APBO	Normal Cost	Employer Payments	Expected Amortization	Interest on Net OPEB Obligation	Adjustment to ARC	Expected Annual OPEB Cost	Expected OPEB Obligation	Excess Employer Payments (beyond claims)	Plan Assets at Beginning of year	Unfunded Accrued Actuarial Liability ("UAAL")
								50,563			
2011	324,095	4,807	12,298	9,813	2,023	(2,812)	13,831	52,096	0	0	324,095
2012	329,269	4,832	12,607	9,813	2,084	(2,897)	13,832	53,321	0	0	329,269
2013	334,354	4,854	12,941	9,813	2,133	(2,965)	13,835	54,215	0	0	334,354
2014	339,324	4,795	13,352	9,813	2,169	(3,015)	13,762	54,625	0	0	339,324
2015	343,998	4,743	13,778	9,813	2,185	(3,037)	13,704	54,551	0	0	343,998
2016	348,364	4,723	14,226	9,813	2,182	(3,033)	13,685	54,010	0	0	348,364
2017	352,415	4,612	14,734	9,813	2,160	(3,003)	13,582	52,858	0	0	352,415
2018	355,991	4,569	15,252	9,813	2,114	(2,939)	13,557	51,163	0	0	355,991
2019	359,122	4,534	15,793	9,813	2,047	(2,845)	13,549	48,919	0	0	359,122
2020	361,778	4,477	16,369	9,813	1,957	(2,720)	13,527	46,077	0	0	361,778
2021	363,882	4,449	16,964	9,813	1,843	(2,562)	13,543	42,656	0	0	363,882
2022	365,425	4,351	17,600	9,813	1,706	(2,372)	13,498	38,554	0	0	365,425
2023	366,265	4,282	18,234	9,813	1,542	(2,144)	13,493	33,813	0	0	366,265
2024	366,406	4,228	18,858	9,813	1,353	(1,880)	13,514	28,469	0	0	366,406
2025	365,847	4,178	19,478	9,813	1,139	(1,583)	13,547	22,538	0	0	365,847
2026	364,573	4,140	20,076	9,813	902	(1,253)	13,602	16,064	0	0	364,573
2027	362,584	4,125	20,639	9,813	643	(893)	13,688	9,113	0	0	362,584
2028	359,912	4,110	21,162	9,813	365	(507)	13,781	1,732	0	0	359,912
2029	356,577	4,084	21,648	9,813	69	(96)	13,870	0	0	0	356,577
2030	352,573	4,086	22,058	9,813	0	0	13,899	0	0	0	352,573
2031	347,985	4,085	22,405	9,813	0	0	13,898	0	0	0	347,985
2032	342,852	4,086	22,682	9,813	0	0	13,899	0	0	0	342,852
2033	337,227	4,087	22,887	9,813	0	0	13,900	0	0	0	337,227
2034	331,165	4,086	23,011	9,813	0	0	13,899	0	0	0	331,165
2035	324,730	4,098	23,042	9,813	0	0	13,911	0	0	0	324,730
2036	318,019	4,107	22,988	9,813	0	0	13,920	0	0	0	318,019

EXHIBIT D

GLOSSARY

Accrual Accounting - A system of accounting in which revenues are recorded when earned and outlays are recorded when goods are received or services performed, even though the actual receipt of revenues and payment for goods or services may occur, in whole or in part, at a different time.

Actuarial Value of Assets – The value of cash, investments, other assets and property belonging to an OPEB trust, pension fund or similar entity, as used by the actuary for the purpose of actuarial valuation. Some funds may be restricted for other purposes, and "smoothing" of investment gains and losses often make the actuarial value of assets different from the market value of assets.

Annual Required Contribution – Normal Cost plus an amortization of the funding shortfall over a period of no more than 30 years.

Cash Basis Accounting - A system of accounting in which revenues are recorded when actually received and outlays are recorded when payment is made.

Discount Rate – The interest rate used to calculate present value of a series of future cash flows. Under GASB 45, the rate should be "long term expected yield on the investments that are expected to be used to pay benefits as they come due. These would be plan investments for a funded plan, the employer's investments for a pay as you go plan [e.g. short term county investment pool], or a weighted average of expected plan and employer investments for a plan that is partially funded".

FASB – Financial Accounting Standards Board. "Since 1973, the Financial Accounting Standards Board (FASB) has been the designated organization in the private sector for establishing standards of financial accounting and reporting".

GASB - Government Accounting Standards Board. "The Governmental Accounting Standards Board (GASB) was organized in 1984 by the Financial Accounting Foundation (FAF) to establish standards of financial accounting and reporting for state and local governmental entities. Its standards guide the preparation of external financial reports of those entities."

GFOA – Government Finance Officers Association. "GFOA is the professional association of state/provincial and local finance officers in the United States and Canada, and has served the public finance profession since 1906. Approximately 16,000 GFOA members are dedicated to the sound management of government financial resources."

EXHIBIT D

GLOSSARY

(continued)

Implicit Subsidy – "The difference between a premium rate charged to retirees for a particular benefit and the estimated rate that would have be applicable to those retirees if that benefit was acquired for them as a separate group."

Irrevocable Contribution – "Irrevocably transferred assets to a qualifying trust, or equivalent arrangement, in which plan assets are dedicated to providing benefits to retirees and their beneficiaries in accordance with the terms of the plan and are legally protected from creditors of the employer(s) or plan administrator. The preceding criteria preclude counting as [irrevocable] contributions (a) designations of net assets of a governmental or proprietary fund to be used for OPEB or (b) internal transfers of assets to a separate governmental or proprietary fund for the same purpose. Rather, such actions should be regarded as earmarking of employer assets."

Level Dollar Amortization – Funding a shortfall in OPEB assets with equal dollar payments over a designated number of years (no more than 30 years). The present value of the level payments equals the present value of unfounded liabilities, the UAAL.

Level Percent of Payroll Amortization – Funding a shortfall in OPEB assets as a level percent of payroll over a designated number of years (no more than 30 years). The present value of the payments equals the present value of unfounded liabilities, the UAAL. Level percent of payroll typically has lower payments in the early years than level dollar amortization. When using level payroll amortization, employee count is assumed to be constant, and the payroll differences arise from overall wage trends.

Normal Cost - The actuarially determined present value contribution needed to fund benefits which are earned for employee service rendered during the current year. Normal cost depends on many factors, including the interest rate used to discount future cashflows, and expected inflation.

OPEB – Other Post Employment Benefits

OPEB Trust – An entity other than a pension or retirement system which manages OPEB assets. In many respects it is similar to a pension fund for OPEB. For reasons detailed in GASB 45, contributions to an OPEB trust should be irrevocable in order to obtain the most favorable accounting treatment.

EXHIBIT D

GLOSSARY

(continued)

Pay-as-you-go funding – Paying benefits (such as pensions or OPEB) on a cash basis, with no money set aside for future liabilities which are already incurred.

POB – Pension Obligation Bond. Generally yielding taxable interest, POBs are issued to help fund a previously unfunded or underfunded pension liability.

UAAL – Unfunded Accrued Actuarial Liability. Actuarial Accrued Liability minus the Actuarial Value of Assets.