

SELECT BOARD AGENDA

Regular Meeting

6:00 p.m. October 10, 2023



Needham Town Hall

Select Board Chambers & Zoom

Pursuant to Chapter 2 of the Acts of 2023, meetings of public bodies may be conducted virtually provided that adequate access is provided to the public.

To listen and view this virtual meeting on a phone, computer, laptop, or tablet, download the “Zoom Cloud Meeting” app in any app store or at www.zoom.us. At the above date and time, click on “Join a Meeting” and enter the meeting or click the link below to join the webinar:

Link:

<https://us02web.zoom.us/j/89068374046?pwd=UzBqaWlrNWZrSWdCQkpkaZkYjd1RHQT09>

Webinar ID: 890 6837 4046

Passcode: 221095

	6:00	Public Comment Period Citizens are encouraged to inform the Office of the Town Manager in advance via email (OTM@needhamma.gov), telephone (781) 455-7500 extension 204, or in person by the end of the business day prior to the meeting of their intent to participate in the public comment period. The Chair will first recognize those who have communicated in advance their desire to speak for up to three minutes. If time allows, others wishing to speak will be recognized in an order determined by the Chair for up to three minutes. The Board’s policy on public participation in meetings can be found here.
1.	6:00	Introduce JP Cacciaglia, Economic Development Manager Katie King, Deputy Town Manager/Director of Operations
2.	6:00	Approval of the Sale of Bonds and Notes - David Davison, Deputy Town Manager/Director of Finance - Veronica Harvey, Town Treasurer/Collector
3.	6:00	Public Hearing: Application for a Transfer of an All-Alcohol License – Latin-A Group, LLC d/b/a Latina Kitchen and Bar (Continued from 9/26/2023) - Scott McCourt, LLC Manager – Metrowest Dining, LLC - Ted Connolly, LLC Member – Metrowest Dining, LLC - Thomas Griffin, LLC Manager and Proposed Manager of Record – Metrowest Dining, LLC

4.	6:30	Public Hearing: Opt-In Specialized Energy Code - Katie King, Deputy Town Manager/Director of Operations - Joe Prondak, Building Commissioner
5.	7:00	Town Manager - Positions on Warrant Articles - Calendar Year 2024 Select Board Licensing Fee Schedule - Town Manager Report
6.	7:25	Board Discussion Committee Reports

APPOINTMENT CALENDAR

1.	Kevin Keane	Needham Branding and Town Seal Committee Term Exp: 6/30/2024
2.	Amber Autumn Sun Orlando	Needham Branding and Town Seal Committee Term Exp: 6/30/2024
3.	Topher Cox	Needham Branding and Town Seal Committee Term Exp: 6/30/2024

CONSENT AGENDA *Supporting Documents Attached

1.*	Approve open session minutes of September 26, 2023.
2.	Accept the following donation to the Town of Needham Tree Fund: \$400 from Brian Connaughton.

NOTICE OF APPROVED BLOCK PARTIES

Name	Address	Party Location	Date	Time	Rain Date
Alison Premo	354 Brookline Street	Brookline St. between Webster & Manning	10/28/23	4pm-6pm	10/29
Jake Eisenhard	59 Beaufort Avenue	Beaufort St. from Nichols Road to Bond St	10/28/23	3pm-7pm	N/A
Sachin Shah	81 Stevens Road	Stevens Road	10/29/23	1pm-7pm	N/A



**Select Board
TOWN OF NEEDHAM
AGENDA FACT SHEET**

MEETING DATE: 10/10/2023

Agenda Item	Introduce JP Cacciaglia, Economic Development Manager
Presenter(s)	Katie King, Deputy Town Manager

1.	BRIEF DESCRIPTION OF TOPIC TO BE DISCUSSED
	The Deputy Town Manager will introduce JP Cacciaglia, the newly appointed Economic Development Manager.
2.	VOTE REQUIRED BY SELECT BOARD
	N/A – Discussion Only
3.	BACK UP INFORMATION ATTACHED
	a. Resume for JP Cacciaglia

J.P. CACCIAGLIA

ECONOMIC DEVELOPMENT DIRECTOR

Strategic, community-focused professional with unique IT management and local government experience. Analyze regional economic landscape, examining factors influencing progress and identifying key trends, challenges, and untapped opportunities to shape a path for sustainable growth. Overcome limited capital by securing grants and government funding. Collaborate with elected officials, staff members, and residents to shape economic future of the community, leveraging planning, budgeting, data mining, and networking skills to develop business climate, solve issues, and provide amenities.

AREAS OF EXPERTISE

Research & Data Analytics | Project Management | Budget Management | Capital Plans & Expenditures
Bid Preparation | Partnership Development | Strategic Decision Making | Real Estate Research | Grant Writing
Project Collaboration | Analytical Models | Government Policies | Government Relations | Lobbying | Problem Solving
Program Management | Training & Development | Process Improvement | Presentations | Robert's Rules of Order

PROFESSIONAL EXPERIENCE

City of Woodhaven Downtown Development Authority (DDA) – Woodhaven, MI

Economic Development Director, Downtown Development Director

03/2008 – 07/2023

Set vision for attractive, engaging Woodhaven region. Collaborated with developers to recruit businesses while maintaining consistent roadmap for city's masterplan. Eliminated barriers in early development process. Developed and managed \$1.5M annual budget, 3-year projection budget, 5-year capital improvement plan, and 25-year TIF plan. Created and directed bid packages and bid awards; supervised multi-million-dollar projects. Partnered with community leadership and business owners to facilitate mutually beneficial programs. Met with residents and developers to discuss development planning and zoning. Addressed resident concerns. Built meeting agendas and presentations for City Council, Zoning Board of Appeals, Recreation Commission, and Planning Commission appointments. Attended conferences to learn best practices.

- Extended existing TIF plan for additional 25 years, allowing for ongoing capture of district tax revenue.
- Secured \$2M loan/grant funding for Brownfield remediation project, cleaning and transforming property for mixed-use development; expected \$15M+ total investment when completed.
- Improved traffic flow by applying/lobbying for and obtaining +\$25M in federal and state grants/earmarks for road projects, including grade separation, 100-year-old bridge replacement, street safety improvement, 1.2-mile connector road construction, and 12-intersection signal modernization and controller coordination.
- Updated and managed Facade/Sign grant program; increased funding and loan options (up to \$25K matching).
- Partnered with elected officials and Ford Land to obtain property for 65-acre nature preserve and 100-acre development and with connection road.
- Collaborated with city, county, MPO, state and federal departments on development projects, including \$1.78M grant for pedestrian crossing over Interstate 75 and \$3M state grant for engineering and new 1.1 mile connector road.
- Worked with other local economic development offices on a Convention and Visitor Center.
- Developed 75-acre municipal campus park (\$10M project) into regional destination, leveraging trends to attract visitors.
- Contributed to 20-year road congestion mitigation and safety planning and project involving railroad grade separations, 100-year-old creek crossing bridge replacement, pedestrian connectivity, Road diet/left turn lane additions on ~3 miles of roads. Secured federal earmark of \$9M for prep work and \$27M in state grant money to offset expected \$50M total cost.
- Obtained \$2M–\$1M grant, \$1M 0% loan to remediate 10-acre parcel of contaminated soil, develop community pocket park, build 15,000+ sq/ft retail space, and place property back on tax roll.
- Worked with partners to obtain and plan development of ~200-acre property to create ~75-acre nature/wetlands future park.

PROFESSIONAL EXPERIENCE (CONTINUED)

City of Woodhaven – Woodhaven, MI

IT Director

03/2013 – 07/2023

Manage IT capital improvement projects. Administer city social media accounts. Respond to incoming questions, triaging inquiries to attain answers. Collaborate with IT consultants in reviewing bills, maintaining workflow, and addressing service calls. Provide on-site technical assistance to solve local network problems. Lead IT onboarding for new hires, arrange building access, and manage technology equipment.

- Implemented railroad crossing camera stream and app notifying emergency services and residents of railroad crossing blockages.
- Replaced all city building switches and built 10GB fiber backend from department switches to server room.
- Updated IP phone server by migrating from local exchange environment to Government Office 365.
- Constructed and maintained timeline for desktop/mobile phone/devices replacement for all city buildings and vehicles.
- Modernized and added controlled access to all city buildings with new ID printing machine.
- Rebuilt and installed new camera system in city buildings for police, including all jail/booking/exterior/interior corridors.
- Initiated Community LPR (License plate reader) system installation (in progress) throughout city, integrating body cam and existing Police Department and City building camera system.

VR Metro L.C.C. – Westland, MI

IT Director

09/2000 – 03/2013

Met with existing and potential business and individual clients, developing web and social media plans. Served as local network administrator for small business clients. Created and maintained database of software versions and licenses. Deployed social media marketing for clients and implemented monthly client-related social media plans. Developed and hosted website marketing, consulting, and development programs. Oversaw infrastructure improvements, purchases, and timetables.

- Launched initial business website and assisted business in incorporating e-commerce.

Previous roles include:

Ford Motor Company – **Powertrain Quality Office Intern**

City of Woodhaven, MI – **City Council Member/Mayor Pre Tern**

EDUCATION

University of Michigan – Dearborn, MI | **Coursework in Electrical and Computer Engineering**

TECHNOLOGY

Microsoft Office (Word, Excel, PowerPoint, Teams, Access) | Microsoft Exchange | Office 365 Administrator
Azure Council | BSA Municipal Software Package | Windows Server | Openmap/Nearmap | Adobe Acrobat



**Select Board
TOWN OF NEEDHAM
AGENDA FACT SHEET**

MEETING DATE: 10/10/2023

Agenda Item	Approve Sale of Bond Anticipation Notes
Presenter(s)	David Davison, Assistant Town Manager/Finance Veronica Harvey, Town Treasurer/Collector
1.	BRIEF DESCRIPTION OF TOPIC TO BE DISCUSSED
We will review the results of the bond anticipation note sale and discuss future borrowings with the Board.	
2.	VOTE REQUIRED BY SELECT BOARD
Suggested Motions: (please note there are six (6) motions to be acted upon by the Board) Motion A Move to approve the sale of \$2,282,000 4.00 percent General Obligation Bond Anticipation Notes of the Town dated October 16, 2023 and payable July 30, 2024 (the "Notes"), to Fidelity Capital Markets, a Division of National Financial Services LLC, at par and accrued interest, if any, plus a premium of \$2,418.92. Motion B Move that in connection with the marketing and sale of the Notes, the preparation and distribution of a Notice of Sale and Preliminary Official Statement dated September 20, 2023, and a final Official Statement dated September 27, 2023, each in such form as may be approved by the Town Treasurer, be and hereby are ratified, confirmed, approved and adopted. Motion C Move that the Town Treasurer and the Select Board be, and hereby are, authorized to execute and deliver a significant events disclosure undertaking in compliance with SEC Rule 15c2-12 in such form as may be approved by bond counsel to the Town, which undertaking shall be incorporated by reference in the Notes for the benefit of the holders of the Notes from time to time. Motion D Move that we authorize and direct the Town Treasurer to establish post issuance federal tax compliance procedures and continuing disclosure procedures in such forms as the Town Treasurer and bond counsel deem sufficient, or if such procedures are currently in place, to review and update said procedures, in order to monitor and maintain the tax-exempt status of the Notes and to comply with relevant securities laws.	



**Select Board
TOWN OF NEEDHAM
AGENDA FACT SHEET**

Motion E

Move that any certificates or documents relating to the Notes (collectively, the “Documents”), may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document; delivery of an executed counterpart of a signature page to a Document by electronic mail in a “.pdf” file or by other electronic transmission shall be as effective as delivery of a manually executed counterpart signature page to such Document; and electronic signatures on any of the Documents shall be deemed original signatures for the purposes of the Documents and all matters relating thereto, having the same legal effect as original signatures.

Motion F

Move t that each member of the Select Board, the Town Clerk and the Town Treasurer be and hereby are, authorized to take any and all such actions, and execute and deliver such certificates, receipts or other documents as may be determined by them, or any of them, to be necessary or convenient to carry into effect the provisions of the foregoing votes.

	BACK UP INFORMATION ATTACHED
a.	Cover Memo Dated October 5, 2023
b.	Signed Certificate of Award \$2,282,000
g.	Final Official Statement Dated September 27, 2023

Memorandum

To: Select Board
From: David Davison, Deputy Town Manager/Director of Finance
CC: Kate Fitzpatrick, Town Manager; Veronica Harvey Treasurer/Collector;
Michelle Vaillancourt, Town Accountant
Date: October 5, 2023
Re: Bond Anticipation Note Sales

The Town held a sale for a bond anticipation note (BAN) on Wednesday, September 27, 2023. The BAN was in the amount of \$2,282,000. The borrowing is to roll over a portion of the \$3,060,000 BAN that matures on October 16, 2023. The proceeds from that BAN were used to cover expenses related to the Emery Grover renovation project (CPA portion), water distribution system improvements, and water service connections. The Town will pay off \$132,650 of the Emery Grover project debt, \$445,350 of the water distribution system improvement debt, and \$200,000 of the water connection service debt. This reduces the amount of long-term interest the Town would have had to pay if the amounts were bonded. The principal amounts being retired are based on the available debt budget funding to do so. All three projects are still in progress and future borrowings against the unissued portion of the original authorizations will be necessary. The table below shows the projects being funded by the bond anticipation note.

Project	Current Outstanding BAN	Portion to be Paid on October 16, 2023	Portion Financed with New BAN
Emery Grover Renovation - CPA	\$420,000	(\$132,650)	\$287,350
Water Distribution System Improvements	\$2,440,000	(\$445,350)	\$1,994,650
Water Service Connections	\$200,000	(\$200,000)	\$0
Totals	3,060,000	(\$778,000)	\$2,282,000

The Town received five bids on the \$2,282,000 BAN which will mature on July 30, 2024. This is a positive that there are a number of lenders interested in the Town's debt. Last spring there were only three bidders. The lowest bidder, Fidelity Capital Markets offered a coupon rate of 4.00%, with a premium of \$2,418.92 which results in a net interest cost (NIC) of 3.8656% which is the basis for the award. Noteworthy is the number of bidders who had a coupon interest rate of 5% or more. This suggests

that the financial markets, for the present anyway, expect interest rates to remain higher than they have been at for many years.

Bidder	Amount	Rate	Interest	Premium	Net Interest	NIC
Fidelity Capital Markets	\$2,282,000	4.000%	\$72,009.78	\$2,418.92	\$69,590.86	3.865600%
TD Securities	\$2,282,000	5.000%	\$90,012.22	\$13,440.98	\$76,571.24	4.253400%
Oppenheimer & Company	\$2,282,000	5.000%	\$90,012.22	\$8,466.22	\$81,546.00	4.529700%
BNYMellon Capital Markets	\$2,282,000	5.000%	\$90,012.22	\$7,970.80	\$82,041.42	4.557200%
Newburyport Five Cents Savings Bank	\$2,282,000	5.050%	\$90,912.34	\$0.00	\$90,912.34	5.050000%

The table below shows the five-year history of the short-term interest rates the Town has paid. The interest rate on this BAN is the highest over the five-year period, whether one is comparing coupon rates or NICs, with the exception of the May 23, 2023 BAN that matured on June 30, 2023. The lowest rate paid by the Town was 0.50% which was on the 2020 BAN issued on December 18, 2020 and the 2021 BAN issued on April 15, 2021.

Recent Bond Anticipation Note History

Description	Issue Date	Maturity	Amount	Rate	NIC
2018 BAN - 1	1-Nov-17	1-Aug-18	\$3,425,000	1.05%	1.13%
2018 BAN - 2	18-Jun-18	28-Jun-18	\$580,000	3.50%	3.50%
2018 BAN - 3	18-Jun-18	1-Aug-18	\$28,560,000	2.00%	1.39%
2018 BAN - 4	1-Aug-18	15-Jul-19	\$1,500,000	2.50%	1.87%
2019 BAN - 1	17-Jun-19	27-Jun-19	\$288,000	2.30%	2.30%
2019 BAN - 2	27-Jun-19	1-Oct-19	\$34,820,000	2.00%	1.49%
2020 BAN - 1	25-Jun-20	18-Dec-20	\$1,200,000	1.30%	0.68%
2020 BAN - 2	18-Dec-20	15-Apr-21	\$2,800,000	1.75%	0.50%
2021 BAN - 1	15-Apr-21	15-Jun-21	\$730,485	0.50%	0.50%
2022 BAN - 1	14-Apr-22	15-Jun-22	\$2,716,000	1.50%	1.38%
2023 BAN - 1	26-May-23	30-Jun-23	\$2,940,000	4.75%	4.63%
2023 BAN - 2	26-May-23	16-Oct-23	\$3,060,000	4.50%	3.77%
2023 BAN - 3	16-Oct-23	30-Jul-24	\$2,282,000	4.50%	3.87%

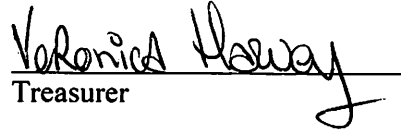
The Board will be asked to approve the sale of the BAN and to authorize various actions that have been or may need to be taken. The documents to be signed by the Board will be brought to the meeting. These include the Note, the Certificate of Town

Clerk, and Certification of the Vote by the Select Board (which is signed by the Clerk of the Select Board). Please do not hesitate to contact me if you have any questions prior to the meeting.

Certificate of Award

I, the Treasurer of the Town of Needham, Massachusetts, hereby award the \$2,282,000 General Obligation Bond Anticipation Notes dated October 16, 2023 (the "Notes") to the bidder or bidders submitting the bid or bids attached hereto in accordance with the terms set forth in the attached bid or bids and in the Notice of Sale dated September 20, 2023, relating to the Notes, subject to the approval of this award by the Select Board.

Date: September 27, 2023


Treasurer

PRELIMINARY OFFICIAL STATEMENT AND NOTICE OF SALE DATED SEPTEMBER 20, 2023

In the opinion of Locke Lord LLP, Bond Counsel, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Notes will not be included in computing the alternative minimum taxable income of individuals. For tax years beginning after December 31, 2022, however, interest on the Notes will be included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. Under existing law, interest on the Notes is exempt from Massachusetts personal income taxes, and the Notes are exempt from Massachusetts personal property taxes. The Notes will be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. See "Tax Exemption" herein. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Notes.

TOWN OF NEEDHAM, MASSACHUSETTS \$2,282,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES

The Town of Needham, Massachusetts (the "Town"), will receive telephone and electronic bids at Hilltop Securities Inc. (617-619-4400) in the case of telephone bids and via PARITY in the case of electronic bids until 11:00 a.m. Eastern Time, Wednesday, September 27, 2023 for the purchase of the following described General Obligation Bond Anticipation Notes (the "Notes").

\$2,282,000 General Obligation Bond Anticipation Notes (renewals). The Notes will be dated October 16, 2023 and will be payable July 30, 2024. Interest will be computed on a 30-day-month/360-day-year basis (284/360). The Notes will not be subject to redemption prior to their stated maturity date.

Bids may be submitted electronically via PARITY pursuant to this Notice of Sale until 11:00 a.m. Eastern Time, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in PARITY conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about PARITY, potential bidders may contact Hilltop Securities Inc. (617) 619-4400 or PARITY at (212) 404-8102.

The Notes will be issued by means of a book-entry system, evidencing ownership of the Notes in principal amounts of \$1,000, or integral multiples thereof, with transfers of ownership effected on the records of The Depository Trust Company (DTC) and its participants pursuant to rules and procedures adopted by DTC (see "Book-Entry Transfer System"), unless the issuance of a fully registered note certificate is requested by the winning bidder and the issuance of such certificate is approved by the Town. Principal and interest will be payable upon maturity in federal reserve funds at U.S. Bank Trust Company, National Association, Boston, Massachusetts.

Bids for the Notes may be submitted for all or part of the Notes at a single or various rates of interest in multiples of one-hundredth (1/100) of one percent (1%). No bid of less than par and accrued interest to the date of delivery will be considered. The right is reserved to reject any and all bids not complying with this Notice of Sale and, so far as permitted by law, to waive any irregularity with respect to any bid. The Notes will be awarded on the basis of lowest net interest cost to the Town after deduction of premium, if any. Such cost will be determined by computing the total amount of interest payable on the Notes, at the rate or rates stated, from October 16, 2023 until the maturity of the Notes and deducting therefrom the sum, if any, by which the amount bid for the Notes exceeds the aggregate principal amount of the Notes. In the event that two or more bidders submit a bid providing the same lowest net interest cost to the Town, after deduction of premium, if any, the Town Treasurer shall award the Notes by lot from among all of such bidders. The award of the Notes to the successful bidder will not be effective until the bid has been approved by the Treasurer and the Select Board of the Town.

An electronic bid made in accordance with this Notice of Sale shall be deemed an offer to purchase the Notes in accordance with the terms provided in this Notice of Sale and shall be binding upon the bidder as if made by a signed and sealed written bid delivered to the Town.

Any bidder who submits a winning bid by telephone in accordance with this Notice of Sale shall be required to provide written confirmation of the terms of the bid by e-mailing a completed, signed bid form to Hilltop Securities Inc., by not later than 12:00 noon, Eastern Time, on the date of sale.

The successful bidder for the Notes may request that the Notes be issued in the form of one fully registered physical certificate, rather than in book-entry form through the facilities of DTC. The successful bidder seeking the issuance of the Notes in this manner shall bear any and all costs of any re-registration or transfer of Notes from time to time. Any bidder seeking to have the Notes issued in the form of a fully registered physical certificate or certificates, rather than in book-entry form, shall indicate this preference to the Town at the time of the submission of the winning bid. The Town reserves the right to decline any request to issue the Notes in non-book entry form if it should determine, in its sole discretion, that issuing the Notes in this manner is not in its best interests.

It shall be a condition of the successful bidder's obligation to accept delivery of and pay for the Notes that, contemporaneously with or before accepting the Notes and paying therefor, it shall be furnished, without cost, with (a) the approving opinion of the firm of Locke Lord LLP, Boston, Massachusetts, Bond Counsel to the Town, with respect to the Notes, (b) a certificate in form satisfactory to said firm, dated as of the date of delivery of the Notes and receipt of payment therefor, to the effect that there is no litigation pending, or to the knowledge of the signer or signers thereof, threatened affecting the validity of the Notes or the power of the Town to levy and collect taxes to pay them, (c) a certificate of the Town's Treasurer to the effect that, to the best of her knowledge and belief, both the Preliminary Official Statement as of its date and as of the date of sale and the Final Official Statement as of its date and as of the date of delivery of such Notes, did not and do not contain any untrue statement of a material fact and did not and do not omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, and (d) a significant events disclosure certificate in the form described in the Preliminary Official Statement.

Payment of the principal of and interest on the Notes is not limited to a particular fund or source of revenue nor is any lien or pledge for such payment created with respect to any such fund or source.

Establishment of Issue Price. The following applies to each successful bidder with respect to the portion of the Notes awarded to such successful bidder.

The successful bidder shall assist the Town in establishing the issue price of the Notes and shall execute and deliver to the Town on the Closing Date an "issue price" or similar certificate, substantially in the applicable form set forth in Exhibit 1 to this Notice of Sale, setting forth the reasonably expected initial offering price to the public or the actual sale price of the Notes, together with the supporting pricing wires or equivalent communications, or, if applicable, the amount bid, with such modifications as may be appropriate or necessary, in the reasonable judgment of the successful bidder, the Town and Bond Counsel. All actions to be taken by the Town under this Notice of Sale to establish the issue price of the Notes may be taken on behalf of the Town by Hilltop Securities Inc. ("Financial Advisor") and any notice or report to be provided to the Town may be provided to the Financial Advisor.

Competitive Sale Requirements. If the competitive sale requirements ("competitive sale requirements") set forth in Treasury Regulation § 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Notes) have been satisfied, the Town will furnish to the successful bidder on the Closing Date a certificate of the Financial Advisor, which will certify each of the following conditions to be true:

1. the Town has disseminated this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
2. all bidders had an equal opportunity to bid;
3. the Town received bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
4. the Town awarded the sale of the Notes to the bidder who submitted a firm offer to purchase the Notes at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Notes, as specified in the bid. Unless a bidder notifies the Town prior to submitting its bid by telephone to the Financial Advisor, telephone (617) 619-4400, or in its bid submitted via Parity, that it will not be an "underwriter" (as defined below) of the Notes, by submitting its bid, each bidder shall be deemed to confirm that it has an established industry reputation for underwriting new issuances of municipal bonds. Unless the bidder has notified the Town that it will not be an "underwriter" (as defined below) of the Notes, in submitting a bid, each bidder is deemed to acknowledge that it is an "underwriter" that intends to reoffer the Notes to the public.

In the event that the competitive sale requirements are not satisfied, the Town shall so advise the successful bidder.

Failure to Meet the Competitive Sale Requirements – Option A – The Successful Bidder Intends to Reoffer the Notes to the Public and the 10% Test to Apply. If the competitive sale requirements are not satisfied and the successful bidder intends to reoffer the Notes to the public, the successful bidder may, at its option, use the first price at which 10% of the Notes (the "10% test") is sold to the public as the issue price of the Notes. The successful bidder shall advise the Financial Advisor if the 10% test is satisfied as of the date and time of the award of the Notes. The Town will not require bidders to comply with the "hold-the-offering-price rule" set forth in the applicable Treasury Regulations and therefore

does not intend to use the initial offering price to the public as of the Sale Date as the issue price of the Notes if the competitive sale requirements are not met and this option is chosen.

If the competitive sale requirements are not satisfied, then until the 10% test has been satisfied as to the Notes or all of the Notes are sold to the public, the successful bidder agrees to promptly report to the Financial Advisor the prices at which the unsold Notes have been sold to the public, which reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied for the Notes or until all the Notes have been sold. The successful bidder shall be obligated to report each sale of Notes to the Financial Advisor until notified in writing by the Town or the Financial Advisor that it no longer needs to do so.

By submitting a bid and if the competitive sale requirements are not met, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Notes to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable, to report the prices at which it sells to the public the unsold Notes allotted to it until it is notified by the successful bidder that either the 10% test has been satisfied as to the Notes or all of the Notes have been sold to the public, if and for so long as directed by the successful bidder and as set forth in the related pricing wires and (ii) any agreement among underwriters relating to the initial sale of the Notes to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Notes to the public to require each broker-dealer that is a party to such third-party distribution agreement to report the prices at which it sells to the public the unsold Notes allotted to it until it is notified by the successful bidder or such underwriter that either the 10% test has been satisfied as to the Notes or that all of the Notes have been sold to the public if and for so long as directed by the successful bidder or such underwriter and as set forth in the related pricing wires.

Sales of any Notes to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

1. "public" means any person other than an underwriter or a related party,
2. "underwriter" means (A) any person, including the successful bidder, that agrees pursuant to a written contract with the Town (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Notes to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Notes to the public), and
3. a purchaser of any of the Notes is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

Failure to Meet the Competitive Sale Requirements — Option B — The Successful Bidder Intends to Reoffer the Notes to the Public and Agrees to Hold the Price of Maturities of Notes for Which the 10% Test in Option A Is Not Met as of the Sale Date. The successful bidder may, at its option, notify the Financial Advisor in writing, which may be by email (the "Hold the Price Notice"), not later than 4:00 p.m. Eastern Time on the Sale Date, that it has not sold 10% of the Notes listed in the Hold the Price Notice (the "Unsold Maturities") and that the successful bidder will not offer the Unsold Maturities to any person at a price that is higher than the initial offering price to the public during the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date or (ii) the date on which the successful bidder has sold at least 10% of the applicable Unsold Maturity to the public at a price that is no higher than the initial offering price to the public. If the successful bidder delivers a Hold the Price Notice to the Financial Advisor, the successful bidder must provide to the Town on or before the Closing Date, in addition to the certification described in Option A above, evidence that each underwriter of the Notes, including underwriters in an underwriting syndicate or selling group, has agreed in writing to hold the price of the Unsold Maturities in the manner described in the preceding sentence.

Failure to Meet the Competitive Sale Requirements and/or the Successful Bidder Does Not Intend to Reoffer the Notes to the Public – Option C. If the successful bidder has purchased the Notes for its own account and will not distribute or resell the Notes to the public, then, whether or not the competitive sale requirements were met, the issue price certificate will recite such facts and identify the price or prices at which the purchase of the Notes was made.

Other Matters

A successful bidder for the Notes will be furnished the opinion of Locke Lord LLP, Boston, Massachusetts approving the legality of the Notes. The opinion will also indicate that the Notes and the enforceability thereof may be subject to bankruptcy and other laws affecting creditor's rights and that their enforceability may be subject to the exercise of judicial discretion in appropriate cases. Payment of the principal of and interest on the Notes is not limited to a particular fund or source of revenue nor is any lien or pledge for such payment created with respect to any such fund or source. The Notes will be valid and binding general obligations of the Town of Needham, Massachusetts and unless paid from the bond proceeds in anticipation of which they are issued or from other sources, are payable as to both principal and interest from ad valorem taxes which may be levied upon all the taxable property within the territorial limits of the Town and taxable by it, subject to the limit imposed by Chapter 59, Section 21C of the General Laws.

It is anticipated that CUSIP identification numbers will be printed on the Notes. The Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers.

In order to assist bidders in complying with the requirements of paragraph (b)(5)(i)(C) of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the Town will undertake to provide notices of certain significant events. A description of this undertaking is set forth in the Preliminary Official Statement.

THE NOTES WILL BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR PURPOSES OF SECTION 265(b)(3) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED.

Additional information concerning the Town and the Notes is contained in the Preliminary Official Statement dated September 20, 2023 to which prospective bidders are directed. The Preliminary Official Statement is provided for informational purposes and is not a part of this Notice of Sale. The Preliminary Official Statement has been deemed final by the Town except for the omission of the reoffering prices, interest rates, and other terms of the Notes depending on such matters, and the identity of the underwriters, but is subject to change without notice and to completion or amendment in a Final Official Statement. Copies of the Preliminary Official Statement may be obtained from Hilltop Securities Inc., 54 Canal Street, Boston, Massachusetts, 02114 telephone (617-619-4400). Within seven (7) business days following the award of the Notes and receipt of necessary information from the successful bidder(s), five (5) copies of the Final Official Statement will be made available to the successful bidder. Upon request, additional copies will be provided at the expense of the requester.

The Notes, in definitive form, will be delivered to DTC or the office of its custodial agent, or to the registered owner if a fully registered certificate or certificates is requested by the successful bidder and approved by the Town, on or about October 16, 2023 for credit to the Town in federal reserve funds.

TOWN OF NEEDHAM, MASSACHUSETTS
/s/ Veronica Harvey, Town Treasurer

September 20, 2023

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

Town of Needham, Massachusetts
\$2,282,000 General Obligation Bond Anticipation Notes dated October 16, 2023

ISSUE PRICE CERTIFICATE AND RECEIPT

The undersigned, on behalf of _____ (the "Successful Bidder"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Notes") of the Town of Needham, Massachusetts (the "Issuer").

1. Reasonably Expected Initial Offering Prices.

(a) As of the Sale Date, the reasonably expected initial offering prices of the Notes to the Public by the Successful Bidder are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Notes used by the Successful Bidder in formulating its bid to purchase the Notes. Attached as Schedule B is a true and correct copy of the bid provided by the Successful Bidder to purchase the Notes.

(b) The Successful Bidder was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by the Successful Bidder constituted a firm offer to purchase the Notes.

2. Defined Terms.

(a) *Maturity* means Notes with the same credit and payment terms. Notes with different maturity dates, or Notes with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Notes. The Sale Date of the Notes is September 27, 2023.

(d) *Underwriter* means (i) any person, including the Successful Bidder, that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Notes to the Public).

3. Receipt. The Successful Bidder hereby acknowledges receipt of the Notes and further acknowledges receipt of all certificates, opinions, and other documents required to be delivered to the Successful Bidder, before or simultaneously with the Notes, which certificates, opinions, and other documents are satisfactory to the Successful Bidder.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Successful Bidders interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Notes, and by Locke Lord LLP in connection with rendering its opinion that the interest on the Notes is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Notes.

Dated: _____, 2023

[NAME OF SUCCESSFUL BIDDER]

By: _____
 Name:
 Title:

SCHEDULE A
EXPECTED OFFERING PRICES
(To Be Attached)

SCHEDULE B
COPY OF SUCCESSFUL BIDDER'S BID
(To Be Attached)

**[Issue Price Certificate for Use If the Competitive Sale Requirements Are
Not Met and the 10% Test to Apply]
Town of Needham, Massachusetts
\$2,282,000 General Obligation Bond Anticipation Notes dated October 16, 2023
ISSUE PRICE CERTIFICATE AND RECEIPT**

The undersigned, on behalf of _____, (the “[Successful Bidder][Representative]”), on behalf of itself [and [NAMES OF OTHER UNDERWRITERS]] hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Notes”) of the Town of Needham, Massachusetts (the “Issuer”).

1. Sale of the Notes. As of the date of this certificate, [except as set forth in the following paragraph,] for each Maturity of the Notes, the first price at which at least 10% of such Maturity of the Notes was sold to the Public is the respective price listed in Schedule A.

[Only use the next paragraph if the 10% test has not been met or all of the Notes have not been sold for one or more Maturities of Notes as of the Closing Date.]

For each Maturity of the Notes as to which no price is listed in Schedule A, as set forth in the Notice of Sale for the Notes, until at least 10% of each such Maturity of the Notes is sold to the Public (the “10% test”) or all of the Notes are sold to the Public, the [Successful Bidder][Representative] agrees to promptly report to the Issuer’s financial advisor, Hilltop Securities Inc. (the “Financial Advisor”) the prices at which the unsold Notes of each Maturity have been sold to the Public, which reporting obligation shall continue after the date hereof until the 10% test has been satisfied for each Maturity of the Notes or until all the Notes of a Maturity have been sold. The [Successful Bidder][Representative] shall continue to report each sale of Notes to the Financial Advisor until notified by email or in writing by the Issuer or the Financial Advisor that it no longer needs to do so.

2. Defined Terms.

(a) *Maturity* means Notes with the same credit and payment terms. Notes with different maturity dates, or Notes with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Underwriter* means (i) any person, including the [Successful Bidder][Representative], that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Notes to the Public).

3. Receipt. The [Successful Bidder][Representative] hereby acknowledges receipt of the Notes and further acknowledges receipt of all certificates, opinions, and other documents required to be delivered to the [Successful Bidder][Representative], before or simultaneously with the Notes, which certificates, opinions, and other documents are satisfactory to the [Successful Bidder][Representative].

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the [Successful Bidder][Representative]’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Notes, and by Locke Lord LLP in connection with rendering its opinion that the interest on the Notes is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Notes.

Dated: _____, 2023

[SUCCESSFUL BIDDER][REPRESENTATIVE]

By: _____
Name:
Title:

SCHEDULE A
SALE PRICES
(To be Attached)

**[Issue Price Certificate for Use If the Competitive Sale Requirements Are
Not Met and the Hold the Price Rule Is Used]**

**Town of Needham, Massachusetts
\$2,282,000 General Obligation Bond Anticipation Notes dated October 16, 2023**

ISSUE PRICE CERTIFICATE AND RECEIPT

The undersigned, on behalf of _____ (the “[Successful Bidder][Representative]”), on behalf of itself [and [NAMES OF OTHER UNDERWRITERS]] hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Notes”) of the Town of Needham, Massachusetts (the “Issuer”).

- 1. Sale of the Notes.** As of the date of this certificate, [except as set forth in following paragraph,] for each Maturity of the Notes, the first price at which at least 10% of such Maturity of the Notes was sold to the Public is the respective price listed in Schedule A.

[Only use the next paragraph if the 10% test has not been met as of the Sale Date.]

For each Maturity of the Notes as to which no price is listed in Schedule A (the “Unsold Maturities”), as set forth in the Notice of Sale for the Notes, the [Successful Bidder][Representative] and any other Underwriter did not [and will not] reoffer the Unsold Maturities to any person at a price that is higher than the initial offering price to the public until the earlier of (i) _____, 2023 or (ii) the date on which the [Successful Bidder][Representative] or any other Underwriter sold at least 10% of each Unsold Maturity at a price that is no higher than the initial offering price to the Public.

2. Defined Terms.

(a) *Maturity* means Notes with the same credit and payment terms. Notes with different maturity dates, or Notes with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Underwriter* means (i) any person, including the [Successful Bidder][Representative], that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Notes to the Public).

- 3. Receipt.** The [Successful Bidder][Representative] hereby acknowledges receipt of the Notes and further acknowledges receipt of all certificates, opinion and other documents required to be delivered to the [Successful Bidder][Representative], before or simultaneously with the delivery of the Notes, which certificates, opinions and other documents are satisfactory to the [Successful Bidder][Representative].

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the [Successful Bidder’s][Representative’s] interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Notes, and by Locke Lord LLP in connection with rendering its opinion that the interest on the Notes is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Notes.

Dated: _____, 2023

[SUCCESSFUL BIDDER][REPRESENTATIVE]

By: _____
Name:
Title:

SCHEDULE A
SALE PRICES
(To be Attached)

**PRELIMINARY OFFICIAL STATEMENT
TOWN OF NEEDHAM, MASSACHUSETTS
\$2,282,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES**

This Preliminary Official Statement is provided for the purpose of presenting certain information relating to the Town of Needham, Massachusetts (the "Town") in connection with the sale of \$2,282,000 principal amount of its General Obligation Bond Anticipation Notes (the "Notes"). The information contained herein has been furnished by the Town except information attributed to another source.

Description of the Notes

The Notes will be dated October 16, 2023 and will be payable by U.S. Bank Trust Company, National Association, Boston, Massachusetts, or its successor, as Paying Agent, on July 30, 2024. The Notes are not subject to redemption prior to their stated maturity date. The Notes will bear interest payable at maturity, calculated on a 30 day-month/360 day-year basis (284/360), at the rate determined upon their sale in accordance with the Notice of Sale dated September 20, 2023. The Notes will be issued by means of a book-entry system evidencing ownership of the Notes in principal amounts of \$1,000, or integral multiples thereof, with transfers of ownership effected on the records of The Depository Trust Company (DTC) and its participants pursuant to the rules and procedures adopted by DTC, unless the delivery of a fully registered note certificate is requested by the successful bidder and the issuance of such certificate is approved by the Town. See "Book-Entry Transfer System" herein.

Authorization of the Notes and Use of Proceeds

The following sets forth the purposes, principal amounts, total amounts authorized, bond anticipation notes outstanding, statutory references, dates of approval, and article numbers for the current offering of Notes:

Purpose	This Issue	Original Bond Authorization	Anticipation Notes Outstanding	Statutory Reference	Date of Approval	Article
Emery Grover Building Addition and Renovation	\$ 287,350	\$ 14,150,000	\$ 420,000 (1)	Ch. 44, s. 7(1) & 44B	5/4/2022	21
Water Distribution Improvements	1,994,650	4,500,000	2,440,000 (2)	Ch. 44, s. 8(5)	5/6/2019	41
	<u>\$ 2,282,000</u>		<u>\$ 2,860,000</u>			

(1) Payable October 16, 2023. To be retired, in part, with \$132,650 revenue funds of the Town and renewed, in part, with a portion of the proceeds of the Notes.

(2) Payable October 16, 2023. To be retired, in part, with \$445,350 revenue funds of the Town and renewed, in part, with a portion of the proceeds of the Notes.

The Town anticipates that the Notes will be retired at maturity from proceeds from the sale of the long-term bonds in anticipation of which the Notes are issued, proceeds from the sale of renewal bond anticipation notes and other available funds of the Town, or a combination of such sources. The ability of the Town to retire the Notes from the proceeds of the sale of either renewal notes or long-term bonds will be dependent on the marketability of such notes or long-term bonds under market conditions prevailing at the time they are offered for sale, which are subject to change due to factors beyond the control of the Town, such as the COVID-19 pandemic.

Tax Exemption

In the opinion of Locke Lord LLP, Bond Counsel to the Town ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is of the further opinion that interest on the Notes will not be included in computing the alternative minimum taxable income of Noteholders who are individuals. For tax years beginning after December 31, 2022, however, interest on the Notes will be included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. The Notes will be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition of, or the accrual or receipt of interest on the Notes.

The Code imposes various requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Notes. Failure to comply with these requirements may result in interest on the Notes

being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Notes. The Town has covenanted to comply with such requirements to ensure that interest on the Notes will not be included in federal gross income. The opinion of Bond Counsel assumes compliance with these requirements.

Bond Counsel is also of the opinion that, under existing law, interest on the Notes is exempt from Massachusetts personal income taxes, and the Notes are exempt from Massachusetts personal property taxes. Bond Counsel has not opined as to other Massachusetts tax consequences arising with respect to the Notes. Prospective Noteholders should be aware, however, that the Notes are included in the measure of Massachusetts estate and inheritance taxes, and the Notes and the interest thereon are included in the measure of certain Massachusetts corporate excise and franchise taxes. Bond Counsel expresses no opinion as to the taxability of the Notes or the income therefrom or any other tax consequences arising with respect to the Notes under the laws of any state other than Massachusetts.

To the extent the issue price of any maturity of the Notes is less than the amount to be paid at maturity of such Notes (excluding amounts stated to be interest and payable at least annually over the term of such Notes), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Notes which is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes. For this purpose, the issue price of a particular maturity of the Notes is either the reasonably expected initial offering price to the public or the first price at which a substantial amount of such maturity of the Notes is sold to the public, as applicable. The original issue discount with respect to any maturity of the Notes accrues daily over the term to maturity of such Notes on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Notes to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Notes. Noteholders should consult their own tax advisors with respect to the tax consequences of ownership of Notes with original issue discount, including the treatment of purchasers who do not purchase such Notes in the original offering to the public at the reasonably expected initial offering price or, if applicable, the first price at which a substantial amount of such Notes is sold to the public.

Notes purchased, whether at original issuance or otherwise, for an amount greater than the stated principal amount to be paid at maturity of such Notes, or, in some cases, at the earlier redemption date of such Notes ("Premium Notes"), will be treated as having amortizable note premium for federal income tax purposes and Massachusetts personal income tax purposes. No deduction is allowable for the amortizable note premium in the case of obligations, such as the Premium Notes, the interest on which is excluded from gross income for federal income tax purposes. However, a Noteholder's basis in a Premium Note will be reduced by the amount of amortizable note premium properly allocable to such Noteholder. Holders of Premium Notes should consult their own tax advisors with respect to the proper treatment of amortizable note premium in their particular circumstances.

Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Notes may adversely affect the value of, or the tax status of interest on, the Notes.

Although Bond Counsel is of the opinion that interest on the Notes is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Notes may otherwise affect the federal or state tax liability of a Noteholder. Among other possible consequences of ownership or disposition of, or the accrual or receipt of interest on, the Notes, the Code requires recipients of certain social security and certain railroad retirement benefits to take into account receipts or accruals of interest on the Notes in determining the portion of such benefits that are included in gross income. The nature and extent of all such other tax consequences will depend upon the particular tax status of the Noteholder or the Noteholder's other items of income, deduction, or exclusion. Bond Counsel expresses no opinion regarding any such other tax consequences, and Noteholders should consult with their own tax advisors with respect to such consequences.

Risk of Future Legislative Changes and/or Court Decisions

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the Massachusetts legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Notes. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Notes will not have an adverse effect on the tax status of interest on the Notes or the market value or marketability of the Notes. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Notes from gross income for federal or state income tax purposes for all or certain taxpayers. Additionally, Noteholders should be aware that future legislative actions (including federal income tax reform) may retroactively change the treatment of all or a portion of the interest on the Notes for federal income tax purposes for all or certain taxpayers. In all such events,

the market value of the Notes may be affected and the ability of Noteholders to sell their Notes in the secondary market may be reduced. The Notes are not subject to special mandatory redemption, and the interest rate on the Notes is not subject to adjustment, in the event of any such change in the tax treatment of interest on the Notes.

Investors should consult their own financial and tax advisors to analyze the importance of these risks.

Book-Entry Transfer System

This section shall apply to Notes issued in book-entry form through the facilities of The Depository Trust Company, New York, NY ("DTC").

DTC will act as securities depository for the Notes. The Notes will be issued in fully-registered form registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Note certificate will be issued for each interest rate, each in the aggregate principal amount bearing such interest rate, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a rating of AA+ from S&P Global Ratings. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of securities deposited with DTC must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each security deposited with DTC ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the securities deposited with DTC are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the securities deposited with DTC, except in the event that use of the book-entry system for such securities is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the securities deposited with it; DTC's records reflect only the identity of the Direct Participants to whose accounts such securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Town as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town or the Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Town or the Paying Agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the Town or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered.

The Town may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, physical certificates will be printed and delivered to Beneficial Owners.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Town believes to be reliable, but the Town takes no responsibility for the accuracy thereof.

Security and Remedies

Full Faith and Credit. General obligation bonds and notes of a Massachusetts city or town constitute a pledge of its full faith and credit. Payment is not limited to a particular fund or revenue source. Except for "qualified bonds" as described below (see "*Serial Bonds and Notes*" under "TYPES OF OBLIGATIONS") and setoffs of state distributions as described below (see "*State Distributions*" below), no provision is made by the Massachusetts statutes for priorities among bonds and notes and other general obligations, although the use of certain moneys may be restricted.

Tax Levy. The Massachusetts statutes direct the municipal assessors to include annually in the tax levy for the next fiscal year "all debt and interest charges matured and maturing during the next fiscal year and not otherwise provided for [and] all amounts necessary to satisfy final judgments". Specific provision is also made for including in the next tax levy payments of rebate amounts not otherwise provided for and payment of notes in anticipation of federal or state aid, if the aid is no longer forthcoming.

The total amount of a tax levy is limited by statute. However, the voters in each municipality may vote to exclude from the limitation any amounts required to pay debt service on indebtedness incurred before November 4, 1980. Local voters may also vote to exempt specific subsequent bond issues from the limitation. (See "*Tax Limitations*" Under "PROPERTY TAXATION" below.) In addition, obligations incurred before November 4, 1980 may be constitutionally entitled to payment from taxes in excess of the statutory limit.

No Lien. Except for taxes on the increased value of certain property in designated development districts which may be pledged for the payment of debt service on bonds issued to finance economic development projects within such districts, no provision is made for a lien on any portion of the tax levy or any other moneys to secure particular bonds or notes or bonds and notes generally (or judgments on bonds or notes) in priority to other claims. Provision is made, however, for borrowing to pay judgments, subject to the General Debt Limit. (See "DEBT LIMITS" below.) Upon certification by the city solicitor or town council that no appeal can or will be taken, or as otherwise required by a municipality's charter, ordinances, or by-laws, judgments may also be paid from available funds without appropriation and included in the next tax levy unless other provision is made. Any such payments shall be reported to the city or town's assessors by the city or town's auditor or accountant (or other officer having similar duties). The assessors shall include amounts of such payments in the aggregate appropriations assessed in the determination of the next subsequent annual tax rate.

Court Proceedings. Massachusetts cities and towns are subject to suit on their general obligation bonds and notes and courts of competent jurisdiction have power in appropriate proceedings to order payment of a judgment on the bonds or notes from lawfully available funds or, if necessary, to order the city or town to take lawful action to obtain the required money, including the raising of it in the next annual tax levy, within the limits prescribed by law. (See "*Tax Limitations*" under "PROPERTY TAXATION" below.) In exercising their discretion as to whether to enter such an order, the courts could take into account all relevant factors including the current operating needs of the city or town and the availability and adequacy of other remedies. The Massachusetts Supreme Judicial Court has stated in the past that a judgment against a municipality can be enforced by the taking and sale of the property of any inhabitant. However, there has been no judicial determination as to whether this remedy is constitutional under current due process and equal protection standards.

Restricted Funds. Massachusetts statutes also provide that certain water, gas and electric, community antenna television system, telecommunications, sewer, parking meter and passenger ferry fee, community preservation and affordable housing receipts may be used only for water, gas and electric, community antenna television system, telecommunications, sewer, parking, mitigation of ferry service impacts, community preservation and affordable housing and related purposes, respectively; accordingly, moneys derived from these sources may be unavailable to pay general obligation bonds and notes issued for other purposes. A city or town that accepts certain other statutory provisions may establish an enterprise fund for a utility, health care, solid waste, recreational or transportation facility and for police or fire services; under those provisions any surplus in the fund is restricted to use for capital expenditures or reduction of user charges. In addition, subject to certain limits, a city or town may annually authorize the establishment of one or more revolving funds in connection with use of certain revenues for programs that produce those revenues; interest earned on a revolving fund is treated as general fund revenue. A city or town may also establish an energy revolving loan fund to provide loans to owners of privately held property in the city or town for certain energy conservation and renewable energy projects and may borrow to establish such fund. The loan repayments and interest earned on the investment of amounts in the fund shall be credited to the fund. Also, the annual allowance for depreciation of a gas and electric plant or a community antenna television and telecommunications system is restricted to use for plant or system renewals and improvements, for nuclear decommissioning costs, and costs of contractual commitments, or, with the approval of the State Department of Telecommunications and Energy, to pay debt incurred for plant or system reconstruction or renewals. Revenue bonds and notes issued in anticipation of them may be secured by a prior lien on specific revenues. Receipts from industrial users in connection with industrial revenue financings are also not available for general municipal purposes.

State Distributions. State grants and distributions may in some circumstances be unavailable to pay general obligation bonds and notes of a city or town in that the State Treasurer is empowered to deduct from such grants and distributions the amount of any debt service paid on “qualified bonds” (See “*Serial Bonds and Notes*” under “TYPES OF OBLIGATIONS” below) and any other sums due and payable by the city or town to the Commonwealth or certain other public entities, including any unpaid assessments for costs of any public transportation authority (such as the Massachusetts Bay Transportation Authority or a regional transit authority) of which it is a member, for costs of the Massachusetts Water Resources Authority if the city or town is within the territory served by the Authority, for any debt service due on obligations issued to the Massachusetts School Building Authority, or for charges necessary to meet obligations under the Commonwealth’s Clean Water and Drinking Water Revolving Loan Programs, including such charges imposed by another local governmental unit that provides wastewater collection or treatment services or drinking water services to the city or town.

If a city or town is (or is likely to be) unable to pay principal or interest on its bonds or notes when due, it is required to notify the State Commissioner of Revenue. The Commissioner shall in turn, after verifying the inability, certify the inability to the State Treasurer. The State Treasurer shall pay the due or overdue amount to the paying agent for the bonds or notes, in trust, within three days after the certification or one business day prior to the due date (whichever is later). This payment is limited, however, to the estimated amount otherwise distributable by the Commonwealth to the city or town during the remainder of the fiscal year (after the deductions mentioned in the foregoing paragraph). If for any reason any portion of the certified sum has not been paid at the end of the fiscal year, the State Treasurer shall pay it as soon as practicable in the next fiscal year to the extent of the estimated distributions for that fiscal year. The sums so paid shall be charged (with interest and administrative costs) against the distributions to the city or town.

The foregoing does not constitute a pledge of the faith and credit of the Commonwealth. The Commonwealth has not agreed to maintain existing levels of state distributions, and the direction to use estimated distributions to pay debt service may be subject to repeal by future legislation. Moreover, adoption of the annual appropriation act has sometimes been delayed beyond the beginning of the fiscal year and estimated distributions which are subject to appropriation may be unavailable to pay local debt service until they are appropriated.

Bankruptcy. Enforcement of a claim for payment of principal or interest on general obligation bonds or notes would be subject to the applicable provisions of federal bankruptcy laws and to the provisions of other statutes, if any, hereafter enacted by the Congress or the State legislature extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. Massachusetts municipalities are not generally authorized by the Massachusetts General Laws to file a petition for bankruptcy under federal bankruptcy laws. In cases involving significant financial difficulties faced by a single city, town or regional school district, however, the Commonwealth has enacted special legislation to permit the appointment of a fiscal overseer, finance control board or, in the most extreme cases, a state receiver. In a limited number of these situations, such special legislation has also authorized the filing of federal bankruptcy proceedings, with the prior approval of the Commonwealth. In each case where such authority was granted, it expired at the termination of the Commonwealth’s oversight of the financially distressed city, town or regional school district. To date, no such filings have been approved or made.

Bank Eligibility

The Notes will be designated as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.

Opinion of Bond Counsel

A successful bidder for the Notes will be furnished the legal opinion of the firm of Locke Lord LLP, Bond Counsel to the Town. The opinion will be dated and given on and will speak only as of the date of original delivery of the Notes to the successful bidder.

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

Financial Advisory Services of Hilltop Securities Inc.

Hilltop Securities Inc., Boston, Massachusetts, serves as financial advisor to the Town.

Disclosure of Significant Events

In order to assist underwriters in complying with the requirements of paragraph (b)(5)(i)(C) of Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "Rule") applicable to municipal securities having a stated maturity of 18 months or less, the Town will covenant for the benefit of the owners of the Notes to file with the Municipal Securities Rulemaking Board (the "MSRB"), notices of the occurrence of any of the following events with respect to the Notes within ten business days of such occurrence: (a) principal and interest payment delinquencies; (b) non-payment related defaults, if material; (c) unscheduled draws on debt service reserves reflecting financial difficulties; (d) unscheduled draws on credit enhancements reflecting financial difficulties; (e) substitution of credit or liquidity providers, or their failure to perform; (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determination of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes; (g) modifications to rights of owners of the Notes, if material; (h) bond calls, if material, and tender offers; (i) defeasances; (j) release, substitution or sale of property securing the repayment of the Notes, if material; (k) ratings changes on the Notes; (l) bankruptcy, insolvency, receivership or similar event of the Town; (m) the consummation of a merger, consolidation, or acquisition involving the Town or the sale of all or substantially all of the assets of the Town, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (n) appointment of a successor or additional trustee or the change of name of a trustee, if material; (o) incurrence of a financial obligation of the Town, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Town, any of which affect owners of the notes, if material; and (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Town, any of which reflect financial difficulties.

The covenant will be included in a Significant Events Disclosure Certificate to be executed by the signers of the Notes and incorporated by reference in the Notes. The sole remedy available to the owners of the Notes for the failure of the Town to comply with any provision of the certificate shall be an action for specific performance of the Town's obligations under the certificate and not for money damages; no other person shall have any right to enforce any provision of the certificate.

In the past five years, the Town believes it has complied, in all material respects, with its previous undertakings to provide annual reports or notices of significant events in accordance with the Rule.

TOWN OF NEEDHAM, MASSACHUSETTS

General

The Town of Needham, Massachusetts is located in Norfolk County, 10 miles southwest of Boston. It is bordered on the west and northwest by the Town of Wellesley, on the north and northeast by the City of Newton, on the east by the West Roxbury section of the City of Boston, on the southeast by the Town of Dedham, and on the south by the Towns of Westwood and Dover. Needham has a population of approximately 32,091 (based on the 2020 Federal Census) and occupies a land area of 12.6 square miles. Established as a town in 1711, Needham is governed by a representative form of town meeting and by a five-member Select Board. School affairs are administered by a seven-member School Committee and a Superintendent of Schools.

PRINCIPAL TOWN OFFICIALS

Title	Name	Selection/Term	Term Expires
Select Board, Chair	Marianne B. Cooley	Elected	2026
Select Board, Vice Chair	Kevin J Keane	Elected	2024
Select Board, Clerk	Heidi Frail	Elected	2025
Select Board	Marcus A. Nelson	Elected	2024
Select Board	Catherine R Dowd	Elected	2026
Town Manager	Kate Fitzpatrick	Appointed	2025
Deputy Town Manager/Director of Finance	David Davison	Appointed	Indefinite
Superintendent of Schools	Daniel E. Gutekanst	Appointed	2024
Town Accountant	Michelle Vaillancourt	Appointed	Indefinite
Town Clerk	Theodora K. Eaton	Elected	2025
Town Counsel	Miyares and Harrington	Appointed	Indefinite
Treasurer/Collector	Veronica Harvey	Appointed	Indefinite

Corona Virus (COVID-19) Disclosure

COVID-19 is a respiratory disease caused by a novel coronavirus that has not previously been seen in humans. On March 10, 2020, the Governor of the Commonwealth of Massachusetts declared a state of emergency to support the Commonwealth's response to the outbreak of the virus. On March 11, 2020 the World Health Organization declared COVID-19 a pandemic. On March 13, 2020, the President declared a national emergency due to the outbreak, which has enabled disaster funds to be made available to states to fight the pandemic. The Governor removed the remaining COVID-19 restrictions and the state of emergency in The Commonwealth expired on June 15, 2021. The national emergency ended on May 11, 2023.

Pursuant to M.G.L. Chapter 44, Section 31, the Town can set up a fund specifically related to COVID-19 expenses. This fund can be used to capture all unbudgeted costs related to the COVID-19 pandemic and deficit spending for these costs, including but not limited to, overtime, cleaning and medical supplies, and IT equipment would be allowed, with the approval of the Commonwealth's Department of Revenue. The Town hasn't created a special fund for COVID-19, but rather is working with existing resources to fund expenses. The Town is also seeking reimbursements for certain COVID-19 related expenses from the State and Federal governments.

The virus and the resulting actions by national, state and local governments is altering the behavior of businesses and people in a manner that will have negative impacts on global and local economies. There can be no assurances regarding the extent to which COVID-19 will impact the national and state economies and, accordingly, how it will adversely impact municipalities, including the Town. These negative impacts are likely to include reduced collections of property taxes and other revenues, including local meals and rooms tax revenue, motor vehicle excise taxes and other fees and charges collected by the Town. Additionally, state aid payments to the Town, which are dependent upon collections by the Commonwealth of income, sales, capital gains and other similar taxes, may be adversely impacted by reduced or delayed collections of those revenue streams. The Town adjusted its FY2021 revenue estimate prior to enacting the Town Budget. The Town reduced its state aid assumption for the year by 6%. Based on the Governor's revised FY2021 budget submission state aid is not expected to be reduced in FY2021. The Town reduced its local receipts estimate for FY2021 by 17%. The Town is continuing to monitor for possible revenue shortfalls and is reviewing expenditure requests to determine which could be deferred.

The COVID-19 pandemic has affected residents, businesses, civic and private foundations, municipal and school operations, and the entire country. The Town implemented additional spending restrictions during the last quarter of fiscal year 2020 in acknowledgement of the downturn in the economy due to COVID-19. The Town postponed or

cancelled contracts, reduced hours of operations, and made other changes in response to the work restrictions that were imposed by the state to battle the spread of COVID-19. Some resources were diverted from intended projects to meet costs incurred by the Town to address COVID-19 concerns.

The Town received notice from the Commonwealth of Massachusetts that it was entitled to approximately \$2,755,065 through the federal Coronavirus Aid, Relief and Economic Security Act (the "CARES Act") drew down \$2,755,064.06 and has incurred \$2,755,064.06 in CARES Act COVID expenses for the reporting period ending June 30, 2021. CARES Act funds are restricted in their use; these funds can only be used for direct expenses related to COVID-19 and cannot be used as "revenue replacement" or other similar, unrestricted purposes. Under current federal law, CARES Act funds must be spent for approved costs through December 31, 2021.

Another action at the federal level was the American Rescue Plan Act of 2021 ("ARPA"). Among other provisions, ARPA provided \$350 billion to state and local governments to mitigate the fiscal disruptions created by the pandemic. Such funds may be used to replace revenues lost or reduced as a result of the pandemic and fund COVID-related costs, among other purposes. The Town anticipates receiving a total of \$9,199,185 of which \$5,913,849 will be from Norfolk County and \$3,285,337 will come from the Commonwealth. The Town has received the \$3,285,336 from the Commonwealth. The funds are being used for several public health initiatives, to assist small businesses and artists impacted by the COVID shutdown, technology improvements, and approximately \$7 million for water, sewer, and drains infrastructure.

Municipal Services

The Town provides general governmental services for the territory within its boundaries, including police and fire protection, collection, disposal, and recycling of solid waste, public education in grades kindergarten through twelve, water, sewers, streets and recreation. Technical education in grades 9 through 12 is provided by the Minuteman Regional Vocational Technical School District.

The Town has implemented a mandatory recycling program in accordance with Section 8H of Chapter 40 of the Massachusetts General Laws. Under this program, begun in fiscal 1991, the Town recycles newspaper, mixed paper, glass, corrugated cardboard, aluminum and steel cans, returnable bottles, clothing, used motor oil, plastic containers and yard waste. The Town's practice has been to introduce new items to the recycling program each year in order to reduce the flow of solid waste tonnage.

Gas and electric services are provided by established private utilities.

The Town's Public Works Department provides water supply, treatment and distribution and sewage collection, to substantially all commercial, industrial and residential users in the Town. In addition, certain water and sewer services are provided by the Massachusetts Water Resources Authority (the "MWRA"). See "INDEBTEDNESS - Overlapping Debt".

The principal services provided by Norfolk County are a jail and house of correction and registry of deeds. For additional information on Counties see "INDEBTEDNESS - Overlapping Debt".

Education

The Town operates one pre-school, five elementary schools, two middle schools (High Rock and Pollard), and a senior high school. The Town began constructing a new elementary school in the late fall of 2017 which opened in September 2019. The new building replaced one of the existing elementary schools. The debt for the new elementary school is excluded from the limits of Proposition 2 ½ and a portion of the project will be paid by the Massachusetts School Building Authority.

PUBLIC SCHOOL ENROLLMENTS - OCTOBER 1,

	Actual				
	2018	2019	2020	2021	2022
Elementary (Pre-K and K-5)	2,722	2,658	2,520	2,568	2,616
Middle/Junior High(6-8)	1,283	1,390	1,297	1,278	1,264
Senior High(9-12)	1,716	1,658	1,678	1,669	1,645
Totals	<u>5,721</u>	<u>5,706</u>	<u>5,495</u>	<u>5,515</u>	<u>5,525</u>

The Town is a member of the Minuteman Regional Vocational Technical School District, which is located in Lexington, and includes 10 member towns. A new school for the District was completed and opened in September 2019.

Industry and Commerce

Needham is a residential suburb of Boston, located within the Boston Standard Metropolitan Statistical Area. As the table below indicates, the Town's economy has a diverse mix of manufacturing, services, and commercial trades.

Due to the reclassification the U.S. Department of Labor now uses the North American Industry Classification System (NAICS) as the basis for the assignment and tabulation of economic data by industry.

Industry	Calendar Year Average				
	2017	2018	2019	2020	2021
Construction	737	816	805	791	958
Manufacturing	994	925	814	788	806
Trade, Transportation and Utilities	2,138	2,223	2,702	2,681	2,918
Information	1,374	1,060	885	877	830
Financial Activities	1,631	1,549	1,505	1,410	1,371
Professional and Business Services	6,083	6,147	5,435	5,201	5,524
Education and Health Services	7,002	7,261	7,242	6,258	6,483
Leisure and Hospitality	1,584	1,483	1,331	883	995
Other Services	837	785	813	1,062	709
Total Employment	22,380	22,249	21,532	19,951	20,594
Number of Establishments	1,503	1,473	1,473	1,543	1,618
Average Weekly Wages	\$ 1,829	\$ 1,947	\$ 1,880	\$ 2,105	\$ 2,262
Total Wages	\$ 2,166,747,180	\$ 2,292,193,273	\$ 2,146,027,639	\$ 2,183,370,050	\$ 2,474,594,872

Source: Massachusetts Executive Office of Labor and Workforce Development. Data based upon place of employment, not place of residence.

Transportation

The principal highways serving the Town are State Routes 9, 135 and 128 (I-95). There are four exits off Interstate 95 that provide direct access to Needham. A project to widen Route 128 through Needham was completed in 2019. The Massachusetts Bay Transportation Authority ("MBTA") provides commuter rail service on a regular basis to Boston. There are four commuter rails stops physically located in Needham: Needham Heights, Needham Center, Needham Junction and Hersey. The MBTA also provides bus service between Needham and Watertown Square. Established trucking lines provide competitive service locally and to long distance points. The Town is within commuting distance of the airport facilities of Boston's Logan International Airport, the Norwood Municipal Airport, and Hanscom Field in Bedford, Massachusetts.

Climate Change

The Town has undertaken several ad hoc climate resiliency efforts. These include the lease of land for a solar array at the capped landfill, solar installation at the Sunita Williams School, and proposed solar installation at the Jack Cogswell building. In addition, the Sunita Williams School and Library are LEED certified buildings, and the Town's public services administration building has geothermal heating. The Town's Building Maintenance Division has been implementing energy efficiency measures for more than a decade, and in February 2020 the Massachusetts Department of Energy Resources designated the Town as a Green Community. The Select Board established a Climate Action Plan Committee ("CAPC") to guide the Town in developing a plan that meets or exceeds the State's climate mitigation and resilience goals. The Committee will make recommendations to the Select Board on approval of a Climate Action Plan ("CAP"). The CAPC will:

- Review the Town's climate-related data
- Seek guidance and establish a program to create a Green House Gas ("GHG") inventory for the entire Town, including pass through traffic, residential, commercial, and municipal
- Recommend for adoption to the Select Board long-term climate action goals that focus on reducing GHG emissions and building resilience within and across the Town's residential, commercial, and municipal sectors, including roadmaps of steps to achieve goals.
- Recommend for adoption to the Select Board target dates, benchmarks and/or annual/interannual climate mitigation goals to achieve climate action goals.
- Plan and prioritize cross-sector efforts to reduce Town's GHG emissions and build climate resilience.
- Recommend to the Select Board programs and policies to implement GHG reduction goals and climate resilience planning
- Develop a CAP for the Select Board's review

Cybersecurity

The Town recognizes, like so many companies, governments (local, regional, state and federal), and organizations that it is exposed to a variety of operational, transactional, information and technology risks. Information Security frameworks such as ISO, NIST, GDPR, CIS, and many state, and federal requirements have come up with a set of standards surrounding best practices for information security. These standards recommend implementation of a comprehensive written information security program that includes administrative, technical, and physical safeguards appropriate to the size and complexity of the organization and the nature and scope of its activities. This allows a uniform set of information security expectations to be followed throughout the different areas of the organization, and provides a consistent, repeatable set of documentation to create procedures and processes. The Town had an information security program review done by outside experts whose work will help shape the Town's technology security policies and procedures.

LARGEST EMPLOYERS

The following table sets forth the largest employers in Needham, exclusive of the Town itself.

Name	Product/Function	No. of Employees Approximate
Tripadvisor	Travel Agency	640
NBC Universal	Broadcasting	345
Beth Israel Deaconess Hospital	Health Care	250-499
Charles River Center	Assisted Living	250-499
Clark's Shoes	Retail Manufacturing	250-499
Coca Cola Bottling	Beverage Distribution	250-499
Dialogic Inc.	Wireless Communication	250-499
International Data Group (IDG)	Techonology	250-499
North Hill Living Center	Retirement Center	250-499
SharkNinja	Household Appliances	250-499
WCVB Channel 5	Television	250-499
Briarwood Healthcare	Health Care	100-250
Olin College of Engineering	Education	100-250
VNA Care Network	Ambulatory Health Care	100-250
Walker Home & School	Mental Health	100-250
Wellington Management	Financial Services	100-250

SOURCE: Individual Employers listed.

Needham Crossing is a multi-million dollar business park located approximately 3 miles northeast of downtown Needham. The business park offers proximity to both State Routes 9 and 128 (Interstate 95) as well as the natural resources such as Cutler Lake Park and the Charles River. A state highway project to widen Route 95/128 from three lanes to four lanes through Needham was completed in 2019. A new and additional exit ramp from the highway fully opened in late 2017. This exit ramp provides an additional access point to Needham Crossing. The Town anticipates these roadway improvements will have an overall positive economic benefit for Needham Crossing. The business park originally contained primarily warehouses and offices and now, over 30 years later, through land use zoning changes, Needham Crossing is unique in its mix of residential, office and other commercial uses that has generated much interest from businesses to locate there.

The Needham Crossing area boasts long term occupants such as Coca Cola, the Sheraton Hotel, and Trip Advisor which built its new world headquarters in the park, and life science companies such as Verastem. The Marriott Residence Inn hotel opened in the park a few years ago, and Homewood Suites by Hilton opened in 2018. BigBelly Solar Inc., a maker of "green" trash cans has doubled the size of its headquarters since moving to the park a few years ago. Euro-Pro, known for its Shark vacuums and Ninja blenders, has recently located to the park near Trip Advisor's new complex. NBC Universal has opened a \$125 million regional headquarters in the Needham Crossing office park.

Labor Force, Employment and Unemployment

In August 2023, the Town had a total labor force of 16,693 of which 16,304 were employed and 389 or 2.3% were unemployed as compared with 2.9% for the Commonwealth. The following table sets forth the Town's average labor force and unemployment rates for each of the last five calendar years.

UNEMPLOYMENT RATES

Calendar Year	Town of Needham				Massachusetts		United States	
	Labor Force	Employment	Unemployment Rate		Unemployment Rate		Unemployment Rate	
2022	16,513	16,073	2.7	%	3.8	%	3.6	%
2021	16,305	15,692	3.8		5.7		5.4	
2020	15,637	14,742	5.7		8.9		8.1	
2019	16,614	16,273	2.1		2.9		3.7	
2018	16,507	16,096	2.5		3.3		3.9	

SOURCE: Massachusetts Executive Office of Labor and Workforce Development. Federal Reserve Bank of Boston and U.S. Bureau of Labor Statistics. Data based upon place of residence, not place of employment. Monthly data for Town are unadjusted.

Building Permits

The following table sets forth the number of building permits issued and the estimated dollar value of new construction and alterations for calendar years 2018 through 2022. Permits are filed for both private construction as well as for Town projects.

BUILDING PERMITS

Calendar Year	New Construction				Additions/Alterations				Totals	
	Residential		Non-Residential		Residential		Non-Residential			
	No	Value	No.	Value	No	Value	No.	Value	No.	Value
2022	86	\$ 76,260,846	1	\$ 782,000	1,193	\$ 66,067,372	118	\$ 76,862,712	1,398	\$ 219,972,930
2021	106	83,481,065	-	-	1,353	59,852,432	118	26,672,668	1,577	170,006,165 (1)
2020	67	44,614,400	3	24,578,350	757	40,316,155	62	21,430,214	889	130,939,119
2019	98	75,913,992	3	40,002,650	691	46,154,265	81	66,296,134	873	228,367,041
2018	93	68,599,710	1	24,141,632	734	51,309,734	108	61,735,191	936	205,786,267

SOURCE: Report of the Building Inspector.

(1) Excludes 100 permits for demolitions with an aggregate value of \$1,143,250.

Population and Income

The table below illustrates the Town's changes in median age, median family income, and per capita income and that of the Commonwealth and the Country as a whole for the same period according to the federal census.

POPULATION AND INCOME

	<u>Needham</u>	<u>Massachusetts</u>	<u>United States</u>
Median Age:			
2020	43.4	39.4	38.3
2010	43.0	39.1	37.2
2000	40.8	36.5	35.3
1990	38.6	33.6	32.9
Median Family Income:			
2020	182,813	81,215	62,843
2010	114,365	81,165	51,144
2000	107,570	61,664	50,046
1990	69,515	44,367	35,225
Per Capita Income:			
2020	87,067	43,761	34,103
2010	57,716	33,966	27,334
2000	44,549	25,952	21,587
1990	27,935	17,224	14,420

SOURCE: Federal Bureau of the Census.

POPULATION TRENDS

<u>2020</u>	<u>2010</u>	<u>2000</u>	<u>1990</u>	<u>1980</u>
32,091	28,886	28,911	27,557	27,901

SOURCE: Federal Census.

PROPERTY TAXATION

Tax Levy Computation

The principal tax of Massachusetts cities and towns is the tax on real and personal property. The amount to be levied in each year is the amount appropriated or required by law to be raised for municipal expenditures less estimated receipts from other sources and less appropriations voted from funds on hand. The total amount levied is subject to certain limits prescribed by law; for a description of those limits see "Tax Limitations" below.

The estimated receipts for a fiscal year from sources other than the property tax may not exceed the actual receipts during the preceding fiscal year from the same sources unless approved by the State Commissioner of Revenue. Excepting special funds the use of which is otherwise provided for by law, the deduction for appropriations voted from funds on hand for a fiscal year cannot exceed the "free cash" as of the beginning of the prior fiscal year as certified by the State Director of Accounts plus up to nine months' collections and receipts on account of earlier years' taxes after that date. Subject to certain adjustments, free cash is surplus revenue less uncollected overdue property taxes from earlier years.

Although an allowance is made in the tax levy for abatements (see "Abatements and Overlay" below) no reserve is generally provided for uncollectible real property taxes. Because some of the levy is inevitably not collected, this creates a cash deficiency which may or may not be offset by other items (see "Taxation to Meet Deficits" below).

The table below illustrates the manner in which the tax levy was determined for the following fiscal years.

TAX LEVY COMPUTATION

	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023
Total Appropriations(1)	\$ 206,353,302	\$ 209,348,682	\$ 212,871,580	\$ 225,645,370	\$ 244,168,129
Additions:					
State & County Assessments	1,408,970	1,444,320	1,485,423	1,581,893	1,588,201
Overlay Reserve	1,968,110	2,292,140	1,407,265	2,553,011	2,610,471
Other Additions	357,264	209,276	336,704	653,450	408,975
Total Additions	3,734,344	3,945,736	3,229,392	4,788,354	4,607,647
Gross Amount to be Raised	210,087,646	213,294,417	216,100,972	230,433,724	248,775,776
Deductions:					
Local Estimated Receipts: (2)	39,127,045	34,391,865	30,611,425	32,786,568	36,104,998
State Aid:					
Current Year	12,509,090	13,135,749	13,695,326	13,961,831	15,221,089
Available Funds (3)	16,557,525	14,217,067	9,355,420	12,851,426	18,556,775
Total Deductions	68,193,660	61,744,681	53,662,171	59,599,825	69,882,862
Net Amount to be Raised	\$ 141,893,986	\$ 151,549,737	\$ 162,438,801	\$ 170,833,899	\$ 178,892,914

(1) Includes additional appropriations from taxation voted subsequent to adoption of the annual budget but prior to setting of the tax rate.

(2) Includes CPA surcharge tax and state matching funds.

(3) Transfers from other available funds, generally made as an offset to a particular appropriation item.

Assessed Valuations and Tax Levies

Property is classified for the purpose of taxation according to its use. The legislature has in substance created four classes of taxable property: (1) residential real property, (2) open space land, (3) commercial and (4) industrial. Within limits, cities and towns are given the option of determining the share of the annual levy to be borne by each of the categories. The share required to be borne by residential real property is at least 50 per cent of its share of the total taxable valuation; the effective rate for open space must be at least 75 per cent of the effective rate for residential real property; and the share of commercial, industrial and personal property must not exceed 175 percent of their share of the total valuation. A city or town may also exempt up to 35 percent of the valuation of residential real property (where used as the taxpayer's principal residence) and up to 10 percent of the valuation of commercial real property (where occupied by certain small businesses). Property may not be classified in a city or town until the State Commissioner of Revenue certifies that all property in the city or town has been assessed at its fair cash value. Such certification must take place every five years or pursuant to a revised schedule as may be issued by the Commissioner.

Related statutes provide that certain agricultural or horticultural land (assessed at the value it has for these purposes) and recreational land (assessed on the basis of its use at a maximum of 25 percent of its fair cash value) are all to be taxed at the rate applicable to commercial property.

A revaluation of all real and personal property in the Town to full and fair cash value was completed for use in fiscal year 2020.

The following table sets forth the trend in the Town's assessed valuations, tax levies, and tax levies per capita.

Fiscal Year	Real Estate Valuation	Personal Property Valuation	Total Assessed Valuation	Tax Levy	Tax Levy Per Capita(1)
2023	\$ 11,867,419,986	\$ 380,448,340	\$ 12,247,868,326	\$ 178,892,914	\$ 5,575
2022	10,922,692,504	388,986,460	11,311,678,964	170,833,899	5,323
2021	10,742,368,779	303,361,700	11,045,730,479	162,438,801	5,062
2020 (2)	10,513,875,793	289,887,680	10,803,763,473	151,549,737	4,722
2019	9,942,091,341	226,725,850	10,168,817,191	141,893,986	4,422

(1) 2020 Federal Census.

(2) Revaluation year.

The table below sets forth the trend of the Town's tax rates for different classes of property for the following fiscal years:

Fiscal Year	Tax Rate per \$1,000 Valuation	
	Residential Property	Commercial, Industrial & Personal Property
2023	\$13.04	\$25.56
2022	13.37	26.43
2021	13.03	25.74
2020	12.49	24.55
2019	12.39	24.42

Classification of Property

The following is a breakdown of the Town's assessed valuation in fiscal years 2021, 2022 and 2023.

Property Type	2021		2022		2023	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Residential	\$9,589,166,123	86.8 %	\$9,811,162,018	86.7 %	\$10,715,862,649	87.5 %
Commercial	1,030,129,606	9.3	990,367,136	8.8	1,026,136,613	8.4
Industrial	123,073,050	1.1	121,163,350	1.1	125,420,724	1.0
Personal	303,361,700	2.7	388,986,460	3.4	380,448,340	3.1
Total Real Estate	<u>\$11,045,730,479</u>	<u>100.0 %</u>	<u>\$11,311,678,964</u>	<u>100.0 %</u>	<u>\$12,247,868,326</u>	<u>100.0 %</u>

LARGEST TAXPAYERS

The following table lists the eleven largest taxpayers in the Town based upon assessed valuation for fiscal year 2023. All of the largest taxpayers are current in their tax payments to the Town.

Name	Nature of Business	Total Assessed Valuation for Fiscal 2023	% of Total Assessed Value
NSTAR Electric Company	Electric Utility Company	\$117,039,750	0.96 %
Needham Residential LLC	Apartments	95,392,500	0.78
Lofts at Charles River Landing, LLC	Residential Apartment Complex	93,515,900	0.76
Digital 128 First Avenue, LLC	Data Storage Facility	89,640,700	0.73
Needham Travel Property LLC	Travel Agency	78,688,100	0.64
NBC Universal Media LLC	Media & television Production	64,896,640	0.53
NSTAR Gas Company	Gas Utility Company	52,065,140	0.43
BP 140 Kendrick Street Property LLC	Software Design	51,216,800	0.42
MCPF-Needham LLC	Real Estate Developer	42,177,500	0.34
Mcref Needham LLC	Apartments	38,841,600	0.32
Total		<u>\$723,474,630</u>	<u>5.91 %</u>

State Equalized Valuation

In order to determine appropriate relative values for the purposes of certain distributions to and assessments upon cities and towns, the Commissioner of Revenue biennially makes a redetermination of the fair cash value of the taxable property in each municipality. This is known as the "equalized value".

The following table sets forth the trend in equalized valuations of the Town of Needham.

January 1,	State Equalized Valuation	% Change
2022	\$12,307,796,200	6.3 %
2020	11,580,160,100	11.9
2018	10,352,941,600	7.0
2016	9,675,551,500	16.7
2014	8,293,426,000	1.9
2012	8,141,495,500	5.3

Abatelements and Overlay

The Town is authorized to increase each tax levy by an amount approved by the State Commissioner of Revenue as an "overlay" to provide for tax abatements. If abatements are granted in excess of the applicable overlay, the resultant "overlay deficit" is required to be added to the next tax levy. An abatement granted after a tax payment has been made is accounted for as a refund on the books of the Town. Abatelements are granted where exempt real or personal property has been assessed or where taxable real or personal property has been overvalued or disproportionately valued. The assessors may also abate uncollectible personal property taxes. They may abate real and personal property taxes on broad grounds (including inability to pay) with the approval of the State Commissioner of Revenue. But uncollected real property taxes are ordinarily not written off until they become municipal "tax titles" by purchase at the public sale or by taking, at which time the tax is written off in full by reserving the amount of the tax and charging surplus.

The following table sets forth the amount of the overlay reserve for the last five fiscal years and the amounts of abatements and exemptions granted as of June 30, 2023.

Fiscal Year	Net Tax Levy (1)	Overlay Reserve		Abatelements and Exemptions Granted As of June 30, 2023
		Dollar Amount	As a % of Net Levy	
2023	\$ 176,282,443	\$ 2,610,471	1.48 %	\$ 147,068
2022	168,280,888	2,553,011	1.52	283,295
2021	161,031,536	1,407,265	0.87	371,399
2020	149,257,597	2,292,140	1.54	380,692
2019	139,925,876	1,968,110	1.41	325,307

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

Tax Collections

The Town has accepted a statute providing for quarterly tax payments. Under that statute, preliminary tax payments are due on August 1 and November 1 with payment of the actual tax bill (after credit is given for the preliminary payments) installments on February 1 and May 1 if actual tax bills are mailed by December 31. Interest accrues on delinquent taxes at the rate of 14 percent per annum. Real property (land and buildings) is subject to a lien for the taxes assessed upon it, subject to any paramount federal lien and subject to bankruptcy and insolvency laws. (In addition, real property is subject to a lien for certain unpaid municipal charges or fees.) If the property has been transferred, an unenforced lien expires on the fourth December 31 after the end of the fiscal year to which the tax relates. If the property has not been transferred by the fourth December 31, an unenforced lien expires upon a later transfer of the property. Provision is made, however, for continuation of the lien where it could not be enforced because of a legal impediment. The persons against whom real or personal property taxes are assessed are personally liable for the tax (subject to bankruptcy and insolvency laws). In the case of real property, this personal liability is effectively extinguished by sale or taking of the property as described below.

The following table compares the Town's net tax collections with its net (gross tax levy less overlay reserve for abatements) tax levies for the previous five fiscal years, exclusive of the surcharge of property tax levied under the CPA.

Fiscal Year	Gross Tax Levy	Overlay Reserve for Abatelements	Net Tax Levy	Collections During Fiscal Year Payable (1)		Collections as of 6/30/2023 (2)	
				Dollar Amount	% of Net Levy	Dollar Amount	% of Net Levy
2023	\$178,892,914	\$2,610,471	\$176,282,443	\$175,930,183	99.8 %	\$175,930,183	99.8 %
2022	170,833,899	2,553,011	168,280,888	168,146,235	99.9	169,889,438	101.0
2021	162,438,801	1,407,265	161,031,536	161,696,759	100.4	162,020,378	100.6
2020	151,549,737	2,292,140	149,257,597	148,734,319	99.6	150,619,331	100.9
2019	141,893,986	1,968,110	139,925,876	140,275,654	100.2	141,206,285	100.9

(1) Actual dollar collections, net of refunds. Does not include abatements, proceeds of tax titles or tax possessions attributable to each levy or other non-cash credits.

(2) Exclusive of the property tax levied under the Community Preservation Act.

Tax Titles and Possessions

Massachusetts law permits a municipality either to sell by public sale (at which the municipality may become the purchaser) or to take real property for non-payment of taxes. In either case the property owner can redeem the property by paying the unpaid taxes, with interest and other charges, but if the right of redemption is not exercised within six months (which may be extended an additional year in the case of certain installment payments) it can be foreclosed by petition to the Land Court.

Upon foreclosure, a tax title purchased or taken by the municipality becomes a "tax possession" and may be held and disposed of in the same manner as other land held for municipal purposes. Uncollectible real property taxes are ordinarily not written off until they become municipal tax titles by purchase at the public sale or by taking, at which time the tax is written off in full by reserving the amount of tax and charging surplus.

The table below sets forth the amount of tax titles and possessions and deferred taxes outstanding at the end of the following fiscal years.

<u>Fiscal Year</u>	<u>Total Tax Titles and Possessions</u>	<u>Deferred Taxes</u>
2023	\$ 813,926	\$ 736,809
2022	1,316,015	609,587
2021	1,447,559	575,068
2020	1,229,531	546,673
2019	971,141	505,512

Sale of Tax Receivables

Cities and towns are authorized to sell delinquent property tax receivables by public sale or auction, either individually or in bulk. The Town does not expect to utilize this option at the present time.

Taxation to Meet Deficits

As noted elsewhere (see "Abatements and Overlay" above) overlay deficits, i.e., tax abatements in excess of the overlay included in the tax levy to cover abatements, are required to be added to the next tax levy. It is generally understood that revenue deficits, i.e., those resulting from non-property tax revenues being less than anticipated, are also required to be added to the tax levy (at least to the extent not covered by surplus revenue).

Amounts lawfully expended since the prior tax levy and not included therein are also required to be included in the annual tax levy. The circumstances under which this can arise are limited since municipal departments are generally prohibited from incurring liabilities in excess of appropriations except for major disasters, mandated items, contracts in aid of housing and renewal projects and other long-term contracts. In addition, utilities must be paid at established rates and certain established salaries, e.g., civil service, must legally be paid for work actually performed, whether or not covered by appropriations.

Cities and towns are authorized to appropriate sums, and thus to levy taxes, to cover deficits arising from other causes, such as "free cash" deficits arising from a failure to collect taxes. This is not generally understood, however, and it has not been the practice to levy taxes to cover free cash deficits. Except to the extent that such deficits have been reduced or eliminated by subsequent collections of uncollected taxes (including sales of tax titles and tax possessions), lapsed appropriations, non-property tax revenues in excess of estimates, other miscellaneous items or funding loans authorized by special act, they remain in existence.

Tax Limitations

Chapter 59, Section 21C of the General Laws, also known as "Proposition 2½", imposes two separate limits on the annual tax levy of a city or town.

The primary limitation is that the tax levy cannot exceed 2½ percent of the full and fair cash value. If a city or town exceeds the primary limitation, it must reduce its tax levy by at least 15 percent annually until it is in compliance, provided that the reduction can be reduced in any year to not less than 7½ percent by majority vote of the voters, or to less than 7½ percent by two-thirds vote of the voters.

For cities and towns at or below the primary limit, a secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding fiscal year as determined by the State Commissioner of Revenue by more than 2½ percent, subject to exceptions for property added to the tax rolls or property which has had an increase, other than as part of a general revaluation, in its assessed valuation over the prior year's valuation.

This "growth" limit on the tax levy may be exceeded in any year by a majority vote of the voters, but an increase in the secondary or growth limit under this procedure does not permit a tax levy in excess of the primary limitation, since the two limitations apply independently. In addition, if the voters vote to approve taxes in excess of the "growth" limit for the purpose of funding a stabilization fund, such increased amount may only be taken into account for purposes of calculating the maximum levy limit in each subsequent year if the board of selectmen of a town or the city council of a city votes by a two-thirds vote to appropriate such increased amount in such subsequent year to the stabilization fund.

The applicable tax limits may also be reduced in any year by a majority vote of the voters.

The State Commissioner of Revenue may adjust any tax limit "to counterbalance the effects of extraordinary, non-recurring events which occurred during the base year".

The statute further provides that the voters may exclude from the taxes subject to the tax limits and from the calculation of the maximum tax levy (a) the amount required to pay debt service on bonds and notes issued before November 4, 1980, if the exclusion is approved by a majority vote of the voters, and (b) the amount required to pay debt service on any specific subsequent issue for which similar approval is obtained. Even with voter approval, the holders of the obligations for which unlimited taxes may be assessed do not have a statutory priority or security interest in the portion of the tax levy attributable to such obligations. It should be noted that Massachusetts General Laws Chapter 44, Section 20 requires that the taxes excluded from the levy limit to pay debt service on any such bonds and notes be calculated based on the true interest cost of the issue.

Voters may also exclude from the Proposition 2½ limits the amount required to pay specified capital outlay expenditures or for the city or town's apportioned share for certain capital outlay expenditures by a regional governmental unit. In addition, the city council of a city, with the approval of the mayor if required, or the board of selectmen or the town council of a town may vote to exclude from the Proposition 2½ limits taxes raised in lieu of sewer or water charges to pay debt service on bonds or notes issued by the municipality (or by an independent authority, commission or district) for water or sewer purposes, provided that the municipality's sewer or water charges are reduced accordingly.

In addition, Proposition 2½ limits the annual increase in the total assessments on cities and towns by any county, district, authority, the Commonwealth or any other governmental entity (except regional school districts, the MWRA and certain districts for which special legislation provides otherwise) to the sum of (a) 2½ percent of the prior year's assessments and (b) "any increases in costs, charges or fees for services customarily provided locally or for services subscribed to at local option". Regional water districts, regional sewerage districts and regional veterans districts may exceed these limitations under statutory procedures requiring a two-thirds vote of the district's governing body and either approval of the local appropriating authorities (by two-thirds vote in districts with more than two members or by majority vote in two-member districts) or approval of the registered voters in a local election (in the case of two-member districts). Under Proposition 2½ any State law to take effect on or after January 1, 1981 imposing a direct service or cost obligation on a city or town will become effective only if accepted or voluntarily funded by the city or town or if State funding is provided. Similarly, State rules or regulations imposing additional costs on a city or town or laws granting or increasing local tax exemptions are to take effect only if adequate State appropriations are provided. These statutory provisions do not apply to costs resulting from judicial decisions.

The Town of Needham has been in full compliance with Proposition 2½ since its inception. The Town has voted to override Proposition 2½ for operating purposes and to exclude debt service on several occasions for capital projects. Most recently, the Town approved general overrides in 2003 (\$2,459,318), 2006 (\$597,370), 2007 (\$1,128,670) and 2009 (\$1,887,929). In addition, the Town voted to exclude \$15,700,000 principal and the interest thereon for library renovation and expansion, \$62,000,000 principal and the interest thereon for high school renovation and expansion, \$21,000,000 principal and the interest thereon for the High Rock and Pollard School projects, \$27,412,128 principal and the interest thereon for the Newman School renovation project, \$762,500, \$7,000,000 and \$57,542,500 principal and the interest thereon for site acquisition and construction of the Sunita L. Williams School, and \$69,995,000 for the design, construction of a new Police/Fire complex and Fire Station #2 (less any applicable grants from the Massachusetts School Building Authority).

Unused Levy Capacity (1)

	Fiscal Year				
	2023	2022	2021	2020	2019
Primary Levy Limit (2)	\$ 306,196,708	\$ 282,791,974	\$ 276,143,262	\$ 270,094,087	\$ 254,220,430
Prior Fiscal Year Levy Limit	159,034,818	150,539,475	142,426,994	134,365,725	126,800,315
2.5% Levy Growth	3,975,993	3,763,487	3,560,675	3,359,252	3,170,022
New Growth (3)	3,968,707	4,731,856	4,551,806	4,697,667	4,394,835
Amended New Growth	4,886	-	-	4,350	553
Overrides	-	-	-	-	-
Growth Levy Limit	166,984,404	159,034,818	150,539,475	142,426,994	134,365,725
Debt Exclusions	13,084,416	12,402,899	13,657,093	12,122,344	9,057,029
Capital Expenditure Exclusions	-	-	-	-	-
Other Adjustments	-	-	-	-	-
Tax Levy Limit	180,068,820	171,437,717	164,196,568	154,549,338	143,422,754
Tax Levy	178,892,914	170,833,899	162,438,801	151,549,737	141,893,986
Unused Levy Capacity (4)	1,175,906	603,818	1,757,767	2,999,601	1,528,768
Unused Primary Levy Capacity (5)	\$ 139,212,304	\$ 123,757,156	\$ 125,603,787	\$ 127,667,093	\$ 119,854,705

(1) Source: Massachusetts Department of Revenue.

(2) 2.5% of assessed valuation.

(3) Allowed increase for new valuations (or required reduction) - certified by the Department of Revenue.

(4) Tax Levy Limit less Tax Levy.

(5) Primary Levy Limit less Growth Levy Limit.

Community Preservation Act

The Massachusetts Community Preservation Act (the "CPA") permits cities and towns that accept its provisions to levy a surcharge on its real property tax levy, dedicate revenue (other than state or federal funds), and to receive state matching funds for (i) the acquisition, creation, preservation, rehabilitation and restoration of land for recreational use, open space, and community housing and (ii) the acquisition, preservation, rehabilitation and restoration of historic resources. The provisions of the CPA must be accepted by the voters of the city or town at an election after such provisions have first been accepted by either a vote of the legislative body of the city or town or an initiative petition signed by 5% of its registered voters.

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

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

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

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

The Town has accepted the Act and set the surcharge rate at 2%. The Town implemented the program in fiscal year 2006 and is utilizing revenues to pay for a variety of municipal projects.

Community Preservation Fund Revenues

Fiscal Year	Property Tax (1)	State Contribution	Total
2023	\$ 3,107,298	\$ 1,131,787	\$ 4,239,085
2022	2,920,964	1,238,965	4,159,929
2021	2,827,425	754,080	3,581,505
2020	2,609,353	592,379	3,201,732
2019	2,468,833	438,305	2,907,138

(1) Reflects actual collections.

The CPA Fund had a balance of \$11,935,586 as of June 30, 2023.

Pledged Taxes

Taxes on the increased value certain property in designated development districts may be pledged for the payment of costs of economic development projects within such districts and may therefore be unavailable for other municipal purposes. (See "Tax Increment Financing for Development Districts" under "TOWN FINANCES" below).

TOWN FINANCES

Budget and Appropriation Process

Town Meeting: The annual appropriations of the Town are ordinarily made at the annual meeting, which takes place in May. Appropriations may also be voted at special meetings. The Town has a finance committee, which submits reports and recommendations on proposed expenditures at town meetings.

The school budget is limited to the total amount appropriated by the city council or town meeting, but the school committee retains full power to allocate the funds appropriated. State legislation known as the Education Reform Act of 1993, as amended, imposes certain minimum expenditure requirements on municipalities with respect to funding for education. The requirements are determined on the basis of formulas affected by various measures of wealth and income, enrollments, prior levels of local spending and state aid, and other factors. In each fiscal year, the Town has appropriated at least the minimum expenditure requirement imposed by the Act.

The Town meeting may at any time vote to transfer any amount previously appropriated to any other authorized use by law, and, under certain circumstances and subject to certain limits and requirements, the selectmen of a town, with the concurrence of the finance committee, may transfer amounts appropriated for the use of any department to any other appropriation for the same department or to any other department.

Water and sewer department expenditures are generally included in the budgets adopted by city councils and town meetings but electric and gas department funds may be appropriated by the municipal light boards. Under certain legislation any city or town which accepts the legislation may provide that the appropriation for the operating costs of any department may be offset, in whole or in part, by estimated receipts from fees charged for services provided by the department. It is assumed that this general provision does not alter the pre-existing power of an electric or gas department to appropriate its own receipts.

Enterprises: Beginning with the fiscal 1996 budget, water and sewer operations are accounted for in separate enterprise accounts. Beginning with the fiscal 1999 budget solid waste operations are accounted for in a separate enterprise account. Effective for FY2020, the Solid Waste Disposal and Recycling Operations changed from an Enterprise Fund to General Fund appropriation.

Mandatory Items: Mandatory items, such as state and county assessments, the overlay for abatements, abatements in excess of overlays, principal and interest not otherwise provided for and final judgments are included in the tax levy whether or not included in the budget.

Revenues: Revenues are not required to be set forth in the budget but estimated non-tax revenues are taken into account by the assessors in fixing the tax levy. (See "PROPERTY TAXATION--Tax Levy Computation".)

Budget Trends

The following table sets forth the trend in operating budgets for fiscal years 2020 through 2024, as voted at the town meeting. As such, said budgets reflect neither revenues nor certain mandatory items.

BUDGET COMPARISON (1)

	Fiscal 2020 (5)	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024
General Government	\$4,966,498	\$5,400,737	\$5,590,044	\$5,918,317	\$6,228,432
Land Use and Development	587,795	616,651	525,642	552,799	613,707
Public Safety	16,495,226	17,047,491	17,704,018	18,634,363	20,339,032
Education(2)	77,090,548	81,835,024	84,833,684	88,645,537	93,796,434
Public Works & Facilities	20,198,110	21,417,143	21,994,439	23,617,662	26,506,526
Health & Human Services	2,050,632	2,299,203	2,355,437	2,422,342	2,550,302
Culture & Recreation	2,653,814	2,935,790	3,204,954	3,421,863	3,720,287
Employee Benefits(3)	31,835,123	33,586,497	35,134,466	38,390,141	39,056,637
Other Operating Expenses	1,462,290	1,920,795	1,616,900	2,166,728	1,920,490
Debt Service(4)	19,038,470	21,111,388	20,764,142	20,198,294	17,543,250
Reserve Fund	1,881,500	2,077,091	2,077,091	2,052,091	2,000,000
Total Expenditures	<u>\$178,260,006</u>	<u>\$190,247,810</u>	<u>\$195,800,817</u>	<u>\$206,020,137</u>	<u>\$214,275,097</u>

(1) Budgets reflect only the amount appropriated by Town Meeting and thus do not include county and state assessments and overlay reserve.

(2) Includes regional vocational school assessment.

(3) Includes pension and OPEB funding.

(4) Includes debt excluded from Proposition 2½ as well as estimated debt service on authorized and unissued debt.

(5) Effective for FY2020, the Solid Waste Disposal and Recycling Operations changed from an Enterprise Fund to General Fund appropriation.

Revenues

Property Taxes: Property taxes are the major source of revenue for the Town. The total amount levied is subject to certain limits prescribed by law; for a description of those limits see "PROPERTY TAXATION-- Tax Limitations" above. The table below sets forth the amount of property tax revenue for the following fiscal years:

Fiscal Year	Property Taxes
2023	\$ 177,689,636
2022	170,002,186
2021	161,136,736
2020	150,192,994
2019	141,090,907

State Aid: The Town's state aid entitlement is based upon a number of different formulas, and while such formulas might indicate that a particular amount of state aid is owed, the amount of state aid actually paid is limited to the amount appropriated by the state legislature. The state annually estimates state aid but actual payments may vary from the estimate. The table below sets forth the amount of state aid revenue for the following fiscal years:

Fiscal Year	State Aid
2023	\$15,339,195
2022	13,811,712
2021	13,599,910
2020	13,088,243
2019	11,813,475

Motor Vehicle Excise: An excise is imposed on the registration of motor vehicles (subject to exemptions) at the rate of \$25 per \$1,000 of valuation. The excise is collected by and for the benefit of the municipality in which the motor vehicle is customarily kept. Valuations are determined by a statutory formula based on manufacturer's list price and year of manufacture. Bills not paid when due bear interest at 12 percent per annum. Provision is also made after notice to the owner, for suspension of the owner's operating license or registration by the registrar of motor vehicles. The state annually estimates state aid but actual payments may vary from the estimate. The table below sets forth the amount of motor vehicle excise revenue for the following fiscal years:

Fiscal Year	Motor Vehicle Excise
2023	\$ 6,779,778
2022	5,837,070
2021	5,129,306
2020	5,679,213
2019	6,138,951

Water and Sewer Rates and Services: The Town's Public Works Department provides water and sewer services, accounted for as enterprise funds, to all commercial, industrial and residential users within the Town and charges them on the basis of metered consumption. Water and sewer rates are set by the Select Board. The Town has an ascending block rate schedule ranging from \$3.30 to \$5.44 per 100 cubic feet for water and from \$9.82 to \$12.75 per 100 cubic feet for sewer. Water irrigation rates range from \$5.60 to \$8.91 per 100 cubic feet for water. The rates were effective July 1, 2023.

In fiscal year 2021, water and sewer revenues totaled \$17,518,712 which included \$544,698 in general fund receipts, and expenditures totaled \$14,279,313 including debt service, retirement costs and overhead.

In fiscal year 2022, water and sewer revenues totaled \$15,017,396 which included \$526,368 in general fund receipts, and expenditures totaled \$14,898,744 including debt service, retirement costs and overhead.

In fiscal year 2023, water and sewer revenues totaled \$16,956,798 which included \$782,928 in general fund receipts, and expenditures totaled \$15,422,867 including debt service, retirement costs and overhead.

Local Options Meals Tax: On November 2, 2009, the Town adopted the local meals excise tax to be effective January 1, 2010. The local meals excise tax is a 0.75% tax on the gross receipts of a vendor from the sale of restaurant meals. The tax is paid by the vendor to the State Commissioner of Revenue, who in turn pays the tax to the municipality in which the meal was sold. The table below sets forth the amount of local option meals tax revenue for the following fiscal years:

<u>Fiscal Year</u>	<u>Local Option Meals Tax</u>
2023	\$ 599,284
2022	501,340
2021	329,495
2020	499,167
2019	543,389

As a result the reduction in economic activity associated with the COVID-19 pandemic, the revenues from this source declined in fiscal year 2021.

Room Occupancy Tax: Under this tax, local governments may tax the provision of hotel, motel lodging house rooms and bed and breakfast rooms at a rate not to exceed six percent (6%) of the cost of renting such rooms. The tax is paid by the operator of each establishment to the State Commissioner of Revenue, who in turn pays the tax back to the municipality in which the rooms are located in quarterly distributions. On November 2, 2009, the Town adopted an increase in the room occupancy tax to 6% to be effective January 1, 2010. The table below sets forth the amount of room occupancy tax revenue for the following fiscal years:

<u>Fiscal Year</u>	<u>Room Occupancy Tax</u>
2023	\$ 1,368,285
2022	914,419
2021	313,986
2020	1,185,706
2019	1,357,713

As a result, the reduction in economic activity associated with the COVID-19 pandemic, the revenues from this source declined in fiscal year 2021.

Interest and Dividends: The table below sets forth the amount of interest and dividends revenue for the following fiscal years:

<u>Fiscal Year</u>	<u>Interest & Dividends</u>
2022	\$ 194,651
2021	228,969
2020	834,163
2019	979,649
2018	434,319

State Distributions

In addition to grants for specified capital purposes (some of which are payable over the life of the bonds issued for the projects), the Commonwealth provides financial assistance to cities and towns for current purposes. Payments to cities and towns are derived primarily from a percentage of the State's personal income, sales and use, and corporate excise tax receipts, together with the net receipts from the State Lottery. A municipality's state aid entitlement is based on a number of different formulas, of which the "schools" and "lottery" formulas are the most important. Both of the major formulas tend to provide more state aid to poorer communities. The formulas for determining a municipality's state aid entitlement are subject to amendment by the state legislature and, while a formula might indicate that a particular amount of state aid is owed, the amount of state aid actually paid is limited to the amount appropriated by the state legislature. The state annually estimates state aid, but the actual state aid payments may vary from the estimate.

In the fall of 1986, legislation was enacted placing limits on the growth of state tax revenues. In essence, the growth in state tax revenue is limited to the average rate of growth in wages and salaries in the Commonwealth over the previous three calendar years. The effect of this legislation could be to restrict the amount of state tax revenue available to provide state financial assistance to the Commonwealth's cities, towns and regional school districts.

State School Building Assistance Program

Under its school building assistance program, the Commonwealth of Massachusetts provides grants to cities, towns and regional school districts for school construction projects. Until July 26, 2004, the State Board of Education was responsible for approving grants for school projects and otherwise administering the program. Grant amounts ranged from 50% to 90% of approved project costs. Municipalities generally issued bonds to finance the entire project cost, and the Commonwealth disbursed the grants in equal annual installments over the term of the related bonds.

Pursuant to legislation which became effective on July 26, 2004, the state legislature created the Massachusetts School Building Authority (the "Authority") to finance and administer the school building assistance program. The Authority has assumed all powers and obligations of the Board of Education with respect to the program. In addition to certain other amounts, the legislation dedicates a portion of Commonwealth sales tax receipts to the Authority to finance the program.

The range of reimbursement rates for new project grant applications submitted to the Authority is between 31% and 80% of approved project costs. The Authority promulgated new regulations with respect to the application and approval process for projects submitted after July 1, 2007. The Authority expects to pay grants for such projects as project costs are incurred pursuant to project funding agreements between the Authority and the municipalities. None of the interest expense incurred on debt issued by municipalities to finance their portion of the costs of new projects will be included in the approved project costs eligible for reimbursement.

Investment of Town Funds

Investments of funds of cities and towns, except for trust funds, are generally restricted by Massachusetts General Laws Chapter 44, §55. That statute permits investments of available revenue funds and bond and note proceeds in 1) term deposits and certificates of deposits of banks and trust companies with a maturity date from date of purchase of up to three years; 2) obligations issued or unconditionally guaranteed by the federal government or an agency thereof with a maturity of not more than one year; 3) repurchase agreements with a maturity of not more than 90 days secured by federal or federal agency securities; 4) participation units in the Massachusetts Municipal Depository Trust ("MMDT"), or; 5) shares in SEC-registered money market funds with the highest possible rating from at least one nationally recognized rating organization.

MMDT is an investment pool created by the Commonwealth. The State Treasurer is the sole trustee, and the funds are managed under contract by an investment firm under the supervision of the State Treasurer's office. According to the State Treasurer the MMDT's investment policy is designed to maintain an average weighted maturity of 90 days or less and is limited to high-quality, readily marketable fixed income instruments, including U.S. Government obligations and highly-rated corporate securities with maturities of one year or less.

MMDT funds, unless otherwise provided by the donor, may be invested in accordance with §54 of Chapter 44, which permits a broader range of investments than §55, including any bonds or notes that are legal investments for savings banks in the Commonwealth. The restrictions imposed by §54 and §55 do not apply to city and town retirement systems.

A breakdown of the Town's investments may be obtained from the Town Treasurer.

Annual Audits

The Town's financial statements have been audited annually, most recently by Melanson, P.C. of Merrimack, New Hampshire (effective January 1, 2023 Melanson, P.C. merged into Marcum LLP). Copies of audit reports are available at the office of the Town Accountant of the Town of Needham.

The attached report speaks only as of its date, and only to the matters expressly set forth therein. The auditors have not been engaged to review this Official Statement or to perform audit procedures regarding the post-audit period, nor have the auditors been requested to give their consent to the inclusion of their report in Appendix A. Except as stated in their report, the auditors have not been engaged to verify the financial information set out in Appendix A and are not passing upon and do not assume responsibility for the sufficiency, accuracy or completeness of the financial information presented in that appendix.

Financial Statements

Set forth on the following pages are Governmental Funds Balance Sheets for fiscal years ended June 30, 2022, June 30, 2021 and June 30, 2020 and the Statement of Revenues, Expenditures and Changes in Fund Balance for the fiscal years ended June 30, 2022, through June 2018. All said financial statements have been extracted from the Town's audited financial statements.

Estimated Fiscal 2023 Year End Results

The Town anticipates fund balance will increase over FY2022 as additional contributions were made to the special stabilization funds, budget turn backs were higher than the previous year, and revenues were higher than anticipated.

TOWN OF NEEDHAM, MASSACHUSETTS

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2022

	<u>General</u>	<u>Community Preservation</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental</u>
ASSETS				
Cash and short-term investments	\$ 53,173,820	\$ 2,435,413	\$ 27,464,136	\$ 83,073,369
Investments	12,359,560	8,180,898	3,125,707	23,666,165
Receivables:				
Property taxes	4,669,916	30,150	-	4,700,066
Excises	901,181	-	-	901,181
Departmental	1,412,396	-	333,851	1,746,247
Intergovernmental	695,148	-	574,157	1,269,305
Other	<u>202,543</u>	<u>-</u>	<u>-</u>	<u>202,543</u>
TOTAL ASSETS	\$ <u>73,414,564</u>	\$ <u>10,646,461</u>	\$ <u>31,497,851</u>	\$ <u>115,558,876</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Warrants and accounts payable	\$ 2,408,220	\$ 56,642	\$ 1,104,960	\$ 3,569,822
Unearned revenue	-	-	2,609,048	2,609,048
Accrued liabilities	5,328,081	667	113,398	5,442,146
Refunds payable	683,964	-	-	683,964
Other liabilities	<u>1,354,199</u>	<u>-</u>	<u>126,454</u>	<u>1,480,653</u>
TOTAL LIABILITIES	9,774,464	57,309	3,953,860	13,785,633
Deferred Inflows of Resources:				
Unavailable revenues	7,037,464	30,150	905,972	7,973,586
Taxes paid in advance	<u>254,277</u>	<u>-</u>	<u>-</u>	<u>254,277</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	7,291,741	30,150	905,972	8,227,863
Fund Balances:				
Nonspendable	-	-	113,326	113,326
Restricted	733,044	10,559,002	30,580,019	41,872,065
Committed	9,881,008	-	-	9,881,008
Assigned	16,350,767	-	-	16,350,767
Unassigned	<u>29,383,540</u>	<u>-</u>	<u>(4,055,326)</u>	<u>25,328,214</u>
TOTAL FUND BALANCES	<u>56,348,359</u>	<u>10,559,002</u>	<u>26,638,019</u>	<u>93,545,380</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ <u>73,414,564</u>	\$ <u>10,646,461</u>	\$ <u>31,497,851</u>	\$ <u>115,558,876</u>

Source: Extracted from the audited Financial Statements of the Town.

**TOWN OF NEEDHAM, MA
GOVERNMENTAL FUNDS BALANCE SHEET
AS OF JUNE 30, 2021 (1)**

	<u>General</u>	<u>Community Preservation</u>	<u>Public Safety Building</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental</u>
ASSETS					
Cash and short-term investments	\$ 53,791,959	\$ 744,695	\$ 7,272,793	\$ 18,401,729	\$ 80,211,176
Investments	6,901,850	8,455,354	-	3,109,211	18,466,415
Receivables:					
Property taxes	4,264,234	19,279	-	-	4,283,513
Excises	605,661	-	-	-	605,661
Departmental	1,275,414	-	-	372,937	1,648,351
Intergovernmental	1,390,296	-	-	305,387	1,695,683
Other	74,899	-	-	-	74,899
TOTAL ASSETS	\$ 68,304,313	\$ 9,219,328	\$ 7,272,793	\$ 22,189,264	\$ 106,985,698
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Warrants and accounts payable	\$ 1,911,699	\$ 8,349	\$ 3,778,054	\$ 1,112,625	\$ 6,810,727
Unearned revenue	-	-	-	3,013,307	3,013,307
Accrued liabilities	4,927,660	77	-	142,079	5,069,816
Refunds payable	543,666	-	-	-	543,666
Other liabilities	1,170,159	-	-	349,826	1,519,985
TOTAL LIABILITIES	8,553,184	8,426	3,778,054	4,617,837	16,957,501
Deferred Inflows of Resources:					
Unavailable revenues	7,103,852	19,279	-	339,646	7,462,777
Taxes paid in advance	270,472	-	-	-	270,472
TOTAL DEFERRED INFLOWS OF RESOURCES	7,374,324	19,279	-	339,646	7,733,249
Fund Balances:					
Nonspendable	-	-	-	188,478	188,478
Restricted	733,044	9,191,623	3,494,739	10,003,111	23,422,517
Committed	9,264,695	-	-	7,947,152	17,211,847
Assigned	14,316,012	-	-	-	14,316,012
Unassigned	28,063,054	-	-	(906,960)	27,156,094
TOTAL FUND BALANCES	52,376,805	9,191,623	3,494,739	17,231,781	82,294,948
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 68,304,313	\$ 9,219,328	\$ 7,272,793	\$ 22,189,264	\$ 106,985,698

(1) Extracted from the audited Financial Statements of the Town.

**TOWN OF NEEDHAM, MA
GOVERNMENTAL FUNDS BALANCE SHEET
AS OF JUNE 30, 2020 (1)**

	<u>General</u>	<u>Community Preservation</u>	<u>Public Safety Building</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and short-term investments	\$ 44,593,304	\$ 4,907,569	\$ 5,095,463	\$ 15,995,069	\$ 70,591,405
Investments	9,417,500	3,681,346	-	2,560,426	15,659,272
Receivables:					
Property taxes	4,765,333	36,578	-	-	4,801,911
Excises	1,149,336	-	-	-	1,149,336
Departmental	1,112,160	-	-	30,884	1,143,044
Intergovernmental	2,085,444	-	-	362,736	2,448,180
Other	56,273	-	-	-	56,273
Deposits	-	-	-	182,226	182,226
TOTAL ASSETS	\$ 63,179,350	\$ 8,625,493	\$ 5,095,463	\$ 19,131,341	\$ 96,031,647
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Warrants and accounts payable	\$ 1,654,589	\$ 1,179,025	\$ 3,366,033	\$ 1,293,409	\$ 7,493,056
Unearned revenue	-	-	-	1,138,317	1,138,317
Accrued liabilities	3,892,671	-	-	89,856	3,982,527
Anticipation notes payable	-	-	-	1,200,000	1,200,000
Refunds payable	562,856	-	-	-	562,856
Other liabilities	174,309	-	-	1,615	175,924
TOTAL LIABILITIES	6,284,425	1,179,025	3,366,033	3,723,197	14,552,680
Deferred Inflows of Resources:					
Unavailable revenues	8,014,308	36,578	-	393,620	8,444,506
Taxes paid in advance	211,138	-	-	-	211,138
TOTAL DEFERRED INFLOWS OF RESOURCES	8,225,446	36,578	-	393,620	8,655,644
Fund Balances:					
Nonspendable	-	-	-	188,478	188,478
Restricted	792,826	7,409,890	1,729,430	9,012,981	18,945,127
Committed	7,370,979	-	-	7,665,439	15,036,418
Assigned	11,673,908	-	-	-	11,673,908
Unassigned	28,831,766	-	-	(1,852,374)	26,979,392
TOTAL FUND BALANCES	48,669,479	7,409,890	1,729,430	15,014,524	72,823,323
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 63,179,350	\$ 8,625,493	\$ 5,095,463	\$ 19,131,341	\$ 96,031,647

(1) Extracted from the audited Financial Statements of the Town.

TOWN OF NEEDHAM, MASSACHUSETTS

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2022

	<u>General</u>	<u>Community Preservation</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental</u>
Revenues:				
Property taxes	\$ 170,417,731	\$ 2,920,964	\$ -	\$ 173,338,695
Excise taxes	5,837,070	-	-	5,837,070
Penalties, interest, and other taxes	2,079,140	5,390	-	2,084,530
Charges for services	3,671,477	-	6,199,280	9,870,757
Departmental	1,236,064	-	-	1,236,064
Licenses and permits	2,771,497	-	-	2,771,497
Intergovernmental	26,804,304	1,238,965	14,068,346	42,111,615
Investment income (loss)	271,659	129,647	(295,066)	106,240
Fines and forfeitures	102,347	-	-	102,347
Contributions	-	-	348,106	348,106
Other	<u>312,446</u>	<u>-</u>	<u>51,467</u>	<u>363,913</u>
Total Revenues	213,503,735	4,294,966	20,372,133	238,170,834
Expenditures:				
Current:				
General government	7,365,968	453,571	1,011,998	8,831,537
Public safety	23,030,382	-	1,957,681	24,988,063
Education	115,733,212	-	13,246,169	128,979,381
Public works	25,986,861	-	272,425	26,259,286
Building design and construction	336,197	-	-	336,197
Health and human services	3,028,634	-	294,018	3,322,652
Culture and recreation	3,568,710	-	717,397	4,286,107
Employee benefits	897,640	-	-	897,640
Other	715,777	-	-	715,777
Capital outlay	-	1,497	19,826,172	19,827,669
Debt service:				
Principal	13,654,000	-	-	13,654,000
Interest and fiscal charges	4,498,497	-	-	4,498,497
Intergovernmental	<u>1,572,207</u>	<u>-</u>	<u>-</u>	<u>1,572,207</u>
Total Expenditures	<u>200,388,085</u>	<u>455,068</u>	<u>37,325,860</u>	<u>238,169,013</u>
Excess (deficiency) of revenues over expenditures	13,115,650	3,839,898	(16,953,727)	1,821
Other Financing Sources (Uses):				
Issuance of bonds	-	-	9,970,000	9,970,000
Premium on bonds	-	-	734,564	734,564
Transfers in	5,484,304	548,878	14,403,489	20,436,671
Transfers out	<u>(14,628,400)</u>	<u>(3,021,397)</u>	<u>(2,242,827)</u>	<u>(19,892,624)</u>
Total Other Financing Sources (Uses)	<u>(9,144,096)</u>	<u>(2,472,519)</u>	<u>22,865,226</u>	<u>11,248,611</u>
Net change in fund balances	3,971,554	1,367,379	5,911,499	11,250,432
Fund Balances, at beginning of year, as reclassified	<u>52,376,805</u>	<u>9,191,623</u>	<u>20,726,520</u>	<u>82,294,948</u>
Fund Balances, at end of year	<u>\$ 56,348,359</u>	<u>\$ 10,559,002</u>	<u>\$ 26,638,019</u>	<u>\$ 93,545,380</u>

Source: Extracted from the audited Financial Statements of the Town.

**TOWN OF NEEDHAM, MA
GOVERNMENTAL FUNDS
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
AS OF JUNE 30, 2021 (1)**

	<u>General</u>	<u>Community Preservation</u>	<u>Public Safety Building</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental</u>
Revenues:					
Property taxes	\$ 161,661,687	\$ 2,827,425	\$ -	\$ -	\$ 164,489,112
Excise taxes	5,129,306	-	-	-	5,129,306
Penalties, interest, and other taxes	1,282,028	6,203	-	-	1,288,231
Charges for services	4,080,388	-	-	4,227,594	8,307,982
Departmental	1,141,220	-	-	-	1,141,220
Licenses and permits	2,068,299	-	-	-	2,068,299
Intergovernmental	24,623,021	754,080	-	11,461,566	36,838,667
Investment income	366,542	111,711	-	682,449	1,160,702
Fines and forfeitures	60,974	-	-	-	60,974
Contributions	-	-	-	794,229	794,229
Other	596,281	-	-	44,321	640,602
Total Revenues	201,009,746	3,699,419	-	17,210,159	221,919,324
Expenditures:					
Current:					
General government	7,716,310	395,952	-	1,615,881	9,728,143
Public safety	21,652,212	-	-	2,447,010	24,099,222
Education	110,087,932	-	-	10,196,625	120,284,557
Public works	25,345,822	-	-	62,409	25,408,231
Building design and construction	576,958	-	-	-	576,958
Health and human services	2,919,012	-	-	291,031	3,210,043
Culture and recreation	3,198,287	3,000	-	470,730	3,672,017
Employee benefits	1,062,733	-	-	-	1,062,733
Other	667,584	-	-	-	667,584
Capital outlay	-	-	20,577,691	5,117,998	25,695,689
Debt service:					
Principal	13,374,000	-	-	-	13,374,000
Interest and fiscal charges	4,625,560	-	-	-	4,625,560
Intergovernmental	1,521,825	-	-	-	1,521,825
Total Expenditures	192,748,235	398,952	20,577,691	20,201,684	233,926,562
Excess (deficiency) of revenues over expenditures	8,261,511	3,300,467	(20,577,691)	(2,991,525)	(12,007,238)
Other Financing Sources (Uses):					
Issuance of bonds	-	-	19,160,000	247,000	19,407,000
Issuance of refunding bonds	-	-	-	4,668,000	4,668,000
Premium on bonds	-	-	1,583,000	10,000	1,593,000
Premium on refunding bonds	-	-	-	687,000	687,000
Deposit to refunding escrow	-	-	-	(5,355,000)	(5,355,000)
Transfers in	3,074,432	-	1,600,000	5,464,633	10,139,065
Transfers out	(7,609,338)	(1,518,734)	-	(27,411)	(9,155,483)
Total Other Financing Sources (Uses)	(4,534,906)	(1,518,734)	22,343,000	5,694,222	21,983,582
Net change in fund balances	3,726,605	1,781,733	1,765,309	2,702,697	9,976,344
Fund Balances, at beginning of year, as reclassified	48,650,200	7,409,890	1,729,430	14,529,084	72,318,604
Fund Balances, at end of year	\$ 52,376,805	\$ 9,191,623	\$ 3,494,739	\$ 17,231,781	\$ 82,294,948

(1) Extracted from the audited Financial Statements of the Town.

**TOWN OF NEEDHAM, MA
GOVERNMENTAL FUNDS
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
AS OF JUNE 30, 2020 (1)**

	<u>General</u>	<u>Community Preservation</u>	<u>Public Safety Building</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes	\$ 150,349,498	\$ 2,609,353	\$ -	\$ -	\$ 152,958,851
Excise taxes	5,679,213	-	-	-	5,679,213
Penalties, interest, and other taxes	2,050,592	3,019	-	-	2,053,611
Charges for services	2,812,847	-	-	5,630,247	8,443,094
Departmental	1,585,175	-	-	-	1,585,175
Licenses and permits	2,376,998	-	-	-	2,376,998
Intergovernmental	23,176,245	592,379	-	9,101,388	32,870,012
Investment income (loss)	1,105,210	110,497	-	113,745	1,329,452
Fines and forfeitures	239,211	-	-	-	239,211
Contributions	-	-	-	435,663	435,663
Other	<u>410,840</u>	<u>-</u>	<u>-</u>	<u>64,793</u>	<u>475,633</u>
Total Revenues	189,785,829	3,315,248	-	15,345,836	208,446,913
Expenditures:					
Current:					
General government	6,666,599	1,975,790	-	149,746	8,792,135
Public safety	21,078,179	-	-	466,217	21,544,396
Education	103,940,650	-	-	9,522,074	113,462,724
Public works	21,428,807	-	-	38,624	21,467,431
Building design and construction	800,273	-	-	-	800,273
Health and human services	2,590,784	-	-	835,965	3,426,749
Culture and recreation	3,237,918	-	-	538,078	3,775,996
Employee benefits	790,253	-	-	-	790,253
Other	608,251	-	-	-	608,251
Capital outlay	-	372,853	24,390,818	18,246,084	43,009,755
Debt service:					
Principal	9,542,526	-	-	-	9,542,526
Interest and fiscal charges	3,896,575	-	-	-	3,896,575
Intergovernmental	<u>1,445,490</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,445,490</u>
Total Expenditures	<u>176,026,305</u>	<u>2,348,643</u>	<u>24,390,818</u>	<u>29,796,788</u>	<u>232,562,554</u>
Excess (deficiency) of revenues over expenditures	13,759,524	966,605	(24,390,818)	(14,450,952)	(24,115,641)
Other Financing Sources (Uses):					
Issuance of bonds	-	-	30,105,000	17,508,000	47,613,000
Issuance of refunding bonds	4,990,000	-	-	-	4,990,000
Premium on bonds	-	-	1,895,000	2,907,408	4,802,408
Premium on refunding bonds	874,887	-	-	-	874,887
Deposit to refunding escrow	(5,908,925)	-	-	-	(5,908,925)
Transfers in	3,010,210	50,000	-	15,728,195	18,788,405
Transfers out	<u>(15,771,425)</u>	<u>(1,185,317)</u>	<u>-</u>	<u>(1,320,336)</u>	<u>(18,277,078)</u>
Total Other Financing Sources (Uses)	<u>(12,805,253)</u>	<u>(1,135,317)</u>	<u>32,000,000</u>	<u>34,823,267</u>	<u>52,882,697</u>
Net change in fund balances	954,271	(168,712)	7,609,182	20,372,315	28,767,056
Fund Balances, at beginning of year, as reclassified	<u>47,715,208</u>	<u>7,578,602</u>	<u>(5,879,752)</u>	<u>(5,357,791)</u>	<u>44,056,267</u>
Fund Balances, at end of year	<u>\$ 48,669,479</u>	<u>\$ 7,409,890</u>	<u>\$ 1,729,430</u>	<u>\$ 15,014,524</u>	<u>\$ 72,823,323</u>

(1) Extracted from the audited Financial Statements of the Town.

**TOWN OF NEEDHAM, MA
GOVERNMENTAL FUNDS
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
AS OF JUNE 30, 2019 (1)**

	<u>General</u>	<u>Community Preservation</u>	<u>Sunita L. Williams School</u>	<u>Public Safety Building</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:						
Property taxes	\$ 141,476,623	\$ 2,468,833	\$ -	\$ -	\$ -	\$ 143,945,456
Excise taxes	6,138,951	-	-	-	-	6,138,951
Penalties, interest, and other taxes	2,408,784	3,189	-	-	-	2,411,973
Charges for services	1,684,919	-	-	-	7,475,916	9,160,835
Departmental	2,052,584	-	-	-	-	2,052,584
Licenses and permits	2,587,095	-	-	-	-	2,587,095
Intergovernmental	21,724,476	438,305	7,252,591	-	6,405,203	35,820,575
Investment income (loss)	1,223,466	384,021	-	-	174,032	1,781,519
Fines and forfeitures	209,162	-	-	-	-	209,162
Contributions	-	-	-	-	472,767	472,767
Other	356,613	-	-	-	36,589	393,202
Total Revenues	179,862,673	3,294,348	7,252,591	-	14,564,507	204,974,119
Expenditures:						
Current:						
General government	6,830,257	2,115	-	-	109,819	6,942,191
Public safety	20,033,593	-	-	-	354,416	20,388,009
Education	98,145,562	-	-	-	12,271,053	110,416,615
Public works	19,923,360	-	-	-	457,303	20,380,663
Building design and construction	645,481	-	-	-	-	645,481
Health and human services	2,461,346	-	-	-	569,605	3,030,951
Culture and recreation	2,987,961	3,480	-	-	548,663	3,540,104
Employee benefits	790,238	-	-	-	-	790,238
Other	556,798	-	-	-	-	556,798
Capital outlay	-	384,506	27,493,314	5,879,752	29,835,802	63,593,374
Debt service:						
Principal	7,722,526	-	-	-	-	7,722,526
Interest	2,282,765	-	-	-	-	2,282,765
Intergovernmental	1,389,486	-	-	-	-	1,389,486
Total Expenditures	163,769,373	390,101	27,493,314	5,879,752	44,146,661	241,679,201
Excess (deficiency) of revenues over expenditures	16,093,300	2,904,247	(20,240,723)	(5,879,752)	(29,582,154)	(36,705,082)
Other Financing Sources (Uses):						
Issuance of bonds	-	-	18,000,000	-	13,000,000	31,000,000
Bond premium	-	-	1,745,331	-	13,221	1,758,552
Transfers in	2,214,458	-	2,865,000	-	18,050,979	23,130,437
Transfers out	(19,319,938)	(941,494)	-	-	(410,585)	(20,672,017)
Total Other Financing Sources (Uses)	(17,105,480)	(941,494)	22,610,331	-	30,653,615	35,216,972
Net change in fund balances	(1,012,180)	1,962,753	2,369,608	(5,879,752)	1,071,461	(1,488,110)
Fund Balances, at beginning of year, as reclassified	48,053,088	5,615,849	(10,553,154)	-	1,007,182	44,122,965
Fund Balances, at end of year	\$ 47,040,908	\$ 7,578,602	\$ (8,183,546)	\$ (5,879,752)	\$ 2,078,643	\$ 42,634,855

(1) Extracted from the audited Financial Statements of the Town.

**TOWN OF NEEDHAM, MA
GOVERNMENTAL FUNDS
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
AS OF JUNE 30, 2018 (1)**

	<u>General</u>	<u>Community Preservation</u>	<u>Sunita L. Williams School</u>	<u>Rosemary Recreation Complex</u>	<u>Needham High School Expansion</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:							
Property taxes	\$ 132,578,018	\$ 2,300,322	\$ -	\$ -	\$ -	\$ -	\$ 134,878,340
Excise taxes	5,910,555	-	-	-	-	-	5,910,555
Penalties, interest, and other taxes	2,132,175	2,453	-	-	-	-	2,134,628
Charges for services	1,528,075	-	-	-	-	6,967,230	8,495,305
Departmental	1,852,700	-	-	-	-	-	1,852,700
Licenses and permits	2,598,567	-	-	-	-	-	2,598,567
Intergovernmental	20,403,002	368,739	2,017,071	-	-	7,130,486	29,919,298
Investment income (loss)	682,322	(176,907)	-	-	-	154,872	660,287
Fines and forfeitures	192,010	-	-	-	-	-	192,010
Contributions	-	-	-	-	-	429,729	429,729
Other	313,342	-	-	-	-	31,347	344,689
Total Revenues	168,190,766	2,494,607	2,017,071	-	-	14,713,664	187,416,108
Expenditures:							
Current:							
General government	5,617,952	5,182	-	-	-	119,117	5,742,251
Public safety	16,842,201	-	-	-	-	1,180,774	18,022,975
Education	86,532,516	-	-	-	-	11,508,817	98,041,333
Public works	8,860,429	-	-	-	-	1,749,368	10,609,797
Maintenance	9,077,653	-	-	-	-	-	9,077,653
Health and human services	1,837,753	-	-	-	-	557,542	2,395,295
Culture and recreation	2,342,237	-	-	-	-	366,142	2,708,379
Employee benefits	12,616,631	-	-	-	-	-	12,616,631
Other	521,244	-	-	-	-	-	521,244
Capital outlay	-	946,647	11,249,083	11,060,244	4,445,253	9,642,658	37,343,885
Debt service:							
Principal	8,139,526	-	-	-	-	-	8,139,526
Interest	2,461,942	-	-	-	-	-	2,461,942
Intergovernmental	1,333,038	-	-	-	-	-	1,333,038
Total Expenditures	156,183,122	951,829	11,249,083	11,060,244	4,445,253	25,124,418	209,013,949
Excess (deficiency) of revenues over expenditures	12,007,644	1,542,778	(9,232,012)	(11,060,244)	(4,445,253)	(10,410,754)	(21,597,841)
Other Financing Sources (Uses):							
Bond premium	-	-	-	-	-	6,400	6,400
Transfers in	2,007,530	75,000	575,000	1,030,000	2,634,000	6,420,894	12,742,424
Transfers out	(11,262,143)	(1,479,164)	-	-	-	(374,952)	(13,116,259)
Total Other Financing Sources (Uses)	(9,254,613)	(1,404,164)	575,000	1,030,000	2,634,000	6,052,342	(367,435)
Net change in fund balances	2,753,031	138,614	(8,657,012)	(10,030,244)	(1,811,253)	(4,358,412)	(21,965,276)
Fund Balances, at beginning of year, as reclassified	45,300,057	5,477,235	(1,896,142)	3,254,440	-	13,952,651	66,088,241
Fund Balances, at end of year	\$ 48,053,088	\$ 5,615,849	\$ (10,553,154)	\$ (6,775,804)	\$ (1,811,253)	\$ 9,594,239	\$ 44,122,965

(1) Extracted from the audited Financial Statements of the Town.

Free Cash and Unassigned General Fund Balances

Under Massachusetts law an amount known as "free cash" is certified as of the beginning of each fiscal year by the State Bureau of Accounts and this, together with certain subsequent tax receipts, is used as the basis for subsequent appropriations from available funds, which are not required to be included in the annual tax levy. Subject to certain adjustments, free cash is surplus revenue (or, in the Town's case, Unreserved Fund Balance) less uncollected and overdue property taxes from prior years.

The following table sets forth the trend in free cash as certified by the Bureau of Accounts as well as the Unassigned General Fund balance.

<u>Fiscal Year</u>	<u>Free Cash (July 1)</u>	<u>Unassigned General Fund Balance</u>
2022	\$ 17,356,938	\$ 29,383,540
2021	16,952,126	28,063,054
2020	16,665,406	28,831,766
2019	12,369,898	19,403,198
2018	10,387,871	17,817,111

Stabilization Fund

The Town maintains a stabilization fund, which is accounted for in the Trust Funds. Funded by an appropriation, the Stabilization Fund plus interest income may be appropriated at an annual or special town meeting for any purpose. The following table sets forth the trend in Stabilization Fund balance.

<u>Fiscal Year</u>	<u>Stabilization Fund Balance (June 30)</u>
2023	\$ 4,665,099
2022	4,550,110
2021	4,492,394
2020	4,365,010
2019	4,187,517

Capital Improvement Fund

The Town continues to provide additional funding to its capital improvement fund, which helps ensure the replacement of capital equipment, however there were no draws on the Town's Stabilization Fund to support any operating or capital expenditures. The following table sets forth the trend in Capital Improvement Fund balance.

<u>Fiscal Year</u>	<u>Capital Improvement Fund Balance (June 30)</u>
2023	\$ 1,145,249
2022	1,110,590
2021	1,097,070
2020	1,095,016
2019	910,577

Capital Facility Fund

The Capital Facilities Fund exists primarily to fund building improvements. The following table sets forth the trend in Capital Facility Fund balance at June 30.

<u>Fiscal Year</u>	<u>Capital Facility Fund Balance</u>
2023	\$ 2,006,242
2022	1,927,853
2021	1,921,686
2020	1,918,088
2019	1,866,376

Athletic Facility Fund

In fiscal year 2013, the Town created a stabilization fund to cover the costs of the eventual replacement of the Town's artificial turf fields. The following table sets forth the trend in Athletic Facility Fund balance at June 30.

<u>Fiscal Year</u>	<u>Athletic Facility Fund Balance</u>
2023	\$ 1,103,910
2022	978,607
2021	270,204
2020 (1)	269,698
2019	2,686,229

(1) In fiscal 2020 \$2.5 million was appropriated from the Athletic facilities fund to fund synthetic field replacement and related work to various fields throughout Town (Article #38 of the 2019 Annual Town Meeting). \$75,000 was appropriated to the Athletic Facilities Fund from the General Fund (Article # 42 of the 2019 Annual Town Meeting).

Debt Service Stabilization Fund

In fiscal year 2016, the Town created a stabilization fund the purpose of which is to allow the Town by appropriation to reserve funds to pay the debt service for engineering and design, renovation, reconstruction or construction of Town facilities. The following table sets forth the trend in Debt Service Stabilization Fund balance at June 30.

<u>Fiscal Year</u>	<u>Debt Service Stabilization Fund Balance</u>
2023	\$ 2,248,681
2022	2,160,996
2021	2,154,083
2020	2,150,062
2019	2,114,506

Tax Increment Financing for Development Districts

Under recent legislation, cities and towns are authorized to establish development districts to encourage increased residential, industrial and commercial activity. All or a portion of the taxes on growth in assessed value in such districts may be pledged and used solely to finance economic development projects pursuant to the city or town's development program for the district. This includes pledging such "tax increments" for the payment of bonds issued to finance such projects. As a result of any such pledge, tax increments raised from new growth properties in development districts are not available for other municipal purposes. Tax increments are taken into account in determining the total taxes assessed for the purpose of calculating the maximum permitted tax levy under Proposition 2 ½, (see "Tax Limitations" under "PROPERTY TAXATION" above.) The Town has not established any such district.

The Town has a TIF agreement with TripAdvisor, 13 years in total, currently at a 76% exemption that declined to a 1% exemption effective 2021. The Town also has a TIF agreement with NBC Universal, 10 years in total, with a 70% exemption for the first 4 years that declines to 5% in year 5, and then 1% for years 6 through 10. The exemptions apply only on the new growth value.

INDEBTEDNESS

Authorization Procedure and Limitations

Serial bonds and notes are authorized by vote of two-thirds of all the members of the city council (subject to the mayor's veto where the mayor has a veto power) or a two-thirds vote of the town meeting. Provision is made in some cities and towns for a referendum on the borrowing authorization if there is a timely filing of a petition bearing the requisite number of signatures. Refunding bonds and notes are authorized by the city council, the selectmen or either the prudential committee or the commissioners of a district if there is no prudential committee. Borrowings for some purposes require State administrative approval.

When serial bonds or notes have been authorized, bond anticipation notes may be issued by the officers authorized to issue the serial bonds or notes. Temporary loans in anticipation of revenue of the fiscal year in which the debt is incurred or in anticipation of authorized federal and state aid generally may be incurred by the Treasurer with the approval of the selectmen.

Debt Limits

General Debt Limit. The general debt limit of the Town consists of a normal debt limit and a double debt limit. The normal debt limit is 5 percent of the valuation of taxable property as last equalized by the State Department of Revenue. The Town can authorize debt up to this amount without State approval. It can authorize debt up to twice this amount (the double debt limit) with the approval of the State Municipal Finance Oversight Board.

There are many categories of general obligation debt which are exempt from and do not count against the General Debt Limit if such debt is authorized by a two-thirds vote of the city or town and such debt is payable within the periods so specified in Mass. Gen. Laws. c. 44, §8. Among others, these exempt categories include revenue anticipation notes and grant anticipation notes; emergency loans; loans exempted by special laws; certain school bonds, certain sewer bonds, solid waste disposal facility bonds and economic development bonds supported by tax increment financing, bonds for water, housing, urban renewal and economic development (subject to various debt limits), and electric, gas, community antenna television systems, and telecommunications systems. Revenue bonds are not subject to these debt limits. The General Debt Limit applies at the time the debt is authorized. The special debt limits generally apply at the time the debt is incurred.

Revenue Anticipation Notes. The amount borrowed in each fiscal year by the issue of revenue anticipation notes is limited to the tax levy of the prior fiscal year, together with the net receipts in the prior fiscal year from the motor vehicle excise and certain payments made by the Commonwealth in lieu of taxes. The fiscal year ends on June 30. Notes may mature in the following fiscal year, and notes may be refunded into the following fiscal year to the extent of the uncollected, unabated current tax levy and certain other items, including revenue deficits, overlay deficits, final judgments and lawful unappropriated expenditures, which are to be added to the next tax levy, but excluding deficits arising from a failure to collect taxes of earlier years. (See "Taxation to Meet Deficits" above.) In any event, the period from an original borrowing to its final maturity cannot exceed one year.

Types Of Obligations

General Obligations. Massachusetts cities and towns are authorized to issue general obligation indebtedness of these types:

Serial Bonds and Notes. These are generally required to be payable in annual principal amounts beginning no later than the end of the next fiscal year commencing after the date of issue and ending within the terms permitted by law. A level debt service schedule, or a schedule that provides for a more rapid amortization of principal than level debt service, is permitted. The principal amounts of certain economic development bonds supported by tax increment financing may be payable in equal, diminishing or increasing amounts beginning within 5 years after the date of issue. The maximum terms of serial bonds and notes vary from one year to 40 years, depending on the purpose of the issue. The maximum terms permitted are set forth in the statutes. In addition, for many projects, the maximum term may be determined in accordance with useful life guidelines promulgated by the State Department of Revenue ("DOR"). Serial bonds and notes may be issued for the purposes set forth in the statutes. In addition, serial bonds and notes may be issued for any other public work improvement or asset not specifically listed in the Statutes that has a useful life of at least 5 years. Bonds or notes may be made callable and redeemed prior to their maturity, and a redemption premium may be paid. Refunding bonds or notes may be issued subject to the maximum applicable term measured from the date of the original bonds or notes and must produce present value savings over the debt service of the refunded bonds. Generally, the first required annual payment of principal of the refunding bonds cannot be later than the end of the fiscal year in which any of the bonds or notes being refunded thereby is payable, however, principal payments made before the first principal payment of any of the bonds or notes being refunded thereby may be in any amount.

Serial bonds may be issued as "qualified bonds" with the approval of the state Municipal Finance Oversight Board composed of the State Treasurer, the State Auditor, the Attorney General and the Director of Accounts, subject to such conditions and

limitations (including restrictions on future indebtedness) as may be required by the Board. Qualified bonds may mature not less than 10 nor more than 30 years from their dates and are not subject to the amortization requirements described above. The State Treasurer is required to pay the debt service on qualified bonds and thereafter to withhold the amount of the debt service paid by the State from state aid or other state payments; administrative costs and any loss of interest income to the State are to be assessed upon the city or town.

Tax Credit Bonds or Notes. Subject to certain provisions and conditions, the officers authorized to issue bonds or notes may designate any duly authorized issue of bonds or notes as "tax credit bonds" to the extent such bonds and notes are otherwise permitted to be issued with federal tax credits or other similar subsidies for all or a portion of the borrowing costs. Tax credit bonds may be made payable without regard to the annual installments required by any other law, and a sinking fund may be established for the payment of such bonds. Any investment that is part of such a sinking fund may mature not later than the date fixed for payment or redemption of the applicable bonds.

Bond Anticipation Notes. These generally must mature within two years of their original dates of issuance but may be refunded from time to time for a period not to exceed ten years from their original dates of issuance, provided that for each year that the notes are refunded beyond the second year they must be paid in part from revenue funds in an amount at least equal to the minimum annual payment that would have been required if the bonds had been issued at the end of the second year. The maximum term of bonds issued to refund bond anticipation notes is measured from the date of the original issue of the notes.

Revenue Anticipation Notes. These are issued to meet current expenses in anticipation of taxes and other revenues. They must mature within one year but, if payable in less than one year, may be refunded from time to time up to one year from the original date of issue.

Grant Anticipation Notes. These are issued for temporary financing in anticipation of federal grants and state and county reimbursements for any purpose for which the city or town may incur debt that may be payable over a term of five years or longer. Generally, they must mature within two years but may be refunded from time to time as long as the municipality remains entitled to the grant or reimbursement.

Revenue Bonds. Cities and towns may issue revenue bonds for solid waste disposal facilities and for projects financed under the Commonwealth's Clean Water or Drinking Water Revolving Loan Programs and for certain economic development projects supported by tax increment financing. In addition to general obligation bonds and notes, cities and towns which are members of the New England Power Pool may issue electric revenue bonds, and notes in anticipation of such bonds, subject to the approval of the Department of Public Utilities.

DIRECT DEBT SUMMARY As of June 30, 2023 (1)

Long-Term Debt Outstanding:

Within the General Debt Limit:		
Schools (2)	\$ 20,428,000	
Sewers & Drains	3,485,256	
Other Inside General (3)	74,752,000	
Total Within the General Debt Limit		\$ 98,665,256
Outside the General Debt Limit:		
Schools (2)	\$ 15,120,000	
Water	3,578,403	
Sewer	176,000	
Other Outside General (3)	3,040,000	
Total Outside the General Debt Limit		21,914,403
Total Long-Term Debt Outstanding		120,579,659

Short-Term Debt Outstanding:

Bond Anticipation Notes (4)	3,060,000	
To be retired with revenue funds of the Town	(778,000)	
Total Short-Term Debt Outstanding after This Issue (5)		2,282,000
Total Direct Debt after This Issue:		\$ 122,861,659

(1) Principal amounts only. Excludes lease and installment purchase obligations, overlapping debt, unfunded pension liability and other post-employment benefits liability.

(2) Debt service on the principal amount of \$31,048,000 is exempt from the limitations of Proposition 2 ½.

(3) Debt service on the principal amount of \$53,590,000 is exempt from the limitations of Proposition 2 ½.

(4) Payable October 16, 2023.

(5) This issue, payable July 30, 2024.

Debt Ratios

The following table sets forth debt as a percentage of assessed valuation and per capita debt at the end of the following fiscal years. The table considers the principal amount of general obligation bonds of the Town. The table does not deduct anticipated state grant payments applicable to the principal amount of outstanding bonds or debt that may be supported in whole, or part, by non-tax revenues.

Fiscal Year End	General Obligation Bonds Outstanding	Population (2020 Federal Census)	Local Assessed Valuation	Per Capita Debt	Debt as a % of Assessed Valuation
2023	\$ 120,579,659	32,091	12,247,868,326	\$ 3,757	0.98 %
2022	135,198,749	32,091	11,311,678,964	4,213	1.20
2021	139,850,734	32,091	11,045,730,479	4,358	1.27
2020	135,780,762	32,091	10,803,763,473	4,231	1.26
2019	99,468,508	32,091	10,168,817,191	3,100	0.98

Principal Payments by Purpose

The following table sets forth the principal payments by purpose for the Town's outstanding bonds as of June 30, 2023.

GENERAL OBLIGATION BONDS As of June 30, 2023

Year	General	School	Water	Sewer	Total (1)
2024	\$ 5,813,000	\$ 4,872,000	\$ 484,795	\$ 420,644	\$ 11,590,439
2025	5,508,000	4,237,000	485,633	427,222	10,657,855
2026	5,242,000	3,503,000	446,488	345,942	9,537,430
2027	5,232,000	3,048,000	447,359	352,809	9,080,168
2028	4,882,000	2,638,000	448,248	354,825	8,323,073
2029	4,872,000	2,278,000	236,029	336,993	7,723,022
2030	4,547,000	1,603,000	236,953	344,317	6,731,270
2031	4,477,000	1,603,000	237,898	351,800	6,669,698
2032	4,422,000	1,598,000	190,000	359,446	6,569,446
2033	4,422,000	1,598,000	185,000	367,258	6,572,258
2034	4,245,000	1,045,000	180,000	-	5,470,000
2035	3,875,000	1,045,000	-	-	4,920,000
2036	3,625,000	720,000	-	-	4,345,000
2037	3,625,000	720,000	-	-	4,345,000
2038	3,120,000	720,000	-	-	3,840,000
2039	2,955,000	720,000	-	-	3,675,000
2040	2,720,000	720,000	-	-	3,440,000
2041	1,830,000	720,000	-	-	2,550,000
2042	1,000,000	720,000	-	-	1,720,000
2043	460,000	720,000	-	-	1,180,000
2044	460,000	720,000	-	-	1,180,000
2045	460,000	-	-	-	460,000
TOTAL	<u>\$ 77,792,000</u>	<u>\$ 35,548,000</u>	<u>\$ 3,578,403</u>	<u>\$ 3,661,256</u>	<u>\$ 120,579,659</u>

(1) \$84,638,000 of principal and \$21,653,503 of interest has been voted exempt from Proposition 2½, subject to the limits imposed by Chapter 44, Section 20 of the General Laws.

Debt Service Requirements

The following table sets forth the required principal and interest payments on the outstanding general obligation bonds of the Town as of June 30, 2023.

GENERAL OBLIGATION DEBT As of June 30, 2023 (1)

Fiscal Year	Outstanding		Total Net Debt	Cumulative
	Principal	Interest	Service	% Retired
2024	\$ 11,590,439	\$ 4,146,469	\$ 15,736,908	9.6 %
2025	10,657,855	3,664,124	14,321,979	18.5
2026	9,537,430	3,233,881	12,771,311	26.4
2027	9,080,168	2,854,833	11,935,001	33.9
2028	8,323,073	2,486,980	10,810,053	40.8
2029	7,723,022	2,149,888	9,872,910	47.2
2030	6,731,270	1,846,103	8,577,373	52.8
2031	6,669,698	1,599,949	8,269,647	58.3
2032	6,569,446	1,371,297	7,940,743	63.8
2033	6,572,258	1,145,651	7,717,909	69.2
2034	5,470,000	955,103	6,425,103	73.7
2035	4,920,000	813,559	5,733,559	77.8
2036	4,345,000	694,019	5,039,019	81.4
2037	4,345,000	581,106	4,926,106	85.0
2038	3,840,000	472,794	4,312,794	88.2
2039	3,675,000	373,634	4,048,634	91.3
2040	3,440,000	280,753	3,720,753	94.1
2041	2,550,000	191,225	2,741,225	96.2
2042	1,720,000	125,650	1,845,650	97.7
2043	1,180,000	72,300	1,252,300	98.6
2044	1,180,000	33,300	1,213,300	99.6
2045	460,000	6,900	466,900	100.0
Total	<u>\$ 120,579,659</u>	<u>\$ 29,099,520</u>	<u>\$ 149,679,178</u>	

(1) \$84,638,000 of principal and \$21,653,503 of interest has been voted exempt from Proposition 2½, subject to the limits imposed by Chapter 44, Section 20 of the General Laws.

Authorized Unissued Debt and Prospective Financing

The Town currently has the following authorized debt which has not been bonded:

Amount	Purpose	Original Authorization
\$ 35,000	Public Works Storage Facility Design & Construction	\$ 3,503,000
120,000	RTS Property Repairs	645,000
3,740,000	Water Distribution Improvements	4,500,000
1,400,000	Public Safety Building and Fire Station #2	1,400,000
204,500	Sewer Main Replacement	363,000
700,000	Water Service Connections	1,000,000
15,000	Emery Grover Building Design and Renovation	1,475,000
12,860,000	Emery Grover Building Addition and Renovation	14,150,000
1,295,000	Additional Emery Grover Building Addition and Renovation	1,295,000
2,500,000	Charles River Street Land Acquisition	2,500,000
9,000,000	Broadmeadow and Eliot School Rooftop Unit Replacement	9,000,000
4,000,000	South Street Water System Distribution Improvements	4,000,000
<u>\$ 35,869,500</u>		

Overlapping Debt

The Town is a member of the MWRA, the MBTA and the Minuteman Regional Vocational Technical School District. The following table sets forth the outstanding bonded debt, exclusive of temporary loans in anticipation of bonds or current revenue, of Norfolk County, the MWRA, the MBTA and the Minuteman Regional Vocational Technical School District, and the Town's estimated gross share of such debt and the estimated fiscal year 2024 dollar assessment for each (except as noted below).

Overlapping Entity	Outstanding Debt	Needham's Estimated Share (1)	Fiscal 2024 Dollar Assessment (2)
Norfolk County (3)	\$ 15,315,000	7.000 %	\$ 466,863
Massachusetts Water Resources Authority (4)			
Water	1,857,602,000	0.602	1,887,130
Sewer	2,971,349,000	1.316	7,084,841
Massachusetts Bay Transportation Authority (5)	5,896,383,000	0.434	777,274
Minuteman Regional Vocational Technical School District (6)	94,610,000	N/A	1,640,461

(1) Estimated share based on debt service only.

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

(3) SOURCE: Norfolk County Treasurer. Debt as of June 30, 2023. County expenses including debt service on county bonds are assessed upon the cities and towns within the county in proportion to their taxable valuation as last equalized by the State Commissioner of Revenue. Amounts shown are based on the most recent equalized valuations. Legislation was enacted in 1997 abolishing the county governments of Franklin and Middlesex Counties as of July 1, 1997, with their assets, functions, debts and other obligations being assumed by the Commonwealth. The legislation also abolished the county governments of Hampden and Worcester counties as of July 1, 1998. Legislation enacted in 1998 abolished the county governments of Hampshire, Essex and Berkshire counties as of January 1, 1999, July 1, 1999 and July 1, 2000, respectively. The legislation also requires the state secretary for administration and finance to establish a plan to recover the Commonwealth's expenditures for the liabilities and other debts assumed and paid by the Commonwealth on behalf of an abolished county. Unless these provisions are changed by further legislation, the state treasurer shall assess upon each city and town within the jurisdiction of an abolished county an amount not exceeding or equal to the county tax paid by each such city and town for the fiscal year immediately prior to the abolishment of the county until such expenditures by the Commonwealth are recovered. It is possible that similar legislation will be sought to provide for the abolishment of county government in all the remaining counties.

(4) SOURCE: MWRA. Debt as of June 30, 2022. The MWRA provides wholesale drinking water services and wastewater collection and treatment services to certain cities, towns and special purpose entities. Under its enabling legislation, as amended, the aggregate principal amount of all bonds issued by the MWRA for its corporate purposes may not exceed \$6.45 billion outstanding at any time. Its obligations are secured by revenues of the MWRA. The MWRA assesses member cities, towns and special purpose entities, which continue to provide direct retail water and sewer services to users. The cities, towns and other entities collect fees from the users to pay all or part of the assessments; some municipalities levy property taxes to pay part of the amounts assessed upon them.

(5) SOURCE: MBTA. Debt as of June 30, 2022. The MBTA was created in 1964 to finance and operate mass transportation facilities within the greater Boston metropolitan area. Under its enabling act, the MBTA is authorized to issue bonds for capital purposes. In addition, pursuant to certain of the Commonwealth's transportation bond bills, the MBTA is authorized to issue additional bonds for particular capital projects. The MBTA also is authorized to issue bonds of the purpose of refunding bonds. Under the MBTA's enabling act debt service, as well as other operating expenses of the MBTA, are to be financed by a dedicated revenue stream consisting of the amounts assessed on the cities and towns of the MBTA and a dedicated portion of the statewide sales tax. The amount assessed to each city and town is based on a weighted population formula as provided in the enabling act. The aggregate amount of such assessments is generally not permitted to increase by more than 2.5 percent per year. (See "Tax Limitations" under "PROPERTY TAX" below.)

(6) SOURCE: Minuteman Regional Vocational Technical School District. Debt as of June 30, 2023. Towns may organize regional school districts to carry out general or specialized educational functions. Pursuant to special laws a number of cities may also participate in regional school districts, primarily for vocational education. The operating expenses and debt service of regional school districts are apportioned among the member municipalities in accordance with the agreements establishing the districts subject to the provisions of the Education Reform Act of 1993.

Contractual Obligations

Municipal contracts are generally limited to currently available appropriations. A city or town generally has authority to enter into contracts for the exercise of any of its corporate powers for any period of time deemed to serve its best interest, but generally only when funds are available for the first fiscal year; obligations for succeeding fiscal years generally are expressly subject to availability and appropriation of funds. Municipalities have specific authority in relatively few cases to enter long-term contractual obligations that are not subject to annual appropriation, including contracts for refuse

disposal and sewage treatment and disposal. Municipalities may also enter into long-term contracts in aid of housing and renewal projects. There may be implied authority to make other long-term contracts required to carry out authorized municipal functions, such as contracts to purchase water from private water companies.

Municipal contracts relating to solid waste disposal facilities may contain provisions requiring the delivery of minimum amounts of waste and payments based thereon and requiring payments in certain circumstances without regard to the operational status of the facilities.

Municipal electric departments have statutory power to enter into long-term contracts for joint ownership and operation of generating and transmission facilities and for the purchase or sale of capacity, including contracts requiring payments without regard to the operational status of the facilities. The Town does not have an electric light department.

Pursuant to the Home Rule Amendment to the Massachusetts Constitution, cities and towns may also be empowered to make other contracts and leases.

The Town currently has a twenty-year contract with WIN Waste Innovation for transportation and disposal of solid waste expiring June 30, 2028. The tipping fee rate is \$76.60 per ton for fiscal year 2024. The cost of this contract was \$692,296 in fiscal 2023 and the Town budgeted \$758,660 for fiscal 2024.

RETIREMENT PLAN

The Massachusetts General Laws provide for the establishment of contributory retirement systems for state employees, for teachers and for county, city and town employees other than teachers. Teachers are assigned to a separate statewide teachers' system and not to the city and town systems. For all employees other than teachers, this law is subject to acceptance in each city and town. Substantially all employees of an accepting city or town are covered. If a town has a population of less than 10,000 when it accepts the statute, its non-teacher employees participate through the county system and its share of the county cost is proportionate to the aggregate annual rate of regular compensation of its covered employees. In addition to the contributory systems, cities and towns provide non-contributory pensions to a limited number of employees, primarily persons who entered service prior to July 1, 1937 and their dependents. The Public Employee Retirement Administration Commission ("PERAC") provides oversight and guidance for and regulates all state and local retirement systems.

The obligations of a city or town, whether direct or through a county system, are contractual legal obligations and are required to be included in the annual tax levy. If a city or town, or the county system of which it is a member, has not established a retirement system funding schedule as described below, the city or town is required to provide for the payment of the portion of its current pension obligations which is not otherwise covered by employee contributions and investment income. "Excess earnings," or earnings on individual employees' retirement accounts in excess of a predetermined rate, are required to be set aside in a pension reserve fund for future, not current, pension liabilities. Cities and towns may voluntarily appropriate to their system's pension reserve fund in any given year up to five percent of the preceding year's tax levy. The aggregate amount in the fund may not exceed ten percent of the equalized valuation of the city or town.

If a city or town, or each member city and town of a county retirement system, has accepted the applicable law, it is required to annually appropriate an amount sufficient to pay not only its current pension obligations, but also a portion of its future pension liability. The portion of each such annual payment allocable to future pension obligations is required to be deposited in the pension reserve fund. The amount of the annual city or town appropriation for each such system is prescribed by a retirement system funding schedule which is periodically reviewed and approved by PERAC. A system (other than the state employees' retirement system and the teachers' retirement system) which conducts an actuarial valuation as of January 1, 2009, or later, may establish a revised schedule which reduces the unfunded actuarial liability to zero by not later than June 30, 2040, subject to certain conditions. If the schedule is so extended under such provisions and a later updated valuation allows for the development of a revised schedule with reduced payments, the revised schedule shall be adjusted to provide that the appropriation for each year shall not be less than that for such year under the prior schedule, thus providing for a shorter schedule rather than reduced payments.

City, town and county systems may choose to participate in the Pension Reserves Investment Trust Fund (the "PRIT Fund"), which receives additional state funds to offset future pension costs of participating state and local systems. If a local system participates in the PRIT Fund, it must transfer ownership and control of all assets of its system to the Pension Reserves Investment Management Board, which manages the investment and reinvestment of the PRIT Fund. Cities and towns with systems participating in the PRIT Fund continue to be obligated to fund their pension obligations in the manner described above. The additional state appropriations to offset future pension liabilities of state and local systems participating in the PRIT Fund are required to total at least 1.3 percent of state payroll. Such additional state appropriations are deposited in the PRIT Fund and shared by all participating systems in proportion to their interests in the assets of the PRIT Fund as of July 1 for each fiscal year.

Cost-of-living increases for each local retirement system may be granted and funded only by the local system, and only if it has established a funding schedule. Those statutory provisions are subject to acceptance by the local retirement board and approval by the local legislative body, which acceptance may not be revoked.

The Town has its own retirement system, the Needham Contributory Retirement System ("NCRS"), a cost-sharing, multi-employer defined benefit public employee retirement system. The pension plan provides pension benefits, deferred allowances, and death and disability benefits. Substantially all employees of the Town are members of the NCRS, except teachers and administrators under contract employed by the school department, who are members of the Commonwealth of Massachusetts Teachers Contributory Retirement System, to which the Town does not contribute.

The following table sets forth the trend in the Town's pension appropriations to NCRS:

<u>Year Ending</u>	<u>Contributory</u>	<u>Non-Contributory</u>
June 30, 2024 (budgeted)	\$ 12,319,665	\$ -
June 30, 2023	11,263,367	-
June 30, 2022	10,276,804	-
June 30, 2021	9,368,084	-
June 30, 2020	8,577,048	-
June 30, 2019	7,934,482	-

The unfunded actuarial accrued liability of the System as of January 1, 2022 was approximately \$75,896,179. The System is 73.7% funded according to the January 1, 2022 actuarial study. The Town's current funding schedule amortizes the unfunded actuarial accrued liability to zero by 2033 as shown below.

<u>Fiscal Year Ended June 30</u>	<u>Employer Normal Cost</u>	<u>Amortization Payment of UAL</u>	<u>Net 3(8)(c) Transfers</u>	<u>Total Employer Cost</u>	<u>Unfunded Actuarial Accrued Liability at Beginning of Fiscal Year</u>
2023	\$ 3,964,641	\$ 7,066,720	\$ 375,736	\$ 11,407,097	\$ 75,896,179
2024	3,980,105	7,669,555	670,005	12,319,665	73,355,482
2025	4,104,678	8,530,553	670,005	13,305,236	70,034,604
2026	4,227,644	9,101,530	670,005	13,999,179	65,618,674
2027	4,320,996	9,465,591	670,005	14,456,592	60,338,199
2028	4,457,192	9,844,215	670,005	14,971,412	54,352,429
2029	4,580,981	10,237,983	670,005	15,488,969	47,602,272
2030	4,733,241	10,647,503	670,005	16,050,749	40,024,343
2031	4,866,974	11,073,402	670,005	16,610,381	31,550,670
2032	5,015,950	11,516,338	670,005	17,202,293	22,108,385
2033	5,157,542	11,976,993	670,005	17,804,540	11,619,390
2034	5,310,378	-	-	-	-

Notes:

- Actuarially determined contributions are assumed to be paid on July 1.
- Actuarially determined contribution for fiscal 2023 is set equal to the budgeted amount determined with prior valuation.
- Projected normal cost does not reflect the impact of pension reform for future hires.
- Amortization payments of unfunded actuarial accrued liability calculated to increase at 4.0% per year after phase-in.
- Projected unfunded actuarial accrued liability does not reflect deferred investment gains.

The foregoing data do not include the retirement system costs or liabilities of any larger entity, such as Norfolk County.

For additional information see Appendix A.

Other Post-Employment Benefits (OPEB)

In addition to pension benefits, cities and towns may provide retired employees with health care and life insurance benefits. The portion of the cost of such benefits paid by cities or towns is generally provided on a pay-as-you-go basis. For the last twelve years, the Town has been appropriating its Annual Required Cost (ARC) to the OPEB fund and pays the annual healthcare costs from the fund.

The following table sets forth the trend in OPEB appropriations.

Fiscal Year	OPEB Contribution
June 30, 2024 (budgeted)	\$ 8,199,280
June 30, 2023	8,844,474
June 30, 2022	7,426,237
June 30, 2021	7,197,713
June 30, 2020	6,906,705
June 30, 2019	6,906,705

The Governmental Accounting Standards Board ("GASB") promulgated accounting standards that require public sector entities to report the future costs of these non-pension, post-employment benefits in their financial statements. These accounting standards do not require pre-funding the payment of these costs as the liability for such costs accrues, but the basis applied by the standards for measurement of costs and liabilities for these benefits is conservative if they continue to be funded on a pay-as-you-go basis and will result in larger yearly cost and liability accruals than if the cost of such benefits were pre-funded in a trust fund in the same manner as traditional pension benefits. Cities and towns that choose to self-insure all or a portion of the cost of the health care benefits they provide to employees and retirees may establish a trust fund for the purpose of paying claims. In addition, cities and towns may establish a trust fund for the purpose of pre-funding other post-employment benefits liability in the same manner as traditional pension benefits.

The Town was required to implement the GASB reporting requirements for other post-employment benefits beginning in fiscal year 2009. The Town has hired an outside firm which has completed the actuarial valuation of its post-employment benefit liability. The unfunded actuarial accrued liability (UAAL) for the Town was \$65,795,307 as of June 30, 2022 (net of the balance in the OPEB Trust Fund). The actuarial assumptions reflect a 6.50% investment rate of return. In fiscal year 2002 the Town began funding its post-retirement health insurance liability. The Town's Actuarially Determined Contribution (ADC) for fiscal year 2024 is \$7,761,016 at an assumed 6.25% discount rate. The balance in the OPEB Trust Fund as of June 30, 2023 was \$70,749,157.

EMPLOYEE RELATIONS

The Town employs approximately 1,400 full-time equivalent employees (FTE), 1,001 FTEs employed by the School Department, 147 by the Public Works Department, 63 by the Police Department, 80 by the Fire Department, and the balance by various other Town Departments. Town employees (other than managerial and confidential employees) are entitled to join unions and bargain collectively on questions of wages, hours and other terms and conditions of employment. Approximately 1,233 (full and part time) Town employees are represented by unions including public works, general government, police, fire, teachers, and school administrators.

The Building Custodian Tradesman Independent Association (Building Maintenance Division) contract expires on June 30, 2026. The Needham Independent Public Employees Association (Public Works) contract expires June 30, 2024. The contracts with the Needham Firefighters Local 1706 (all units) expire on June 30, 2026. The Needham Police Union contract expires June 30, 2025, and the Needham Police Superior Officers Association contract expires on June 30, 2025. The Needham Independent Town Workers Association (various administrative, professional, and technical positions) contract expires June 30, 2024.

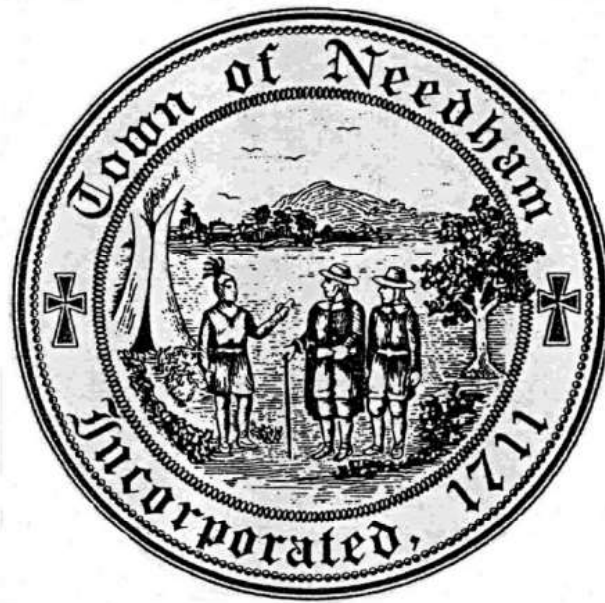
The Needham Public Schools have contracts in place with the Needham Education Association Unit A (teachers) through August 31, 2025, with the Needham Education Association Unit B (administrators) through June 30, 2025, with the Needham Education Association Unit C (Non DESE licensed staff) through June 30, 2026, and with the Needham Education Association Unit E (food service workers) through June 30, 2023. The contract with the Needham Education Association Unit D (clerical, secretarial and technical positions) expires June 30, 2026.

LITIGATION

At present there are various cases pending in various courts throughout the Commonwealth in which the Town is a defendant. In the opinion of the Town, there is no litigation either pending or threatened, that is likely to result, either individually or in the aggregate, in final judgments against the Town that would materially affect its financial position or its ability to pay its obligations.

TOWN OF NEEDHAM, MASSACHUSETTS
/s/ Veronica Harvey, Town Treasurer

September 20, 2023



TOWN OF NEEDHAM, MASSACHUSETTS

Annual Financial Report
and Supplementary Information
For the Year Ended June 30, 2022

(With Independent Auditor's Report Thereon)

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INDEPENDENT AUDITOR'S REPORT

To the Select Board
Town of Needham, Massachusetts

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Needham, Massachusetts (the Town), as of and for the year ended June 30, 2022, (except for the Needham Contributory Retirement System which is as of and for the year ended December 31, 2021), and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Needham, Massachusetts, as of June 30, 2022, (except for the Needham Contributory Retirement System which is as of and for the year ended December 31, 2021) and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Merrimack, New Hampshire
Andover, Massachusetts
Greenfield, Massachusetts
Ellsworth, Maine

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Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.



- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the budgetary comparison for the General Fund, and certain pension and OPEB schedules be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Needham, Massachusetts's basic financial statements. The budgetary comparison schedules for proprietary funds appearing on pages 82 through 83 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 18, 2023 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Merrimack, New Hampshire
May 18, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Town of Needham, Massachusetts (the Town), we offer readers this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2022.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. The proprietary fund category includes enterprise and internal service funds.

Enterprise funds are used to report activity for which a fee is charged to external users, and must be used when one of the following criteria are met: (1) activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges, (2) laws or regulations require the activity's costs of providing services be recovered with fees and charges, and (3) the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs such as depreciation or debt service. The primary focus on these criteria is on fees charged to external users. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. Specifically, enterprise funds are used to account for sewer and water operations.

Internal service funds are an accounting device used to accumulate and allocate costs internally among various functions. Specifically, internal service funds are used to account for self-insured workers compensation programs and property and casualty insurance. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. A complete copy of the Needham Contributory Retirement System financial statements can be obtained from the Retirement Board at Town Hall, 1471 Highland Avenue, Needham, Massachusetts 02492.

Notes to Financial Statements

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

Required and Other Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is required to be disclosed by accounting principles generally accepted in the United States of America, and other supplementary information.

Financial Highlights

- As of the close of the current fiscal year, net position in governmental activities was \$214,801,839, a change of \$38,094,657, and net position in business-type activities was \$63,295,265, a change of \$675,049.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$93,545,380, a change of \$11,250,432 in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$29,383,540 a change of \$1,320,486 in comparison to the prior year.

Government-Wide Financial Analysis

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

<u>Net Position Summary (000s)</u>						
	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Assets:						
Current and other assets	\$ 116,168	\$ 107,304	\$ 20,317	\$ 18,355	\$ 136,485	\$ 125,659
Capital assets	<u>384,083</u>	<u>375,554</u>	<u>56,013</u>	<u>57,853</u>	<u>440,096</u>	<u>433,407</u>
Total assets	500,251	482,858	76,330	76,208	576,581	559,066
Deferred outflows of resources	<u>35,118</u>	<u>31,621</u>	<u>710</u>	<u>764</u>	<u>35,828</u>	<u>32,385</u>
Total assets and deferred outflows of resources	<u>\$ 535,369</u>	<u>\$ 514,479</u>	<u>\$ 77,040</u>	<u>\$ 76,972</u>	<u>\$ 612,409</u>	<u>\$ 591,451</u>
Liabilities:						
Long-term liabilities	\$ 260,358	\$ 287,512	\$ 11,802	\$ 13,237	\$ 272,160	\$ 300,749
Notes payable	-	-	-	-	-	-
Other liabilities	<u>16,670</u>	<u>19,849</u>	<u>415</u>	<u>395</u>	<u>17,085</u>	<u>20,244</u>
Total liabilities	277,028	307,361	12,217	13,632	289,245	320,993
Deferred inflows of resources	43,540	30,411	1,528	720	45,068	31,131
Net position:						
Net investment in capital assets	246,539	238,173	47,556	48,527	294,095	286,700
Restricted	23,964	19,568	-	-	23,964	19,568
Unrestricted	<u>(55,702)</u>	<u>(81,034)</u>	<u>15,739</u>	<u>14,093</u>	<u>(39,963)</u>	<u>(66,941)</u>
Total net position	<u>214,801</u>	<u>176,707</u>	<u>63,295</u>	<u>62,620</u>	<u>278,096</u>	<u>239,327</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 535,369</u>	<u>\$ 514,479</u>	<u>\$ 77,040</u>	<u>\$ 76,972</u>	<u>\$ 612,409</u>	<u>\$ 591,451</u>

Changes in Net Position Summary (000s)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenues:						
Program revenues:						
Charges for services	\$ 14,580	\$ 11,725	\$ 16,360	\$ 16,899	\$ 30,940	\$ 28,624
Operating grants and contributions	56,625	47,325	-	-	56,625	47,325
Capital grants and contributions	65	913	-	-	65	913
General revenues:					-	-
Property taxes	173,522	164,611	-	-	173,522	164,611
Excises	6,040	4,925	-	-	6,040	4,925
Penalties, interest and other taxes	2,086	1,278	-	-	2,086	1,278
Grants and contributions not restricted to specific programs	3,050	2,610	-	-	3,050	2,610
Investment income	106	1,161	23	23	129	1,184
Other	269	671	5	-	274	671
Total revenues	<u>256,343</u>	<u>235,219</u>	<u>16,388</u>	<u>16,922</u>	<u>272,731</u>	<u>252,141</u>
Expenses:						
General government	9,686	11,978	-	-	9,686	11,978
Public safety	23,664	26,327	-	-	23,664	26,327
Education	145,984	148,580	-	-	145,984	148,580
Public works	25,158	30,335	-	-	25,158	30,335
Building design and construction	433	659	-	-	433	659
Health and human services	3,146	3,703	-	-	3,146	3,703
Culture and recreation	4,377	4,339	-	-	4,377	4,339
Interest on long-term debt	3,965	3,574	-	-	3,965	3,574
Intergovernmental	1,572	1,522	-	-	1,572	1,522
Other unallocated costs	1,144	1,122	-	-	1,144	1,122
Sewer operations	-	-	8,857	8,519	8,857	8,519
Water operations	-	-	5,975	4,370	5,975	4,370
Total expenses	<u>219,129</u>	<u>232,139</u>	<u>14,832</u>	<u>12,889</u>	<u>233,961</u>	<u>245,028</u>
Change in net position before transfers	37,214	3,080	1,556	4,033	38,770	7,113
Transfers	<u>881</u>	<u>984</u>	<u>(881)</u>	<u>(984)</u>	<u>-</u>	<u>-</u>
Change in net position	38,095	4,064	675	3,049	38,770	7,113
Net position - beginning of year	<u>176,707</u>	<u>172,643</u>	<u>62,620</u>	<u>59,571</u>	<u>239,327</u>	<u>232,214</u>
Net position - end of year	\$ <u>214,802</u>	\$ <u>176,707</u>	\$ <u>63,295</u>	\$ <u>62,620</u>	\$ <u>278,097</u>	\$ <u>239,327</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position.

The largest portion of net position \$294,095,653 reflects our investment in capital assets (e.g., land, buildings and improvements, machinery, equipment and furnishings, infrastructure, works of art, and construction in progress); less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be

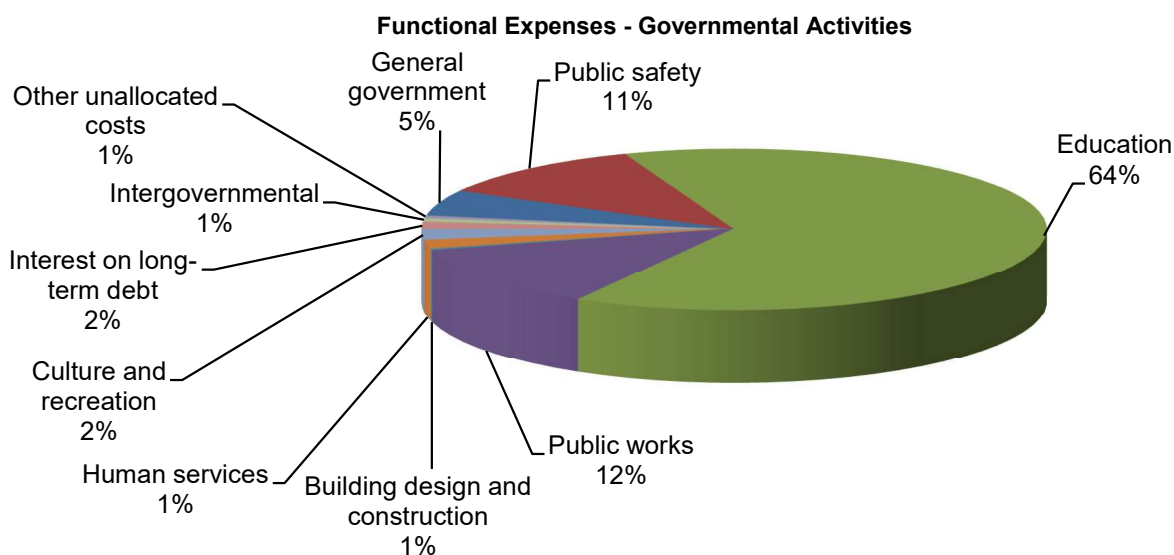
provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position \$23,964,123 represents resources that are subject to external restrictions on how they may be used. The remaining balance is a deficit of \$(39,962,672) as a result of our net pension and net OPEB liabilities.

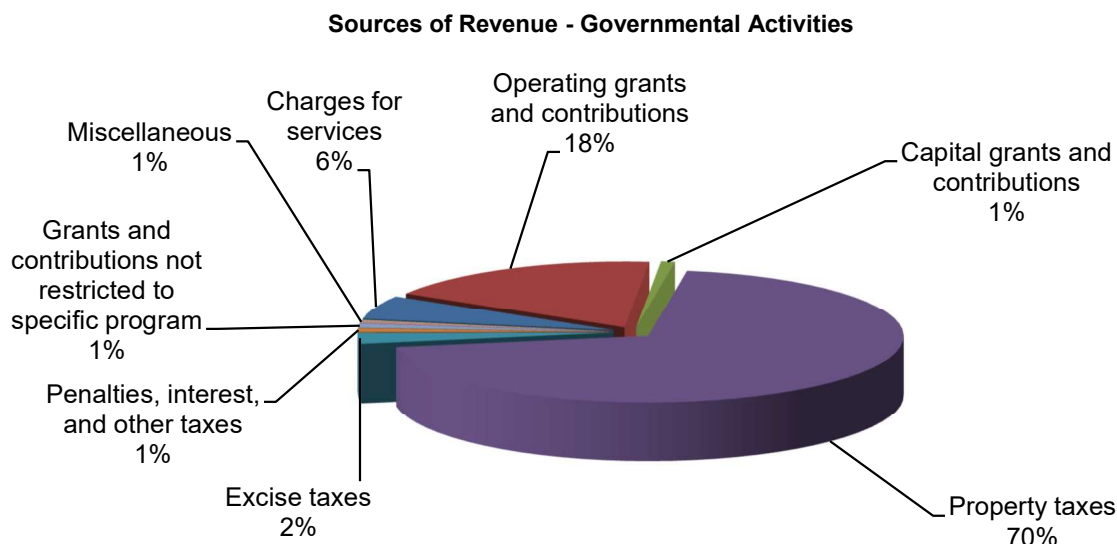
Governmental Activities

The overall net position of governmental activities increased by \$38,094,657, primarily from the Town's practice of funding capital acquisitions with current year raised revenues. The other most notable event was the reduction in pension and OPEB expense.

The following graph presents the users of resources of the governmental activities. The total cost of all governmental programs and services decreased by \$30.2 million over the previous year or by 13.0%.



As presented in the following graph, most of the Town's revenue comes from property taxes. Total revenues (excluding transfers) increased by \$3.8 million over the prior year or 1.6%.



Business-Type Activities

Business-type activities for the year resulted in a change in net position of \$675,049. The increase in net position is a result the Town's continued practice of financing some capital improvements with revenues.

Financial Analysis of Funds

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

Governmental Funds

The focus of governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$93,545,380 a change of \$11,250,432 in comparison to the prior year. Key elements of this change include favorable results in the general fund, raising of the CPA fund revenues to be spent in future years, and the timing of issuance of long-term debt to finance multi-year projects.

General Fund

The general fund is the chief operating fund. The unassigned fund balance at June 30, 2022 was \$29,383,540 (which includes our general stabilization fund of \$4,550,112) increased by \$1,320,486. The increase primarily results from favorable budgetary results of \$15,551,022 from revenues excess of budget and unspent appropriations (page 76), less the use of free cash for fiscal year 2022 of \$13,119,955 (page 58). As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Refer to the table below.

<u>General Fund</u>	<u>6/30/22</u>	<u>6/30/21</u>	<u>6/30/20</u>
Unassigned fund balance:	\$ 29,383,540	\$ 28,063,054	\$ 28,831,766
General Fund	24,833,428	23,570,661	24,466,756
Stabilization Fund	4,550,112	4,492,393	4,365,010
Total fund balance	56,348,359	52,376,805	48,669,479

	<u>6/30/22</u>	<u>6/30/21</u>	<u>6/30/20</u>
Unassigned fund balance as of % of total general fund expenditures	15.7%	15.4%	17.4%
Total fund balance as of % total general fund expenditures	30.1%	28.8%	29.3%

Expenditure amounts used to calculate the above percentages have been adjusted to exclude the on-behalf payment from the Commonwealth to the Massachusetts Teachers Retirement System.

The total fund balance of the general fund changed by \$3,971,554 during the current fiscal year. Key factors in this change are as follows:

Use of free cash, overlay surplus and bond premium used for FY2022 appropriations	\$ (14,284,399)
Revenues and transfers in excess of budget	9,039,326
Expenditures less than budget	7,683,383
Other	<u>1,533,244</u>
Total	\$ <u>3,971,554</u>

Included in the total general fund balance are the Town's committed accounts with the following balances:

	<u>6/30/22</u>	<u>6/30/21</u>	<u>Change</u>
Compensated absences	\$ 464,270	\$ 337,791	\$ 126,479
Continuing appropriations	3,248,691	3,483,861	(235,170)
Capital improvement stabilization	1,100,591	1,097,070	3,521
Capital facility stabilization	1,927,853	1,921,686	6,167
Athletic facility stabilization	978,607	270,204	708,403
Debt service stabilization	<u>2,160,996</u>	<u>2,154,083</u>	<u>6,913</u>
Total	<u>\$ 9,881,008</u>	<u>\$ 9,264,695</u>	<u>\$ 616,313</u>

Other Major Funds

Community Preservation Fund – State legislation allows property taxes and state matching funds to finance projects such as preservation of historical buildings. No significant expenditures occurred in fiscal year 2022.

Nonmajor Governmental Funds – The nonmajor governmental fund balances changed by \$5,911,498, primarily from timing differences between capital costs and funding sources.

Proprietary Funds

Proprietary funds provide the same type of information found in the business-type activities reported in the government-wide financial statements, but in more detail. The Town maintains major funds for sewer and water enterprise fund operations.

Unrestricted net position by enterprise fund at the end of the year in comparison to the prior year is shown below:

	<u>6/30/22</u>	<u>6/30/21</u>	<u>Change</u>
Sewer	\$ 6,412,058	\$ 5,777,174	\$ 634,884
Water	<u>9,326,970</u>	<u>8,316,387</u>	<u>1,010,583</u>
Total	<u>\$ 15,739,028</u>	<u>\$ 14,093,561</u>	<u>\$ 1,645,467</u>

Unrestricted net position of each fund increased from positive budgetary results.

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

General Fund Budgetary Highlights

Most all budgeted appropriations occur at the Annual Town Meeting which is held prior to the start of a fiscal year. Subsequent appropriations and line-item amendments are made at a special

town meeting usually held in the fall. Often the subsequent actions are known or expected at the time of the Annual Town Meeting but are not presented or acted upon at that time because additional information or other requisite action is needed. Usually in May, prior to the June 30 fiscal year end, Town Meeting acts on other requests for budget line transfers and reallocation of operating resources to capital, other financial warrant articles, and formal reserves. The operating budget was approved at \$195,800,817 and inclusive of non-appropriated items, state and county charges, and other amounts to be provided totaled \$197,339,338. There were no appropriation amendments to the operating budget for the year. However, the final state and county assessments increased by \$55,872 to \$1,581,893 for a total General Fund budget of \$197,395,210.

Table E1
General Fund

	Original	Final
Town Meeting Operating Budget Appropriation	\$195,800,817	\$195,800,817
State and County Assessments	\$1,526,021	\$1,581,893
Other Amounts to be Provided	<u>\$12,500</u>	<u>\$12,500</u>
Total	\$197,339,338	\$197,395,210

During fiscal year 2022, the Town realized revenue in excess of budget of \$7.9 million and realized budget returns of \$7.7 million. General Fund revenue in excess of budget was \$4 million higher than fiscal year 2021. The \$7.7 million budget return was higher than the fiscal year 2021 return of approximately \$6.2 million. General Fund revenue in excess of budget was higher primarily due to an earlier improvement with the local economy and the cautionary approach taken with revenue estimates for the fiscal year in recognition that concerns about COVID would slow the recovery. The budget return was also higher than the prior year by \$1.5 million. Most of the increase was the result of a higher budget return of more than \$2 million from Needham Public Schools. The School Department budget return represented 2.4% of its final budget (\$83,653,397). The return was approximately one million more than the return for fiscal year 2021 (\$1,084,860). The budget return for fiscal year 2022 was 3.9% of budget which compares to a return of 3.3% for fiscal year 2021.

Motor vehicle excise tax revenue was up 13.8% from prior year's actual receipts (\$5,837,070 for FY2022 vs \$5,129,306 for FY2021) and was higher than the actual receipts for fiscal year 2020 (\$5,679,213), but was lower than the actual receipts for fiscal year 2019 (\$6,138,951). The margin between budgeted and actual revenue was the highest it has been in many years, which was due to a combination of lowering the budget estimate out of concern that COVID would reduce demand for vehicles and the fact that demand did not decrease, but rather increased. There also has been an increase in the purchase/lease of hybrid and electric vehicles which have a higher cost which generates more excise revenue. The actual receipts for the current fiscal year were \$1.84 million over budget, which compares to \$0.13 million for fiscal year 2021. The actual receipts for fiscal year 2020 were \$0.48 million over budget and the fiscal year 2019 spread was \$1.24 million.

Table E2

	Actual FY2022	Actual FY2021	Change \$	Change %	Actual FY2020
Motor Vehicle Excise	\$5,837,070	\$5,129,306	\$707,764	13.8%	\$5,679,213
Other Local Excises	\$1,415,760	\$643,481	\$772,279	120.0%	\$1,684,874
Penalties and PILOT	\$663,304	\$638,547	\$24,758	3.9%	\$365,719
Licenses & Permits Income	\$2,771,497	\$2,068,299	\$703,199	34.0%	\$2,381,660
All Other General Revenue	<u>\$189,748,143</u>	<u>\$181,371,747</u>	<u>\$8,376,396</u>	4.6%	<u>\$169,344,292</u>
Total	\$200,435,775	\$189,851,379	\$10,584,396	5.6%	\$179,455,757

Revenue generated from other taxes, penalties, and payments in lieu of tax (PILOT) was approximately \$1.2 million over the budget for fiscal year 2022 (refer to Table E3) which compares to \$0.54 million over the budget for fiscal year 2021. The increase in revenue resulted from a stronger economy; meal and room excise revenue were higher with increased restaurant activity and increased hotel occupancy. Notable was the hotel room excise revenue, for fiscal year 2021 it was \$313,986 and fiscal year 2022 it was \$914,419, nearly a threefold increase. However, the room excise for fiscal year 2022 was lower than the \$1,185,706 received during fiscal year 2020. The meals excise revenue for fiscal year 2022 was \$501,341 compared to \$329,495 for fiscal year 2021, and the \$499,167 received for fiscal year 2020. The combination of the room and meals excise produced \$1,415,760 in receipts, an increase of 120% over the prior fiscal year total of \$643,481 (refer to Table E2). Actual receipts from penalties (\$515,391) and PILOT (\$147,913) were also higher but comparable to fiscal year 2021 respectively \$499,343 and \$139,204, together a 3.9% increase (refer to Table E2).

Total permit income for fiscal year 2022 was \$2,771,497 compared to \$2,068,299 for fiscal year 2021 and \$2,381,660 for fiscal year 2020. Construction activity in Needham has remained solid during the course of COVID-related restrictions, and had yet to slow by the end of the fiscal year. Revenue was 34% higher than fiscal year 2021 (refer to Table E2) and compared to fiscal year 2020 was 16% higher.

Table E3

	Actual FY2022	Budget FY2022	Variance FY2022	Percentage of Total*
Motor Vehicle Excise	\$5,837,070	\$4,000,000	\$1,837,070	23.3%
Other Taxes, Penalties, and PILOT	\$2,079,064	\$880,000	\$1,199,064	15.2%
Licenses & Permits	\$2,771,497	\$1,650,000	\$1,121,497	14.3%
All Other General Revenues	<u>\$189,748,143</u>	<u>\$186,038,136</u>	<u>\$3,710,007</u>	<u>47.2%</u>
Total	\$200,435,775	\$192,568,136	\$7,867,639	100.0%

* represents the percent of the total surplus that the revenue category contributed.

Overall total actual General Fund revenue for fiscal year 2022 (\$200,435,775) was \$10,584,396 more than the total for the prior fiscal year (\$189,851,379). The increase was due to the growth in property taxes with \$8.76 million more in fiscal year 2022. The increase resulted from the high New Growth tax revenue, and collections on unpaid taxes outstanding from the prior fiscal years. The total for excluded debt, which is added to the tax levy, for projects previously approved by

the voters of Needham declined for the first time in five years. The total General Fund revenue surplus for fiscal year 2022 (refer to Table E3) was \$7,867,639 which was more (\$4,004,823) than the \$3,862,816 surplus for fiscal year 2021. The combination of motor vehicle excise revenue permit and license revenue, and other local tax receipts contributed approximately 52.8% of the total General Fund surplus for fiscal year 2022, up from the 24.3% that these sources comprised in fiscal year 2021, and the 32.6% in fiscal year 2020.

The General Fund appropriated operating budget, excluding county and state assessments and other amounts to be provided, accounting for most of the expenditures, returned \$7,658,330 or approximately 3.9% of the operating budget appropriation; the return for fiscal year 2021 was \$6,199,880 or approximately 3.3% of the appropriation for that year.

Needham Public Schools returned \$2,045,756, which compares to \$1,084,860 returned for fiscal year 2021. The school budget, inclusive of a \$50,000 reserve fund transfer, for fiscal year 2022 was \$83,653,397. The budget return represents just 2.4% of the budget, but accounts for 26.7% of the total General Fund budget return. The School Department received extra funding from the State for residual costs related to COVID and special education spending. The school department also had a number of vacancies during the year which resulted in a larger budget return than usual.

The second highest dollar turnback was from the Group Health Insurance, Employee Benefits & Administrative budget in the amount of \$1,684,205, which was 10.2% of the budget. The return represents 22.0% of the total operating budget return for the year. The return resulted because the number of active health plans were down, due to the number of vacancies in the school and town departments, more employees than anticipated remain in high deductible health plans, and health insurance premium increases were less than forecasted.

The budgetary reserve fund (reserve fund) returned \$1,304,254 which represents 17.0% of the total General Fund operating budget return for the fiscal year 2022. The reserve fund budget amount returned was less than fiscal year 2021 reserve fund budget return (\$1,685,981), which was 27.2% of the total return in that year. The \$1,304,254 return of the reserve fund budget represents approximately 63% of the original voted reserve fund budget of \$2,077,091. There were four draws on the reserve fund during fiscal year 2022. The first was \$50,000 to the school department for additional services requested of the consultant hired to for a feasibility study on construction options. The second transfer was for \$17,720 to the Town Clerk budget to defray expenses incurred for a special election held to fill a select board vacancy. The third transfer was for \$370,000 to the fire department for higher shift coverage costs. The fourth was the transfer to cover snow and ice removal expenses above the base budget. The base budget for snow and ice removal was \$428,850 which was supplemented by a \$335,117 transfer from the reserve fund for a total available budget of \$763,967 to cover expenses. The actual expense for the year was \$727,028. The Town usually incurs expenses for snow and ice removal that exceed the annual budgeted amount, and the overage is covered by a transfer from the reserve fund. The snow and ice removal expense for fiscal year 2021 was \$800,711, and the expense for fiscal year 2020 was \$405,172. It was a mild winter season during fiscal year 2020 and was the first year since fiscal

year 2012 that the total expense was less than budgeted and did not require a reserve fund transfer.

The Police Department had the fourth highest budget turnback returning \$679,269 or 8.7% of its budget which compares to \$790,732 or 10.2% of its fiscal year 2021 budget. Approximately 92% of the turn back (\$626,921) was from salary and wages. The department continued to experience an ongoing higher vacancy rate as positions have turned over more often during the last few years. The challenges to filling the positions include a logjam with the civil service system, the difficulty to recruiting and retaining officers because of increased sense of public negativity towards the police profession nationally, and the lead time required for officers to be trained and certified. The operating expense line returned \$41,049 of which most was also attributed to the vacancies so fewer uniforms and other personal equipment for the officers had to be purchased. The balance (\$11,299) was from operating capital line. The department budget turnback represented approximately 8.9% of the total General Fund budget return.

The fifth highest budget dollar return came from the Department of Public Works, with a return of \$577,929 or 3.2% of the fiscal year 2022 budget. This compares to the \$138,208 returned from the fiscal 2021 budget, or 0.8% of the budget. The salary and wage expense line returned \$320,896 or approximately 56% of the total return. The combination of the expense and operating capital budget returned \$220,094 (38% of the total), and the balance of \$36,939 was from the snow and ice expense line which was not needed for those expenses. The total return from DPW represents 7.5% of the total operating budget return for the year

The other twenty-four (24) townwide expense and departmental budgets returned in total \$1,366,917 or 2.0% of their combined amended budgets for the year. However, the Needham Electric, Light & Gas Program budget ran a deficit (\$95,149) because of the increased energy cost, and additional power consumption to run air handling equipment more often in the public buildings to satisfy the COVID mitigation recommendations for public schools. Excluding the deficit, the budget return would have been \$1,462,066 or 2.1% of the related budgets. The same twenty-four budgets last year returned \$2,296,923 or 3.4% of their combined amended budgets for the year.

Capital Assets and Debt Administration

Capital Assets

Total capital assets for governmental and business-type activities at year-end amounted to \$440,095,751 (net of accumulated depreciation), a change of \$6,688,636 from the prior year. This investment in capital assets includes land, buildings and improvements, machinery, equipment and furnishings, vehicles, infrastructure, works of art and construction in progress.

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

Governmental Activities:

Public safety building	\$ 13,183,624

Business-Type Activities:

Sewer system improvements	\$ 323,578
Water distribution system improvements	\$ 178,219

Debt

At the end of the current fiscal year, total long-term bonds and loans outstanding, including unamortized bond premium, were \$145,484,003. The bonds are backed by the full faith and credit of the Town. The Town's general obligation bond rating continues to carry the highest rating possible, AAA, a rating that has been assigned by Standard & Poor's to the Town debt since 2000.

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

Economic Factors and Next Year's Budgets And Rates

The economy improved even quicker than anticipated as COVID restrictions were lifted, many who were vaccinated or confident in their perception of self-immunity returned to the workplaces, restaurants, traveling, attending public events, and with some regulatory and self-selected lifestyle changes contributed to the recovery. The Town's local receipts much improved over fiscal year 2021 and were comparable to pre-COVID activity, property tax collections remained strong. Some local receipts such as food and leisure related (meals and room excise) were up significantly- 120% over fiscal year 2021, a sign that indeed public was resuming life after COVID or perhaps in spite of COVID. Most of the Town's governmental operations were operating at capacity. All the schools were open for in person teaching. However, turnover and the filling of vacant positions has been a challenge and was a primary reason why all services were not accessible, and may foretell what the next couple of years may be. The cost of providing basic services will continue to increase, limitations on the availability of goods and supplies continue, pressures on wages grow, concerns with inflation persist, and calls for new barriers to the free flow of commerce requires a watch on the use of financial reserves and a continued look for opportunities to better meet the demands of the future.

The total General Fund balance for fiscal year 2022 was higher than fiscal year 2021. Fund balance was \$56.3 million for fiscal year 2022 compared to \$52.4 million for fiscal year 2021, approximately a 7.4% change. The unassigned portion of the General Fund increased from the prior fiscal year with a balance of \$29.4 million for fiscal year 2022 compared to \$28.1 million for fiscal year 2021. Starting with the fiscal year 2021 report, the unassigned portion includes the general stabilization fund (\$4,550,111). The State certified \$16,952,126 available as Free Cash for fiscal year 2022 of which the Town appropriated \$14,644,455 of that amount. Free Cash is

essentially the portion of the unassigned General Fund balance that the Massachusetts Department of Revenue will allow the Town to appropriate. The Free Cash certified for the prior year was \$16,665,406.

The Town allocated \$10,475,329 of the Free Cash for capital equipment and projects for fiscal year 2023. The Free Cash appropriated for capital included \$4,001,000 for public roads and related infrastructure improvements, \$817,750 for design and engineering services for new roof top units at the Broadmeadow and Eliot schools, \$763,015 for improvement to the locker rooms at the Pollard Middle School, \$275,000 for heating repairs and upgrades at the Hillside building, \$47,500 for the site improvements at the Town's Recycling and Transfer Station property, and \$27,000 for design work to install a permanent generator at the Center at the Heights (senior center). The Town also appropriated \$2,250,000 of the Free Cash towards the Emery Grover renovation and addition project. The project funding came from various sources, in addition to the Free Cash, \$1,000,000 was from Overlay Surplus, \$2,000,000 was from CPA Free Cash, and the balance (\$14,150,000) is from debt financing supported by the General Fund (\$10.15 million) and the CPA Fund (\$4 million) for a total appropriation of \$19,400,000.

Free Cash was also used to fund capital equipment which included \$1,124,335 in core fleet and special equipment, \$515,275 in cash capital equipment, furnishings and technology for the Needham Public Schools, and \$135,000 to the purchase of "Bigbelly" trash receptacles which will be placed as designated high use areas in town. Funding of \$53,174 was provided for fire personal protective wear gear, and \$25,000 for replacement of office furniture at the various town offices. The Town also appropriated funds for technology related systems and equipment, including \$120,000 to update the Town's Geographic Information System, \$50,000 for public safety mobile devices, \$50,000 for public works mobile devices, and \$26,280 for the Needham Public Library.

The balance of the Free Cash for capital of \$195,000 was appropriated for three studies. A space utilization study of the senior center was approved for \$75,000, a library space planning for \$60,000, and \$60,000 for a feasibility study for the public works facilities were approved as well.

The Town also allocated \$3,625,000 of Free Cash to the fiscal year 2023 operating budget. The Town's use of Free Cash for funding the subsequent fiscal year operating budget (2023) was in line with management's guidance of not more than two percent of the previous year's (2021) final budget (excluding the budgetary reserve fund) or the actual turn back, whichever is less. Two percent of the fiscal year 2021 operating budget excluding the budgetary reserve fund was \$3,763,414; the related budgetary return was \$4,787,338, which was less than the prior year turnback of \$5,783,282. An additional \$12,000 was appropriated for unpaid bills of the prior operating budget year. The amount of Free Cash appropriated for budget related purposes was \$3,637,000.

The Town appropriated \$50,000 to fund a grant program for low-cost repair projects that would allow citizens to continue living in their homes. Free Cash was also used to fund the Town's workers' compensation reserve pool in the amount of \$130,000 and \$300,000 was appropriated to the newly authorized public safety employee injured on duty fund. The \$2,307,671 balance in

Free Cash was closed out at year end to fund balance. Management continues to recommend that the Free Cash certified be directed to cash capital investment, formal reserves, and other non-recurring expenses and that a limited amount be used for ongoing operating budget expenses. The Select Board has endorsed this best practice.

As previously noted, the Town approved funding for the reconstruction and addition of the Emery Grover Building (Needham Public School Administrative Offices) at the May 2022 Annual Town Meeting in the amount of \$19,400,000 of which \$14,150,000 was fund debt financing. The Town also approved supplemental funding for the project at the October 2022 Special Town Meeting in the amount of \$1,295,000, General Fund debt. The construction project is likely to take up to 24 months to complete. The school administrative staff will be housed at the Hillside building during construction. Financing will be done through a series of notes and bonds during the construction period with a final debt issue after the project is finished. The Town is still weighing options on how and when to address its middle school space needs and the replacement of the Mitchell Elementary School – the last of the existing elementary schools to be replaced or substantially overhauled.

Town Meeting also voted to authorize the Select Board to borrow \$2,500,000 to purchase three parcels of land located along Charles River Street. The land may be made available to the Town to purchase from a developer who was in negotiations with the family who owns the property. A total of 48 acres may be sold to the Town. The sale is anticipated to happen sometime during the calendar year 2023.

The Town's water and sewer operations remained solid and the identified capital infrastructure improvements over the next several years are fundable within the current annual revenue stream and financing plan, which includes the use of ARPA funds. Commercial use of water and sewer remained low compared to several years ago, and the residential use increased during COVID as more people were working from home and staying local, but during 2022 indoor water consumption began to trend downward. The Town had planned a multi-year phase in of rate changes to mitigate the revenue loss from the closure of the Coca Cola bottling production in Needham, and did make minor changes for fiscal year 2020, but chose not to change the rates for fiscal year 2021 or 2022 due to COVID. The Select Board approved increases to the domestic water (primarily indoor use), irrigation water, and sewer rates effective October 2022. There will be a need to update the user rates again for the fiscal year 2024. The Select Board will also consider establishing a stormwater fee to raise funds to pay for some of the known stormwater infrastructure improvements that are forthcoming. There was a public hearing scheduled for March 2020, but COVID delayed the hearing. The Town will take up the issue again in 2023 and seek the establishment of a stormwater stabilization fund to begin saving to fund the infrastructure.

The outlook for the fiscal year end results for 2023 are expected to be stable with greater tax revenues, with another year of heavy use of reserves to fund capital investments. The Town assumes significant increases in the General Fund operating budget during the next couple of fiscal years as the Town funds increases for public safety, which includes moving from the civil

service process to a local based hiring system to encourage more applicants. There has been upward cost pressure on personnel and contracted services because of the competitive labor market, changes to the workplace and workforce resulting from the aftermath of COVID, higher prices for energy and commodities, and increased climate-based initiatives. The Town maintains an adequate reserve for property tax abatements and exemptions for the fiscal year as well as for uncollected taxes from the prior fiscal years. We still anticipate that local resources will remain solid for the next 12 to 24 months based on permitted private construction activity. However, management will continue its prudent approach with its budget estimates to help buffer any decline in the major local revenue sources in the next two to three years.

Requests for Information

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

Assistant Town Manager/
Director of Finance
Town of Needham, Massachusetts
Town Hall
1471 Highland Avenue
Needham, Massachusetts 02492

TOWN OF NEEDHAM, MASSACHUSETTS

STATEMENT OF NET POSITION

JUNE 30, 2022

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Assets:			
Current:			
Cash and short-term investments	\$ 85,013,522	\$ 13,613,076	\$ 98,626,598
Investments	23,666,165	-	23,666,165
Receivables, net:			
Property taxes	1,978,464	-	1,978,464
Excises	541,181	-	541,181
Utilities	-	6,704,115	6,704,115
Departmental	1,571,247	-	1,571,247
Intergovernmental	1,269,305	-	1,269,305
Other	<u>202,543</u>	<u>-</u>	<u>202,543</u>
Total current assets	114,242,427	20,317,191	134,559,618
Noncurrent:			
Receivables, net:			
Property taxes	1,925,602	-	1,925,602
Intergovernmental	-	-	-
Capital assets:			
Non-depreciable capital assets	120,910,940	3,419,353	124,330,293
Depreciable assets, net of accumulated depreciation	<u>263,172,241</u>	<u>52,593,217</u>	<u>315,765,458</u>
Total noncurrent assets	<u>386,008,783</u>	<u>56,012,570</u>	<u>442,021,353</u>
TOTAL ASSETS	500,251,210	76,329,761	576,580,971
Deferred Outflows of Resources			
Related to pension	14,648,214	559,550	15,207,764
Related to OPEB	<u>20,470,491</u>	<u>150,293</u>	<u>20,620,784</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>35,118,705</u>	<u>709,843</u>	<u>35,828,548</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ <u><u>535,369,915</u></u>	\$ <u><u>77,039,604</u></u>	\$ <u><u>612,409,519</u></u>

(continued)

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TOWN OF NEEDHAM, MASSACHUSETTS

STATEMENT OF NET POSITION

JUNE 30, 2022

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
Liabilities:			
Current:			
Warrants and accounts payable	\$ 3,569,822	\$ 168,368	\$ 3,738,190
Accrued liabilities	8,326,421	71,256	8,397,677
Unearned revenue	2,609,048	-	2,609,048
Refunds payable	687,944	173,507	861,451
Other liabilities	1,476,673	-	1,476,673
Current portion of long-term liabilities:			
Bonds payable	14,453,973	1,119,091	15,573,064
Compensated absences	1,570,037	269,791	1,839,828
Landfill liability	<u>56,415</u>	<u>-</u>	<u>56,415</u>
Total current liabilities	32,750,333	1,802,013	34,552,346
Noncurrent:			
Bonds payable, net of current portion	122,671,280	7,239,659	129,910,939
Net pension liability	44,177,894	1,687,560	45,865,454
Net OPEB liability	72,379,901	1,486,833	73,866,734
Compensated absences, net of current portion	4,710,112	-	4,710,112
Landfill liability, net of current portion	<u>338,493</u>	<u>-</u>	<u>338,493</u>
Total non-current liabilities	<u>244,277,680</u>	<u>10,414,052</u>	<u>254,691,732</u>
TOTAL LIABILITIES	277,028,013	12,216,065	289,244,078
Deferred Inflows of Resources			
Related to pension	36,662,081	1,400,461	38,062,542
Related to OPEB	6,623,705	127,813	6,751,518
Taxes paid in advance	<u>254,277</u>	<u>-</u>	<u>254,277</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	43,540,063	1,528,274	45,068,337
Net Position:			
Net investment in capital assets	246,539,416	47,556,237	294,095,653
Restricted for:			
Permanent funds:			
Nonexpendable	113,326	-	113,326
Expendable	3,001,986	-	3,001,986
Grants and by enabling legislation	20,848,811	-	20,848,811
Unrestricted	<u>(55,701,700)</u>	<u>15,739,028</u>	<u>(39,962,672)</u>
TOTAL NET POSITION	<u>214,801,839</u>	<u>63,295,265</u>	<u>278,097,104</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ <u>535,369,915</u>	\$ <u>77,039,604</u>	\$ <u>612,409,519</u>

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

TOWN OF NEEDHAM, MASSACHUSETTS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2022

		Program Revenues			Net (Expenses) Revenues
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
	<u>Expenses</u>				
Governmental Activities:					
General government	\$ 9,685,500	\$ 725,018	\$ 2,774,635	\$ -	\$ (6,185,847)
Public safety	23,663,981	6,131,648	1,027,920	-	(16,504,413)
Education	145,984,471	3,784,067	51,950,221	-	(90,250,183)
Public works	25,159,126	2,616,071	-	65,390	(22,477,665)
Building design and construction	433,239	158,257	-	-	(274,982)
Health and human services	3,146,157	389,615	746,184	-	(2,010,358)
Culture and recreation	4,376,264	775,580	125,657	-	(3,475,027)
Interest on debt service	3,964,679	-	-	-	(3,964,679)
Intergovernmental	1,572,207	-	-	-	(1,572,207)
Other unallocated costs	<u>1,144,286</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,144,286)</u>
Total Governmental Activities	219,129,910	14,580,256	56,624,617	65,390	(147,859,647)
Business-Type Activities:					
Sewer services	8,856,703	8,869,263	-	-	12,560
Water services	<u>5,975,243</u>	<u>7,491,165</u>	<u>-</u>	<u>-</u>	<u>1,515,922</u>
Total Business-Type Activities	<u>14,831,946</u>	<u>16,360,428</u>	<u>-</u>	<u>-</u>	<u>1,528,482</u>
Total	<u>\$ 233,961,856</u>	<u>\$ 30,940,684</u>	<u>\$ 56,624,617</u>	<u>\$ 65,390</u>	<u>(146,331,165)</u>

(continued)

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TOWN OF NEEDHAM, MASSACHUSETTS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2022

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Change in Net Position:			
Net (Expenses) revenue from previous page	(147,859,647)	1,528,482	(146,331,165)
General Revenues and Transfers:			
Property taxes	173,522,492	-	173,522,492
Excise taxes	6,039,590	-	6,039,590
Penalties, interest, and other taxes	2,085,863	-	2,085,863
Grants and contributions not restricted to specific programs	3,050,246	-	3,050,246
Investment income	106,240	22,614	128,854
Miscellaneous	<u>268,826</u>	<u>5,000</u>	<u>273,826</u>
Total general revenues	<u>185,073,257</u>	<u>27,614</u>	<u>185,100,871</u>
Excess before transfers	37,213,610	1,556,096	38,769,706
Transfers, net	<u>881,047</u>	<u>(881,047)</u>	<u>-</u>
Change in Net Position	38,094,657	675,049	38,769,706
Net Position:			
Beginning of year	<u>176,707,182</u>	<u>62,620,216</u>	<u>239,327,398</u>
End of year	<u>\$ 214,801,839</u>	<u>\$ 63,295,265</u>	<u>\$ 278,097,104</u>

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

TOWN OF NEEDHAM, MASSACHUSETTS

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2022

	<u>General</u>	<u>Community Preservation</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental</u>
ASSETS				
Cash and short-term investments	\$ 53,173,820	\$ 2,435,413	\$ 27,464,136	\$ 83,073,369
Investments	12,359,560	8,180,898	3,125,707	23,666,165
Receivables:				
Property taxes	4,669,916	30,150	-	4,700,066
Excises	901,181	-	-	901,181
Departmental	1,412,396	-	333,851	1,746,247
Intergovernmental	695,148	-	574,157	1,269,305
Other	<u>202,543</u>	<u>-</u>	<u>-</u>	<u>202,543</u>
TOTAL ASSETS	<u>\$ 73,414,564</u>	<u>\$ 10,646,461</u>	<u>\$ 31,497,851</u>	<u>\$ 115,558,876</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Warrants and accounts payable	\$ 2,408,220	\$ 56,642	\$ 1,104,960	\$ 3,569,822
Unearned revenue	-	-	2,609,048	2,609,048
Accrued liabilities	5,328,081	667	113,398	5,442,146
Refunds payable	683,964	-	-	683,964
Other liabilities	<u>1,354,199</u>	<u>-</u>	<u>126,454</u>	<u>1,480,653</u>
TOTAL LIABILITIES	9,774,464	57,309	3,953,860	13,785,633
Deferred Inflows of Resources:				
Unavailable revenues	7,037,464	30,150	905,972	7,973,586
Taxes paid in advance	<u>254,277</u>	<u>-</u>	<u>-</u>	<u>254,277</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	7,291,741	30,150	905,972	8,227,863
Fund Balances:				
Nonspendable	-	-	113,326	113,326
Restricted	733,044	10,559,002	30,580,019	41,872,065
Committed	9,881,008	-	-	9,881,008
Assigned	16,350,767	-	-	16,350,767
Unassigned	<u>29,383,540</u>	<u>-</u>	<u>(4,055,326)</u>	<u>25,328,214</u>
TOTAL FUND BALANCES	<u>56,348,359</u>	<u>10,559,002</u>	<u>26,638,019</u>	<u>93,545,380</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 73,414,564</u>	<u>\$ 10,646,461</u>	<u>\$ 31,497,851</u>	<u>\$ 115,558,876</u>

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

TOWN OF NEEDHAM, MASSACHUSETTS

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

JUNE 30, 2022

Total governmental fund balances	\$ 93,545,380
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	384,083,181
Revenues are reported on the accrual basis of accounting and are not deferred until collection.	6,642,587
Internal service funds are used by management to account for workers' compensation and property and casualty self-insurance. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.	1,386,171
In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	(2,330,293)
Long-term liabilities, net of related deferred outflows and inflows of resources, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Net pension liability, net of related deferred outflows and inflows	(44,177,894)
Pension related deferred outflows of resources	14,648,214
Pension related deferred inflows of resources	(36,662,081)
Net OPEB liability	(72,379,901)
OPEB related deferred outflows of resources	20,470,491
OPEB related deferred inflows of resources	(6,623,705)
Bonds and loans payable, net unamortized premiums	(137,125,253)
Compensated absences payable	(6,280,149)
Estimated liability for landfill postclosure care costs	<u>(394,908)</u>
Net position of governmental activities	\$ <u>214,801,840</u>

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

TOWN OF NEEDHAM, MASSACHUSETTS

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2022

	<u>General</u>	<u>Community Preservation</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental</u>
Revenues:				
Property taxes	\$ 170,417,731	\$ 2,920,964	\$ -	\$ 173,338,695
Excise taxes	5,837,070	-	-	5,837,070
Penalties, interest, and other taxes	2,079,140	5,390	-	2,084,530
Charges for services	3,671,477	-	6,199,280	9,870,757
Departmental	1,236,064	-	-	1,236,064
Licenses and permits	2,771,497	-	-	2,771,497
Intergovernmental	26,804,304	1,238,965	14,068,346	42,111,615
Investment income (loss)	271,659	129,647	(295,066)	106,240
Fines and forfeitures	102,347	-	-	102,347
Contributions	-	-	348,106	348,106
Other	<u>312,446</u>	<u>-</u>	<u>51,467</u>	<u>363,913</u>
Total Revenues	213,503,735	4,294,966	20,372,133	238,170,834
Expenditures:				
Current:				
General government	7,365,968	453,571	1,011,998	8,831,537
Public safety	23,030,382	-	1,957,681	24,988,063
Education	115,733,212	-	13,246,169	128,979,381
Public works	25,986,861	-	272,425	26,259,286
Building design and construction	336,197	-	-	336,197
Health and human services	3,028,634	-	294,018	3,322,652
Culture and recreation	3,568,710	-	717,397	4,286,107
Employee benefits	897,640	-	-	897,640
Other	715,777	-	-	715,777
Capital outlay	-	1,497	19,826,172	19,827,669
Debt service:				
Principal	13,654,000	-	-	13,654,000
Interest and fiscal charges	4,498,497	-	-	4,498,497
Intergovernmental	<u>1,572,207</u>	<u>-</u>	<u>-</u>	<u>1,572,207</u>
Total Expenditures	<u>200,388,085</u>	<u>455,068</u>	<u>37,325,860</u>	<u>238,169,013</u>
Excess (deficiency) of revenues over expenditures	13,115,650	3,839,898	(16,953,727)	1,821
Other Financing Sources (Uses):				
Issuance of bonds	-	-	9,970,000	9,970,000
Premium on bonds	-	-	734,564	734,564
Transfers in	5,484,304	548,878	14,403,489	20,436,671
Transfers out	<u>(14,628,400)</u>	<u>(3,021,397)</u>	<u>(2,242,827)</u>	<u>(19,892,624)</u>
Total Other Financing Sources (Uses)	<u>(9,144,096)</u>	<u>(2,472,519)</u>	<u>22,865,226</u>	<u>11,248,611</u>
Net change in fund balances	3,971,554	1,367,379	5,911,499	11,250,432
Fund Balances, at beginning of year, as reclassified	<u>52,376,805</u>	<u>9,191,623</u>	<u>20,726,520</u>	<u>82,294,948</u>
Fund Balances, at end of year	\$ <u>56,348,359</u>	\$ <u>10,559,002</u>	\$ <u>26,638,019</u>	\$ <u>93,545,380</u>

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

TOWN OF NEEDHAM, MASSACHUSETTS

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

FOR THE YEAR ENDED JUNE 30, 2022

Net Changes in Fund Balances - Total Governmental Funds \$ 11,250,432

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay purchases, net of loss on disposal	22,078,593
Depreciation	(13,544,574)

Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred revenue and allowance for doubtful accounts.

373,810

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any affect on the changes in net position:

Bond premium	(734,564)
Bond premium amortization	904,606
Issuance of debt	(9,970,000)
Refunded debt	-
Deposit to refunding escrow	-
Repayments of debt	13,654,000

In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.

(370,788)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds.

Change in net pension liability and related deferred outflows and inflows of resources	3,775,746
Change in net OPEB liability and related deferred outflows and inflows of resources	9,128,515
Change in compensated absences	686,337
Change in landfill liability	56,415

Internal service funds are used by management to account for self-insurance activities. The net activity of internal service funds is reported with Governmental Activities.

806,129

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 38,094,657**

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

TOWN OF NEEDHAM, MASSACHUSETTS

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2022

	Business-Type Activities Enterprise Funds			Governmental Activities Internal Service Funds
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Assets:				
Current:				
Cash and short-term investments	\$ 4,916,593	\$ 8,696,483	\$ 13,613,076	\$ 1,940,154
User fees receivable	<u>3,425,574</u>	<u>3,278,541</u>	<u>6,704,115</u>	<u>-</u>
Total current assets	8,342,167	11,975,024	20,317,191	1,940,154
Noncurrent:				
Land and construction in progress	2,677,371	741,982	3,419,353	-
Other capital assets, net of accumulated depreciation	<u>21,998,518</u>	<u>30,594,699</u>	<u>52,593,217</u>	<u>-</u>
Total noncurrent assets	<u>24,675,889</u>	<u>31,336,681</u>	<u>56,012,570</u>	<u>-</u>
TOTAL ASSETS	33,018,056	43,311,705	76,329,761	1,940,154
Deferred Outflows of Resources:				
Related to pension	219,823	339,727	559,550	-
Related to OPEB	<u>224,314</u>	<u>(74,021)</u>	<u>150,293</u>	<u>-</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>444,137</u>	<u>265,706</u>	<u>709,843</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 33,462,193</u>	<u>\$ 43,577,411</u>	<u>\$ 77,039,604</u>	<u>\$ 1,940,154</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND, NET POSITION				
Liabilities:				
Current:				
Accounts payable	\$ 53,155	\$ 115,213	\$ 168,368	\$ -
Accrued liabilities	35,251	36,005	71,256	553,982
Refunds payable	151,771	21,736	173,507	-
Compensated absences	152,791	117,000	269,791	-
Current portion of long-term liabilities:				
Bonds payable	<u>520,117</u>	<u>598,974</u>	<u>1,119,091</u>	<u>-</u>
Total current liabilities	913,085	888,928	1,802,013	553,982
Noncurrent:				
Bonds payable, net of current portion	3,661,256	3,578,403	7,239,659	-
Net pension liability	662,970	1,024,590	1,687,560	-
Net OPEB liability	<u>793,129</u>	<u>693,704</u>	<u>1,486,833</u>	<u>-</u>
Total noncurrent liabilities	<u>5,117,355</u>	<u>5,296,697</u>	<u>10,414,052</u>	<u>-</u>
TOTAL LIABILITIES	6,030,440	6,185,625	12,216,065	553,982
Deferred Inflows of Resources:				
Related to pension	550,181	850,280	1,400,461	-
Related to OPEB	<u>72,582</u>	<u>55,231</u>	<u>127,813</u>	<u>-</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>622,763</u>	<u>905,511</u>	<u>1,528,274</u>	<u>-</u>
Net Position:				
Net investment in capital assets	20,396,932	27,159,305	47,556,237	-
Unrestricted	<u>6,412,058</u>	<u>9,326,970</u>	<u>15,739,028</u>	<u>1,386,171</u>
TOTAL NET POSITION	<u>26,808,990</u>	<u>36,486,275</u>	<u>63,295,265</u>	<u>1,386,171</u>
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION	<u>\$ 33,462,193</u>	<u>\$ 43,577,411</u>	<u>\$ 77,039,604</u>	<u>\$ 1,940,153</u>

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

TOWN OF NEEDHAM, MASSACHUSETTS

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

FOR THE YEAR ENDED JUNE 30, 2022

	Business-Type Activities Enterprise Funds			Governmental Activities
	Sewer Fund	Water Fund	Total	Internal Service Funds
Operating Revenues:				
Charges for services	\$ 8,869,263	\$ 7,491,165	\$ 16,360,428	\$ -
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,011,912</u>
Total Operating Revenues	8,869,263	7,491,165	16,360,428	1,011,912
Operating Expenses:				
Personnel services	834,784	1,680,988	2,515,772	542,783
Non-personnel services	351,766	1,083,053	1,434,819	-
Depreciation	974,587	1,444,720	2,419,307	-
Intergovernmental assessments	<u>6,614,690</u>	<u>1,670,433</u>	<u>8,285,123</u>	<u>-</u>
Total Operating Expenses	<u>8,775,827</u>	<u>5,879,194</u>	<u>14,655,021</u>	<u>542,783</u>
Operating Income	93,436	1,611,971	1,705,407	469,129
Nonoperating Revenues (Expenses):				
Investment income	8,442	14,172	22,614	-
Other revenue	5,000	-	5,000	-
Interest expense	<u>(80,876)</u>	<u>(96,049)</u>	<u>(176,925)</u>	<u>-</u>
Total Nonoperating Revenues (Expenses), Net	<u>(67,434)</u>	<u>(81,877)</u>	<u>(149,311)</u>	<u>-</u>
Income Before Contributions and Transfers	26,002	1,530,094	1,556,096	469,129
Transfers in	526,368	-	526,368	337,000
Transfers out	<u>(507,526)</u>	<u>(899,889)</u>	<u>(1,407,415)</u>	<u>-</u>
Change in Net Position	44,844	630,205	675,049	806,129
Net Position at Beginning of Year, as restated	<u>26,764,146</u>	<u>35,856,070</u>	<u>62,620,216</u>	<u>580,042</u>
Net Position at End of Year	<u>\$ 26,808,990</u>	<u>\$ 36,486,275</u>	<u>\$ 63,295,265</u>	<u>\$ 1,386,171</u>

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

TOWN OF NEEDHAM, MASSACHUSETTS

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2022

	Business-Type Activities Enterprise Funds			Governmental Activities
	Sewer Fund	Water Fund	Total	Internal Service Fund
Cash Flows From Operating Activities:				
Receipts from customers and users	\$ 8,202,667	\$ 6,354,578	\$ 14,557,245	\$ -
Employer contributions	-	-	-	1,011,912
Payments of utility assessments	(6,614,690)	(1,670,433)	(8,285,123)	-
Payments to vendors and contractors	(377,654)	(1,052,208)	(1,429,862)	-
Payments of employee salaries, benefits, and related expenses	(948,021)	(1,235,463)	(2,183,484)	(921,250)
Net Cash Provided By (Used For) Operating Activities	262,302	2,396,474	2,658,776	90,662
Cash Flows From Noncapital Financing Activities:				
Operating grants received	-	-	-	-
Transfers from other funds	526,368	-	526,368	337,000
Transfers to other funds	(507,526)	(899,889)	(1,407,415)	-
Net Cash Provided by (Used For) Noncapital Financing Activities	18,842	(899,889)	(881,047)	337,000
Cash Flows From Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(51,969)	(461,174)	(513,143)	-
Principal payments on bonds and loans	(364,815)	(601,450)	(966,265)	-
Interest expense	(80,876)	(96,049)	(176,925)	-
Net Cash (Used For) Capital and Related Financing Activities	(497,660)	(1,158,673)	(1,656,333)	-
Cash Flows From Investing Activities:				
Investment income	8,442	14,172	22,614	-
Net Cash Provided By Investing Activities	8,442	14,172	22,614	-
Net Change in Cash and Short-Term Investments	(208,074)	352,084	144,010	427,662
Cash and Short-Term Investments, Beginning of Year	5,124,667	8,344,399	13,469,066	1,512,491
Cash and Short-Term Investments, End of Year	\$ 4,916,593	\$ 8,696,483	\$ 13,613,076	\$ 1,940,153
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:				
Operating income (loss)	\$ 93,436	\$ 1,611,971	\$ 1,705,407	\$ 469,129
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	974,587	1,444,720	2,419,307	-
Changes in assets, liabilities, and deferred outflows/inflows:				
User fees	(683,272)	(1,136,550)	(1,819,822)	-
Deferred outflows - related to pensions	(6,763)	188,048	181,285	-
Deferred outflows - related to OPEB	(63,394)	(63,394)	(126,788)	-
Accounts payable	(25,889)	30,845	4,956	-
Accrued liabilities	3,195	(6,450)	(3,255)	(378,467)
Refunds payable	16,676	(36)	16,640	-
Compensated absences	(9,072)	(28,376)	(37,448)	-
Net pension liability	(415,008)	(641,376)	(1,056,384)	-
Net OPEB liability	109,527	457,111	566,638	-
Deferred inflows - related to pensions	352,057	623,741	975,798	-
Deferred inflows - related to OPEB	(83,779)	(83,779)	(167,558)	-
Net Cash Provided By (Used For) Operating Activities	\$ 262,301	\$ 2,396,475	\$ 2,658,776	\$ 90,662

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

TOWN OF NEEDHAM, MASSACHUSETTS

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2022

	Pension Trust Fund (As of <u>December 31, 2021</u>)	Other Post- Employment Benefit <u>Trust Fund</u>	Private Purpose <u>Trust Funds</u>	Custodial <u>Funds</u>
ASSETS				
Cash and short-term investments	\$ 4,047,535	\$ -	\$ -	\$ 432,858
Investments:				
PRIT - external investment pool	238,610,538	-	-	-
SRBT - external investment pool	-	61,383,656	-	-
Other	<u>-</u>	<u>-</u>	<u>6,057,265</u>	<u>-</u>
TOTAL ASSETS	\$ <u>242,658,073</u>	\$ <u>61,383,656</u>	\$ <u>6,057,265</u>	\$ <u>432,858</u>
LIABILITIES AND NET POSITION				
Liabilities:				
Accounts payable	\$ 311,960	\$ -	\$ 173,995	\$ 7,682
Accrued liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>26</u>
TOTAL LIABILITIES	311,960	-	173,995	7,708
Net Position:				
Total net position restricted for pension, other post employment benefits, and other purposes	<u>242,346,113</u>	<u>61,383,656</u>	<u>5,883,270</u>	<u>425,150</u>
TOTAL LIABILITIES AND NET POSITION	\$ <u>242,658,073</u>	\$ <u>61,383,656</u>	\$ <u>6,057,265</u>	\$ <u>432,858</u>

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

TOWN OF NEEDHAM, MASSACHUSETTS

FIDUCIARY FUNDS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2022

	Pension Trust Fund (For the Year Ended December 31, 2021)	Other Post- Employment Benefit Trust Fund	Private Purpose Trust Funds	Custodial Funds
Additions:				
Contributions:				
Employers	\$ 10,417,439	\$ 9,213,019	\$ -	\$ -
Plan members	4,870,976	-	-	-
Other	<u>220,589</u>	<u>-</u>	<u>65,261</u>	<u>564,673</u>
Total contributions	15,509,004	9,213,019	65,261	564,673
Investment income:				
Earnings and change in fair value of investments	40,698,196	(2,379,071)	(651,452)	203
Less: management fees	<u>(1,088,652)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net investment income	<u>39,609,544</u>	<u>(2,379,071)</u>	<u>(651,452)</u>	<u>203</u>
Total additions	55,118,548	6,833,948	(586,191)	564,876
Deductions:				
Benefit payments to plan members and beneficiaries	14,999,093	5,626,770	-	-
Refunds to plan members	732,307	-	-	-
Administrative expenses	346,075	-	-	-
Other	<u>-</u>	<u>-</u>	<u>141,905</u>	<u>550,041</u>
Total deductions	<u>16,077,475</u>	<u>5,626,770</u>	<u>141,905</u>	<u>550,041</u>
Change in Net Position	39,041,073	1,207,178	(728,096)	14,835
Restricted Net Position				
Beginning of year	<u>203,305,040</u>	<u>60,176,478</u>	<u>6,611,366</u>	<u>410,315</u>
End of year	<u>\$ 242,346,113</u>	<u>\$ 61,383,656</u>	<u>\$ 5,883,270</u>	<u>\$ 425,150</u>

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

TOWN OF NEEDHAM, MASSACHUSETTS

Notes to Financial Statements

1. Summary of Significant Accounting Policies

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

Reporting Entity

The Town is a municipal corporation governed by an elected Select Board. As required by generally accepted accounting principles, these financial statements present the Town and applicable component units for which the Town is considered to be financially accountable.

Component unit fiduciary in nature: The Needham Contributory Retirement System (the System) which was established to provide retirement benefits primarily to employees and their beneficiaries. The System is presented using the accrual basis of accounting and is reported as a pension trust fund in the fiduciary fund financial statements. Additional financial information of the System and complete financial statements can be obtained by contacting the System located at Town of Needham, Massachusetts, Town Hall, Needham, Massachusetts 02492.

Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

The Town reports the following major governmental funds:

- The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *Community Preservation Fund* was adopted on November 2, 2004 by a state-wide act enabling legislation to allow Cities and Towns to choose to create a new funding source that can be used to address three core community concerns:
 - Acquisition and preservation of open space
 - Creation and support of affordable housing
 - Acquisition and preservation of historic buildings and landscapes

The proprietary fund financial statements are reported using the *economic resources measurement* focus and the *accrual basis of accounting*. Under this method, revenues are recognized when earned and expenses are recorded when liabilities are incurred.

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

The Town reports the following major proprietary funds:

- The *Sewer Fund* is used to report the Town's sewer enterprise fund operations.
- The *Water Fund* is used to report the Town's water enterprise fund operations.

The self-insured employee workers compensation and property and casualty insurance is reported as an *Internal Service Fund* in the accompanying financial statements.

The fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under this method, revenues are recognized when earned and expenses are recorded when liabilities are incurred.

The Town reports the following fiduciary funds:

- The *Pension Trust Fund* accounts for the activities of the Needham Retirement System (NRS), which accumulates resources for pension benefit payments to qualified employees.

- The *Other Post-Employment Benefits Trust Fund* is used to accumulate resources for health and life insurance benefits for retired employees.
- The *Private-Purpose Trust Fund* is used to account for trust arrangements, other than those properly reported in the pension trust fund or permanent funds, under which principal and investment income exclusively benefit individuals, private organizations, or other governments.
- The *Custodial Funds* account for fiduciary assets held by the Town in a custodial capacity as an agent on behalf of others and are not required to be reported elsewhere on the financial statements. Custodial funds include Student Activity Funds.

Deposits and Investments

A cash and investment pool is maintained that is available for use by all funds, except those required to be segregated by law. Each fund's portion of this pool is reflected on the combined financial statements under the caption "cash and short-term investments." The interest earnings attributable to each fund type are included under investment income.

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

The Town's short-term investments also include their share of the Massachusetts Municipal Depository Trust (MMDT) cash portfolio, an external investment pool overseen by the Treasurer of the Commonwealth of Massachusetts. The fund is not Securities and Exchange Commission (SEC) registered. In accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, MMDT's portfolio securities are valued at amortized cost.

Investments are presented at fair value based on quotations from national securities exchanges, except for investments in state pools that are required to be presented using net asset value (NAV). Investments measured at NAV are not subject to the fair value level classification.

The Town conforms to the municipal finance laws of the Commonwealth of Massachusetts including Massachusetts General Laws chapter 44, Sections 54 and 55, with respect to investments of trust funds and public funds on deposit, limitations, and investments.

Investments in the Needham Retirement System are held in the Pension Reserve Investment Trust Fund (PRIT). Investments in the OPEB Trust Fund are held in the Massachusetts State Retiree Benefits Trust Fund (SBRT). Both are maintained by the Massachusetts Pension Reserves Investment Management Board (PRIM). Fair value of the investments held in PRIT and SBRT are the same as the value of the pool shares.

Property Tax Limitations

Legislation known as "Proposition 2½" limits the amount of revenue that can be derived from property taxes. The prior fiscal year's tax levy limit is used as a base and cannot

increase by more than 2.5 percent (excluding new growth), unless an override or debt exemption is voted. The actual fiscal year 2022 tax levy reflected an excess capTown of \$1,757,767.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an estimated useful life in excess of five years. The Town has a capitalization policy with the following established thresholds for capitalization:

<u>Assets</u>	<u>Threshold</u>
Land improvements	\$ 5,000
Buildings and facilities	\$ 50,000
Building improvements	\$ 25,000
Furniture, fixtures, machinery, and equipment	\$ 5,000
Vehicles	\$ 5,000
Road work	\$ 75,000
Water and sewer systems	\$ 75,000

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value.

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	40 - 50
Machinery, equipment, and furnishings	5 - 10
Vehicles	5
Infrastructure	20 - 40

Compensated Absences

Based on provisions contained in the Town's personnel policy or collective bargaining agreement, employees are eligible to accumulate earned but unused vacation and sick leave benefits. Vacation time accrues either annually or monthly based on years of service and is considered vested at the time it is earned. Employees are limited in their ability to carry unused vacation leave from one year to the next. Personal leave is not cumulative and is not carried forward to the next year. Sick leave is accrued either monthly or annually and accumulates without limit. Some employees whose employment terminates by retirement, disability, or death are entitled to payment upon termination at their current rate of pay for twenty-five percent of accrued sick leave. Some employees are subject to a 960-hour cap for the purposes of sick leave buy-back, and some employees are ineligible to participate in the program.

All vested personal and vacation pay is accrued when incurred in the government-wide financial statements. Twenty-five percent of vested sick leave is accrued when incurred in the government-wide financial statements, based on an estimate number of employees expected to retire. A liability for these amounts is reported in governmental funds only if the employee has met the requirements to be eligible for buy-back of sick leave upon a qualifying event.

Long-Term Obligations

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

Fund Equity

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

Fund Balance

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

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

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

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

Net Position

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

Use of Estimates

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

2. Stewardship, Compliance, and Accountability

Budgetary Information

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

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

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

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

Deficit Fund Equity

Certain individual funds reflect deficit balances as of June 30, 2022. The deficits in these funds will be eliminated through future intergovernmental revenues, transfers from other funds and issuance of long-term debt.

3. Cash and Short-Term Investments

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned. Massachusetts General Laws (MGL) Chapter 44, Section 55, limits deposits "in a bank or trust company or banking company to an amount not exceeding sixty percent of the capital and surplus of such bank or trust company or banking company, unless satisfactory security is given to it by such bank or trust company or banking company for such excess." The Town's custodial credit risk policy allows unlimited amounts to be deposited in certificates of deposits with a maximum maturity as set by Massachusetts General Laws (MGL) and full collateralization through a third-party agreement. The policy also allows unlimited deposits in Massachusetts State pooled fund

and limits the remaining unsecured deposits to 5% of any institution's assets and no more than 25% of the Town's assets. The Town's policy was designed to limit exposure to only those institutions with a proven financial strength, capital adequacy of the firm, and overall affirmative reputation in the municipal industry. Further, all securities not held directly by the Town will be held in the Town's name and the tax identification number by a third-party custodian approved by the Treasurer and evidenced by safekeeping receipts showing individual CUSIP numbers for each security. The NRS does not have a deposit policy for custodial credit risk.

As of June 30, 2022, the Town had the following cash and short term investments:

Insured by FDIC or DIF	\$ 22,609,615
Collateralized	46,598,276
Held in state pool (MMDT), not subject to disclosure	19,000,055
Exposed to custodial credit risk	<u>14,934,569</u>
Total	<u>\$ 103,142,515</u>

As of December 31, 2021, the NRS bank balance of \$3,918,687 represented deposits of \$250,000 insured by FDIC, \$3,091,939 collateralized by the Federal Home Loan Bank of Pittsburgh, and \$576,748 invested in Pension Reserves Investment Trust (PRIT). PRIT Cash Fund III is measured at amortized cost which approximates fair value and maintains a stable net position value of \$1.00 per unit (NAV) with daily redemption frequency. Amounts invested in the state pools are not subject to custodial credit risk disclosure.

4. Investments

Town

The following is a summary of the Town's investments as of June 30, 2022:

<u>Investment Type</u>	<u>Amount</u>
U.S. Treasury notes	\$ 5,451,262
Federal agencies	1,314,515
Corporate bonds	6,662,467
Fixed income mutual funds	2,256,728
Corporate equities	7,905,020
Equity mutual funds	263,095
Market-linked certificates of deposits	3,786,724
Certificates of deposits	<u>2,083,619</u>
Total investments	<u>\$ 29,723,430</u>

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. For short-term investments that were purchased using surplus revenues, MGL, Chapter 44, Section 55, limits investments to the top rating issued by at least one nationally recognized statistical rating organization (NRSROs).

Presented below is the actual rating as of year-end for debt related investments of the Town, as rated by Standard and Poor's:

<u>Ratings as of Year End</u>						
<u>Investment Type</u>	<u>Amount</u>	<u>AAA</u>	<u>AA + - AA-</u>	<u>A+ - A-</u>	<u>BBB+ - BBB-</u>	<u>Unrated</u>
Federal agencies	\$ 1,314,515	\$ -	\$ 1,314,515	\$ -	\$ -	\$ -
Corporate bonds	6,662,467	-	427,069	3,339,466	2,895,932	-
Fixed income mutual funds	2,256,728	-	-	-	-	2,256,728
Market-linked certificates of deposit	3,786,724	-	-	-	-	3,786,724
Total	\$ 14,020,434	\$ -	\$ 1,741,584	\$ 3,339,466	\$ 2,895,932	\$ 6,043,452

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Town will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Town's custodial credit risk policy allows unlimited investments in U.S. agency obligations, certificates of deposits secured through a third party, and other investments allowable by MGL. Investments are held in the Town's name, except for \$6,235,491, which are held by counterparty.

Concentration of Credit Risk

The Town manages concentration of credit risk by diversifying the investment portfolio so that the impact of potential losses from any type of security or issuer will be minimized. With the exception U.S. Treasury obligations or investments fully collateralized by U.S. agencies, and the state pool (MMDT), no more than 10% of the Town's investments shall be invested in a single financial institution.

The Town does not have an investment in one issuer greater than 5% of total investments.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Per Massachusetts general law, investments of operating cash or bond paydown amounts should be placed in investments with a one year or less maturity date or in shares issued by money market funds registered with the Securities and Exchange Commission. The Town addresses interest rate risk by managing duration.

Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations is as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Effective Duration (in years)</u>
Debt related:		
U.S. Treasury notes	\$ 5,451,262	1.69
Federal agencies	1,314,515	3.39
Corporate bonds	6,662,467	3.10
Fixed income mutual funds	2,256,728	3.50
Market-linked certificates of deposits	<u>7,905,020</u>	3.60
Total debt securities	<u>\$ 23,589,992</u>	

Foreign Currency Risk

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment. The Town will not invest in any investment exposed to foreign currency risk.

Fair Value

The Town categorizes its fair value measurements within the fair value hierarchy established by Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application* (GASB 72). The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

Level 1 - Unadjusted quoted prices for identical instruments in active markets.

Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.

Level 3 – Valuations derived from valuation techniques in which significant inputs are unobservable.

Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Town's and OPEB Plan's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

Debt securities classified in Level 2 are valued using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features, and ratings. Matrix pricing is used to value securities based on the securities relationship to benchmark quote prices. Level 2 debt securities have non-proprietary information that was readily available to market participants, from multiple independent sources, which are known to be actively involved in the market.

The Town has the following fair value measurements as of June 30, 2022:

<u>Description</u>	<u>Fair Value Measurements Using:</u>			
		Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investments by fair value level:				
Debt securities:				
U.S Treasury notes	\$	5,451,262	\$ 5,451,262	\$ -
Federal agencies		1,314,515	-	1,314,515
Corporate bonds		6,662,467	-	6,662,467
Fixed income mutual funds		2,256,728	-	2,256,728
Market-linked certificates of deposit		3,786,724	-	3,786,724
Equity securities:				
Corporate equities		7,905,020	7,905,020	-
Equity mutual funds		263,095	263,095	-
Total	\$	<u>27,639,811</u>	<u>\$ 13,619,377</u>	<u>\$ 14,020,434</u>

OPEB Plan

Credit Risk

At June 30, 2022, the OPEB Plan maintained its investments in the SRBT. The SRBT fund is an external investment pool that is not registered with the Securities Exchange Commission. This investment type is not rated. SBRT was created under Massachusetts General Laws (MGL), Chapter 32A, Section 24.

Custodial Credit Risk

Investments held in SBRT are not subject to custodial credit risk disclosure.

Concentration of Credit Risk

MGL limits the amount that may be invested in any one issuer or security type, with the exception of the PRIT fund. All of the OPEB Plan's investments were held in the SBRT, invested by the PRIT fund.

Fair Value

Investments held in the SBRT are valued at net asset value (NAV). There were no unfunded commitments. The redemption frequency is monthly with a 30-day redemption notice period.

Retirement System

Credit Risk

Massachusetts General Laws (MGL), Chapter 32, Section 23, limits the investment of System funds, to the extent not required for current disbursements, in the PRIT Fund or in securities, other than mortgages or collateral loans, which are legal for the investment of funds in savings banks under the laws of the Commonwealth, provided that no more than the established percentage of assets, is invested in any one security.

At December 31, 2021, the System maintained its investments in PRIT. PRIT is an external investment pool that is not registered with the Securities Exchange Commission. This investment type is not rated. PRIT issues separately available financial statements with a year end of June 30. PRIT was created under MGL, Chapter 32, Section 22, in December 1983. PRIT is operated under contract with a private investment advisor, approved by the Pension Reserves Investment Management Board (PRIM). PRIM chooses an investment advisor by requesting proposals from advisors and reviewing such proposals based on criteria adopted under MGL, Chapter 30B.

Custodial Credit Risk

Investments held in PRIT are not subject to custodial credit risk disclosure.

Concentration of Credit Risk

Massachusetts General Laws Chapter 32, Section 23 limits the amount the System may invest in any one issuer or security type, with the exception of the PRIT fund. NRS invests in the PRIT fund.

Fair Value

Investments held in PRIT are valued at net asset value (NAV). There were no unfunded commitments. The redemption frequency is monthly with a 30-day redemption notice period.

NRS values its investments in good faith at the System's pro-rata interest in PRIT based upon audited financial statements or other information provided by the underlying investment manager (PRIM). The estimated fair value of these investments may differ significantly from values that would have been used had a ready market existed.

5. Receivables

Property Taxes and Excises Receivable

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

Fourteen days after the due date for the final tax bill for real estate taxes (May 1), a demand notice may be sent to the delinquent taxpayer. Fourteen days after the demand notice has been sent, the tax collector may proceed to file a lien against the delinquent taxpayers' property. The Town has an ultimate right to foreclose on property for unpaid taxes. Personal property taxes cannot be secured through the lien process.

Motor vehicle excise taxes are assessed annually for every motor vehicle and trailer registered in the Commonwealth of Massachusetts. The Registry of Motor Vehicles annually calculates the value of all registered motor vehicles for the purpose of excise assessment. The amount of motor vehicle excise tax due is calculated using a fixed rate of \$25 per \$1,000 of value.

Taxes receivable at June 30, 2022 consist of the following:

	Gross Amount (fund basis)	Allowance for Doubtful Accounts	Net Amount (accrual basis)
<u>Receivables:</u>			
Real estate taxes	\$ 1,831,409	\$ -	\$ 1,831,409
Personal property taxes	912,905	(796,000)	116,905
Tax liens	1,316,015	-	1,316,015
Deferred taxes	609,587	-	609,587
CPA	30,150	-	30,150
Total property taxes	4,700,066	(796,000)	3,904,066
Excises	901,181	(360,000)	541,181
Grand total	\$ <u>5,601,247</u>	\$ <u>(1,156,000)</u>	\$ <u>4,445,247</u>

The allowance amount is estimated using varying percentages that the Town believes are not collectible based on year of levy.

Departmental Receivables

Departmental receivables are primarily comprised of ambulance and waste removal receivables. Departmental receivables in the accompanying entity-wide financial statements reflect an estimated allowance for doubtful accounts of \$155,000.

Intergovernmental Receivables

This balance represents reimbursements requested from Federal and State agencies for expenditures incurred in fiscal year 2022 and future reimbursements from the Massachusetts School Building Authority (MSBA).

6. Interfund Transfers

The Town reports interfund transfers between many of its funds. The sum of all transfers presented in the table below agrees with the sum of interfund transfers presented in the governmental and proprietary fund financial statements.

<u>Governmental Funds:</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 5,484,304	\$ 14,628,400
Community Preservation Fund	548,878	3,021,397
Nonmajor Governmental Funds:		
Special Revenue Funds:		
Town grants	-	1,139,207
Receipts reserved for appropriation	-	7,604
Capital Project Funds:		
Sunita L. Williams School	1,202,000	-
School Replace Equipment - Technology	586,575	-
NPDES Site Improvement	480,500	-
DPW Boiler Replacement	460,000	-
Other capital project funds	<u>11,674,414</u>	<u>1,096,016</u>
Subtotal Nonmajor Governmental Funds	14,403,489	2,242,827
Internal Service Fund	337,000	-
<u>Business-Type Funds:</u>		
Sewer Fund	526,368	507,526
Water Fund	<u>-</u>	<u>899,889</u>
Subtotal Business-Type Funds:	<u>526,368</u>	<u>1,407,415</u>
Grand Total	<u>\$ 21,300,039</u>	<u>\$ 21,300,039</u>

The \$1,407,415 from the sewer and water funds were transferred to the general fund to reimburse indirect costs and special articles.

The \$526,368 transfer from the general fund into the enterprise funds represents a subsidy to the sewer fund to cover storm water expenses funded by general revenues. Most of the transfers out of the general fund represent the Town's practice of using *free cash* (available unassigned fund balance as certified by the Massachusetts Department of Revenue) and overlay surplus to the various major and non-major capital project funds.

Transfers out of the general fund represent the Town's practice of funding capital activity with current year revenues as well as paying down some capital projects short-term notes payable with debt service appropriation.

Other transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

7. Capital Assets

Capital asset activity for the year ended June 30, 2022 was as follows (in thousands):

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Governmental Activities:				
Capital assets, being depreciated:				
Buildings and improvements	\$ 332,615	\$ 2,612	\$ (56)	\$ 335,171
Machinery, equipment, and furnishings	21,757	1,274	(1,565)	21,466
Vehicles	9,046	231	(516)	8,761
Infrastructure	<u>48,883</u>	<u>1,714</u>	<u>-</u>	<u>50,597</u>
Total capital assets, being depreciated	412,301	5,831	(2,137)	415,995
Less accumulated depreciation for:				
Buildings and improvements	(92,175)	(8,846)	56	(100,965)
Machinery, equipment, and furnishings	(14,514)	(2,234)	1,565	(15,183)
Vehicles	(7,596)	(686)	516	(7,766)
Infrastructure	<u>(27,053)</u>	<u>(1,855)</u>	<u>-</u>	<u>(28,908)</u>
Total accumulated depreciation	<u>(141,338)</u>	<u>(13,621)</u>	<u>2,137</u>	<u>(152,822)</u>
Capital assets, being depreciated, net	270,963	(7,790)	-	263,173
Capital assets, not being depreciated:				
Land	37,355	-	-	37,355
Works of art	120	-	-	120
Construction in progress	<u>67,116</u>	<u>22,532</u>	<u>(6,213)</u>	<u>83,435</u>
Total capital assets, not being depreciated	<u>104,591</u>	<u>22,532</u>	<u>(6,213)</u>	<u>120,910</u>
Governmental activities capital assets, net	<u>\$ 375,554</u>	<u>\$ 14,742</u>	<u>\$ (6,213)</u>	<u>\$ 384,083</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital assets, being depreciated:				
Buildings and improvements	\$ 21,137	\$ -	\$ -	\$ 21,137
Plant	6,600	-	-	6,600
Machinery, equipment, and furnishings	3,534	65	(110)	3,489
Vehicles	980	-	(70)	910
Infrastructure	<u>81,664</u>	<u>1,138</u>	<u>(546)</u>	<u>82,256</u>
Total capital assets, being depreciated	113,915	1,203	(726)	114,392
Less accumulated depreciation for:				
Buildings and improvements	(5,532)	(480)		(6,012)
Plant	(4,458)	(214)		(4,672)
Machinery, equipment, and furnishings	(2,585)	(219)	110	(2,694)
Vehicles	(937)	(41)	70	(908)
Infrastructure	<u>(46,671)</u>	<u>(1,388)</u>	<u>546</u>	<u>(47,513)</u>
Total accumulated depreciation	<u>(60,184)</u>	<u>(2,342)</u>	<u>726</u>	<u>(61,800)</u>
Capital assets, being depreciated, net	53,732	(1,139)	-	52,593
Capital assets, not being depreciated:				
Land	268	-	-	268
Construction in progress	<u>3,853</u>	<u>436</u>	<u>(1,138)</u>	<u>3,151</u>
Total capital assets, not being depreciated	<u>4,121</u>	<u>436</u>	<u>(1,138)</u>	<u>3,419</u>
Business-type activities capital assets, net	<u>\$ 57,853</u>	<u>\$ (703)</u>	<u>\$ (1,138)</u>	<u>\$ 56,012</u>

Depreciation expense was charged to functions of the Town as follows:

Governmental Activities:	
General government	\$ 1,779,688
Public safety	640,694
Education	7,123,035
Public works	3,187,721
Building design and construction	112,495
Health and human services	250,464
Culture and recreation	<u>450,477</u>
Total depreciation expense - governmental activities	<u>\$ 13,544,574</u>
Business-Type Activities:	
Sewer	\$ 974,587
Water	<u>1,444,720</u>
Total depreciation expense - business-type activities	<u>\$ 2,419,307</u>

8. Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of net assets by the Town that apply to future reporting periods. Deferred outflows of resources have a positive effect on net position, similar to assets. Deferred outflows of resources related to pensions and OPEB, in accordance with GASB Statements No. 68 and 75, are more fully discussed in the corresponding pension and OPEB notes.

9. Accrued Liabilities

Accrued liabilities primarily represent accrued payroll and withholdings. In the government-wide Statement of Net Position, accrued liabilities also include accrued interest for bonds and anticipation notes.

Accrued liabilities reported in the Internal Service Fund represent an estimate of incurred but not reported workers' compensation claims.

10. Refunds Payable

This balance consists of an estimate of refunds due to property taxpayers for potential abatements. These cases are currently pending with the state Appellate Tax Board.

11. Notes Payable

At year-end, the Town had no general obligation bond anticipation notes outstanding. During the fiscal year, the town issued \$2,761,000 in bond anticipation notes in April 2022 and repaid the notes on June 15, 2022.

12. Long-Term Debt

General Obligation Bonds and Direct Borrowings

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds and direct borrowings (issuances through the MA Water Resources Authority) outstanding are as follows.

	Original	Interest	Date of	Date of	Amount Outstanding as of
<u>Governmental Activities</u>	<u>Amount</u>	<u>Rate(s) %</u>	<u>Issue</u>	<u>Maturity</u>	<u>6/30/22</u>
Public offering bonds:					
Town Hall, Parking and Bridge	\$ 2,460,000	2.00 - 3.125	10/05/11	08/01/26	\$ 525,000
GOB - Refunding FY2012	10,995,000	2.00 - 4.00	06/06/12	11/01/23	1,270,000
Municipal Purpose FY 2013	12,244,000	2.00 - 4.00	10/03/12	07/15/32	5,510,000
Municipal Purpose FY 2013	5,945,000	2.00 - 4.00	06/18/13	11/01/32	3,120,000
Municipal Purpose FY 2014	6,085,000	3.00 - 4.00	12/02/13	07/15/33	3,010,000
Municipal Purpose FY 2014	5,032,000	2.00 - 2.50	06/02/14	05/15/34	770,000
Municipal Purpose FY 2015	13,425,000	2.00 - 4.00	04/01/15	11/15/33	3,395,000
High School, High Rock and Pollard Schools	6,645,000	2.00 - 4.00	06/16/16	08/01/27	3,720,000
Municipal Purpose FY 2017	10,945,000	3.00 - 4.00	01/05/17	01/15/42	6,885,000
Municipal Purpose FY 2018	31,000,000	3.00 - 4.00	07/17/18	07/15/38	24,515,000
Municipal Purpose FY 2020	27,500,000	2.625 - 5.00	10/01/19	08/01/44	22,995,000
Municipal Purpose FY 2020	25,185,000	2.00 - 5.00	06/25/20	02/01/40	21,260,000
Municipal Purpose FY 2021	4,668,000	2.00 - 5.00	04/14/21	06/30/41	3,995,000
Municipal Purpose FY 2021	19,407,000	2.00 - 5.00	04/14/21	06/30/41	15,900,000
Municipal Purpose FY 2022	9,970,000	2.00 - 5.00	04/14/22	08/15/36	9,970,000
Total Governmental Activities					\$ <u>126,840,000</u>

	Original	Interest	Date of	Date of	Amount Outstanding as of
<u>Business-Type Activities</u>	<u>Amount</u>	<u>Rate(s) %</u>	<u>Issue</u>	<u>Maturity</u>	<u>6/30/22</u>
Public offering bonds:					
Municipal Purpose FY 2014	\$ 5,032,000	2.00 - 2.50	06/02/14	05/15/34	\$ 1,195,000
Municipal Purpose FY 2015	13,425,000	2.00 - 4.00	04/01/15	11/15/33	1,375,000
Municipal Purpose FY 2020	25,185,000	2.00 - 5.00	06/25/20	02/01/28	30,000
Municipal Purpose FY 2022	145,000	2.00 - 5.00	04/14/22	08/15/27	145,000
Total public offering bonds					2,745,000
Direct borrowings:					
MA Water Resources Authority	765,335	2.00	06/01/12	07/15/30	398,618
MA Water Resources Authority	9,055,822	2.00	05/22/13	01/15/33	3,636,463
MA Water Resources Authority	2,310,813	3.00 - 4.00	05/11/17	01/15/28	1,314,669
MA Water Resources Authority	440,000	0.00	11/26/19	11/15/24	264,000
Total direct borrowings					<u>5,613,750</u>
Total Business-Type Activities					\$ <u>8,358,750</u>

Future Debt Service

The annual payments to retire all general obligation and direct borrowing long-term debt outstanding as of June 30, 2022 are as follows:

<u>Governmental</u>	<u>General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 13,500,000	\$ 4,481,267	\$ 17,981,267
2024	10,685,000	4,001,025	14,686,025
2025	9,745,000	3,534,775	13,279,775
2026	8,745,000	3,119,725	11,864,725
2027	8,280,000	2,755,172	11,035,172
2028 - 2032	32,920,000	9,161,335	42,081,335
2033 - 2037	24,920,000	4,166,844	29,086,844
2038 - 2042	15,225,000	1,444,056	16,669,056
2043 - 2045	<u>2,820,000</u>	<u>112,500</u>	<u>2,932,500</u>
Total	\$ <u>126,840,000</u>	\$ <u>32,776,699</u>	\$ <u>159,616,699</u>

<u>Business-Type</u>	<u>General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 375,000	\$ 83,194	\$ 458,194
2024	260,000	71,900	331,900
2025	260,000	62,700	322,700
2026	220,000	54,550	274,550
2027	220,000	47,250	267,250
2028 - 2032	975,000	143,800	1,118,800
2033 - 2034	<u>435,000</u>	<u>15,250</u>	<u>450,250</u>
Total	\$ <u>2,745,000</u>	\$ <u>478,644</u>	\$ <u>3,223,644</u>

<u>Business-Type</u>	<u>MWRA Direct Borrowings</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 744,091	\$ 80,293	\$ 824,383
2024	645,439	73,544	718,983
2025	652,855	66,649	719,504
2026	572,430	59,606	632,036
2027	580,168	52,411	632,580
2028 - 2032	2,121,509	149,082	2,270,591
2033 - 2034	<u>297,259</u>	<u>7,345</u>	<u>304,604</u>
Total	\$ <u>5,613,750</u>	\$ <u>488,931</u>	\$ <u>6,102,681</u>

Bond Authorizations

Long-term debt authorizations which have not been issued or rescinded as of June 30, 2022 are as follows:

<u>Date Authorized</u>	<u>Purpose</u>	<u>Amount</u>
October 2016	Hillside School Construction	\$ 226,633
May 2018	RTS Property Repairs	185,000
May 2018	Public Works Storage Facility	2,288,000
May 2019	Water Distribution Improvements	4,000,000
June 2020	Mitchell School Restroom Upgrades	200,000
May 2021	Public Safety P/F Bldgs Construction	1,400,000
October 2021	Emery Grover Bldg Design	1,005,000
May 2022	Emery Grover Bldg Renovation	14,150,000
May 2021	Sewer Main Replacement	204,500
	Total	<u>\$ 23,659,133</u>

Changes in Long-Term Liabilities

During the year ended June 30, 2022, the following changes occurred in long-term liabilities (in thousands):

	Total Balance <u>7/1/21</u>	<u>Additions</u>	<u>Reductions</u>	Total Balance <u>6/30/22</u>	Less Current Portion	Equals Long-Term Portion <u>6/30/22</u>
<u>Governmental Activities</u>						
Bonds payable - public offerings	\$ 130,525	\$ 9,970	\$ (13,654)	\$ 126,841	\$ (13,500)	\$ 113,341
Unamortized bond premium	<u>10,459</u>	<u>735</u>	<u>(910)</u>	<u>10,284</u>	<u>(954)</u>	<u>9,330</u>
Subtotal bonds payable	140,984	10,705	(14,564)	137,125	(14,454)	122,671
Net pension liability	70,951	-	(26,773)	44,178	-	44,178
Net OPEB liability	68,160	4,220	-	72,380	-	72,380
Accrued employee benefits	6,967	-	(687)	6,280	(1,570)	4,710
Landfill closure	<u>451</u>	<u>-</u>	<u>(57)</u>	<u>394</u>	<u>(56)</u>	<u>338</u>
Totals	<u>\$ 287,513</u>	<u>\$ 14,925</u>	<u>\$ (42,081)</u>	<u>\$ 260,357</u>	<u>\$ (16,080)</u>	<u>\$ 244,277</u>
<u>Business-Type Activities</u>						
Bonds payable - public offerings	\$ 3,046	\$ -	\$ (96)	\$ 2,950	\$ (375)	\$ 2,575
Bonds payable - direct offerings	<u>6,281</u>	<u>-</u>	<u>(413)</u>	<u>5,868</u>	<u>(1,203)</u>	<u>4,665</u>
Subtotal bonds payable	9,327	-	(509)	8,818	(1,578)	7,240
Net pension liability	2,744	-	(1,056)	1,688	-	1,688
Net OPEB liability	860	627	-	1,487	-	1,487
Accrued employee benefits	<u>307</u>	<u>-</u>	<u>(37)</u>	<u>270</u>	<u>-</u>	<u>270</u>
Totals	<u>\$ 13,238</u>	<u>\$ 627</u>	<u>\$ (1,602)</u>	<u>\$ 12,263</u>	<u>\$ (1,578)</u>	<u>\$ 10,685</u>

Current Year Refundings

On April 14, 2021 the Town issued general obligation bonds in the amount of \$4,668,000 with a variable interest rate ranging from 2.0 - 5.0% to refund \$5,455,000 of term bonds with an interest rate ranging from 2.625% - 4.0%. The net proceeds on this refunding were \$5,500,615. As a result of the refunding, the Town reduced its total debt service requirement by \$720,714 with a net present value savings of \$529,967 (economic gain).

Prior Year Refundings

In prior years, the Town has defeased various bond issues by creating separate irrevocable trust funds. The proceeds from the new issuance of the general obligation bonds were used to purchase U.S. government securities, and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the refunded bonds mature in 2019. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the Town's balance sheet. As of June 30, 2022, the amount of defeased debt outstanding but removed from the governmental activities and business-type activities was \$12,435,000.

13. Landfill Postclosure Care Costs

State and Federal laws and regulations require the Town to perform certain maintenance and monitoring functions at the site for thirty years after closure.

The \$394,908 reported as postclosure care liability at June 30, 2022 represents the estimated costs to maintain and monitor the site for the remainder of the thirty years. These amounts are based on what it would cost to perform all postclosure care in 2022. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

14. Deferred Inflows of Resources

Deferred inflows of resources represent the acquisitions of net assets by the Town that are applicable to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities. The Town reports three items as deferred inflows of resources: one which is attributable to changes in the net pension liability, changes in OPEB liability, and the other one which arises from the current financial resources measurement focus and the modified accrual basis of accounting in governmental funds. Deferred inflows of resources related to pension and OPEB will be recognized as expense in future years and are more fully described in the corresponding pension and OPEB notes.

The balance of the General Fund *unavailable revenues* account is equal to the total of all June 30, 2022 receivable balances, except real and personal property taxes that are accrued for subsequent 60-day collections.

15. Governmental Funds - Balances

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

The following types of fund balances are reported at June 30, 2022:

Nonspendable

This fund balance classification represents nonmajor governmental fund reserves for the principal portion of permanent trust funds.

Restricted

This fund balance classification includes general fund encumbrances funded by bond issuances, community preservation funds, various special revenue funds, and the income portion of permanent trust funds.

Committed

This fund balance classification includes general fund encumbrances for non-lapsing, special article appropriations approved at Town Meeting, and capital project funds funded by cash capital.

Assigned

This fund balance classification includes general fund encumbrances that have been established by various Town departments for the expenditure of current year budgetary financial resources upon vendor performance in the subsequent budgetary period.

Following is a breakdown of the Town's fund balances at June 30, 2022:

	General Fund	Community Preservation Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable				
Permanent funds	\$ -	\$ -	\$ 113,326	\$ 113,326
Total Nonspendable	-	-	113,326	113,326
Restricted				
Debt service	733,044	-	-	\$ 733,044
Community preservation	-	10,559,002	-	10,559,002
Bonded projects	-	-	19,093,599	19,093,599
Special revenue funds:				
Expendable trust funds	-	-	3,001,986	3,001,986
Circuit Breaker	-	-	1,715,210	1,715,210
School lunch	-	-	923,004	923,004
RRFA - parking meter fund	-	-	379,224	379,224
RRFA - bond premiums	-	-	730,798	730,798
Insurance loss replacement	-	-	217,582	217,582
Facility activity use	-	-	357,394	357,394
Pupil transportation	-	-	225,612	225,612
Parks and recreation revolving	-	-	267,696	267,696
Other special revenue funds	-	-	3,667,914	3,667,914
Total Restricted	733,044	10,559,002	30,580,019	41,872,065
Committed				
Continuing appropriations articles	3,248,691	-	-	3,248,691
Compensated absences	464,270	-	-	464,270
Capital improvement stabilization	1,100,591	-	-	1,100,591
Capital facility stabilization	1,927,853	-	-	1,927,853
Athletic facility stabilization	978,607	-	-	978,607
Debt service stabilization	2,160,996	-	-	2,160,996
Capital projects	-	-	-	-
Total Committed	9,881,008	-	-	9,881,008
Assigned				
Encumbrances	3,230,812	-	-	3,230,812
For next year's expenditures:				
Primarily for capital	13,119,955	-	-	13,119,955
Total Assigned	16,350,767	-	-	16,350,767
Unassigned				
General fund	24,833,428	-	-	24,833,428
Stabilization fund	4,550,112	-	-	4,550,112
Police and fire details	-	-	(463,585)	(463,585)
Capital projects	-	-	(3,591,741)	(3,591,741)
Total Unassigned	29,383,540	-	(4,055,326)	25,328,214
Total Fund Balance	\$ 56,348,359	\$ 10,559,002	\$ 26,638,019	\$ 93,545,380

Stabilization Fund Arrangements

In accordance with Massachusetts General Laws, Section 5B of Chapter 40, as amended by Section 22 of Chapter 218 of the Acts of 2016, the Town maintains five stabilization funds. Per Chapter 218, balances in the stabilization funds can be expended only upon

appropriation at Town Meeting. Additionally, transfers to the stabilization funds are required to be approved at Town Meeting. The Town maintains the following stabilization funds:

- General stabilization – established around 1970, for general purposes.
- Capital improvement stabilization – established in May 2004, to reserve funds for the acquisition of new equipment, and/or the replacement of existing equipment (in both cases relating to equipment for which the Town may borrow for 5 years, or more), and/or for building/facility improvements with a cost of less than \$250,000.
- Capital facility stabilization – established in May 2007, to reserve funds for design, maintenance, renovation or reconstruction relating to the structural integrity of the capital facilities.
- Athletic facility stabilization – established in May 2012, to reserve funds for the renovation and reconstruction of the Town’s athletic facilities.
- Debt service stabilization – established in November 2015, to reserve funds to pay certain debt obligations, when necessary. The fund is intended to be part of the Town’s overall planning strategy for addressing capital facility needs.

16. General Fund Unassigned Fund Balance

The unassigned general fund balance reported on the balance sheet is stated in accordance with generally accepted accounting principles (GAAP), which differs in certain respects from the Massachusetts Uniform Municipal Accounting System (UMAS). Major differences include an estimate for future potential tax refunds included in these financial statements, which is not recognized under UMAS.

17. Needham Contributory Retirement System

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

Plan Description

Employees of the Town (except teachers and administrators under contract employed by the School Department) who meet the membership eligibility requirements of Chapter 32 of the Massachusetts General Laws are members of the Needham Contributory Retirement System (the System), a cost-sharing, multiple-employer public employee defined benefit retirement system (PERS). Eligibility includes employees working over twenty hours per week and excludes part-time and seasonal employees. Eligible employees must participate in the System. The pension plan provides pension benefits,

deferred allowances, and death and disability benefits. Chapter 32 of the Massachusetts General Laws establishes the authority of the System, contribution percentages and benefits paid. The System Retirement Board does not have the authority to amend benefit provisions. Additional information is disclosed in the System's annual financial reports publicly available from the System located at 1471 Highland Avenue, Needham, Massachusetts 02492.

Participant Retirement Benefits

The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest 3-year average annual rate of regular compensation for those hired prior to April 2, 2012 and the highest five-year average annual rate of regular compensation for those first becoming members of the System on or after that date. However, per Chapter 176 of the Acts of 2011, for members who retire on or after April 2, 2012, if in the 5 years of creditable service immediately preceding retirement, the difference in the annual rate of regular compensation between any 2 consecutive years exceeds 100 percent, the normal yearly amount of the retirement allowance shall be based on the average annual rate of regular compensation received by the member during the period of 5 consecutive years preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation and group classification.

If a participant was a member prior to February 2012, a retirement allowance may be received at any age, upon attaining 20 years of service. The plan also provides for retirement at age 55 if the participant was a member prior to January 1, 1978, with no minimum vesting requirements. If the participant was a member on or after January 1, 1978 and a member of Groups 1 or 2, then a retirement allowance may be received if the participant (1) has at least 10 years of creditable service, (2) is age 55, (3) voluntarily left Town employment on or after that date, and (4) left accumulated annuity deductions in the fund. Members of Group 4 have no minimum vesting requirements, however, must be at least age 55. Groups 2 and 4 require that participants perform the duties of the Group position for at least 12 months immediately prior to retirement.

A participant who became a member on or after April 2, 2012 is eligible for a retirement allowance upon 10 years creditable service and reaching ages 60 or 55 for Groups 1 and 2, respectively. Participants in Group 4 must be at least age 55. Groups 2 and 4 require that participants perform the duties of the Group position for at least 12 months immediately prior to retirement.

A retirement allowance consists of two parts: an annuity and a pension. A member's accumulated total deductions and a portion of the interest they generate constitute the annuity. The difference between the total retirement allowance and the annuity is the pension. The average retirement benefit is approximately 80-85% pension and 15-20% annuity.

Participant Refunds

Employees who resign from service and who are not eligible to receive a retirement allowance are entitled to request a refund of their accumulated total deductions. Members voluntarily withdrawing with at least 10 years of service or involuntarily withdrawing, receive 100% of the regular interest that has accrued on those accumulated total deductions. Members voluntarily withdrawing with less than 10 years of service get credited interest each year at a rate of 3%.

Participants' Contributions

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

Before January 1, 1975	5%
January 1, 1975 - December 31, 1983	7%
January 1, 1984 - June 30, 1996	8%
Beginning July 1, 1996	9%
1979- present	An additional 2% of salary in excess of \$30,000.

For those members entering a System on or after April 2, 2012 in Group 1, the contribution rate will be reduced to 6% when at least 30 years of creditable service has been attained.

Employer Contributions

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

The Town's contribution to the System for the year ended June 30, 2022 was \$10,417,439, which was equal to its annual required contribution.

Summary of Significant Accounting Policies

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred (Inflows) of Resources Related to Pensions

At June 30, 2022, the Town reported a liability of \$45;865;454 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2021, the Town's proportion was 98.65%, previously 98.47%.

For the year ended June 30, 2022, the Town recognized pension expense of \$6,323,600. In addition, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Differences between expected and actual experience	\$ -	\$ 8,903,017
Changes of assumptions	15,024,060	-
Changes in proportion	183,704	114,330
Net difference between projected and actual earnings on pension plan investments	-	29,045,195
Total	\$ 15,207,764	\$ 38,062,542

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

Year ended June 30:	Deferred Outflows (Inflows) of Resources
2023	\$ (3,288,241)
2024	(6,354,365)
2025	(7,591,917)
2026	(5,594,139)
2027	(26,116)
Total	\$ (22,854,778)

Actuarial Assumptions

A summary of the actuarial assumptions as of the latest actuarial valuation is shown below:

Valuation date	1/1/2022
Actuarial cost methods	Individual Entry Age Normal
Actuarial assumptions:	
Investment rate of return	6.25%, previously 6.50%
Projected salary increases	Ranging from 6.00% decreasing to 3.75% for Group 1 Ranging from 6.00% decreasing to 4.00% for Group 2 Ranging from 7.00% decreasing to 4.25% for Group 3
Inflation rate	2.4% per year
Payroll growth	3.5% per year
Post-retirement cost-of-living adjustment	3% of the first \$14,000

Actuarial valuation of the System involves estimates of the reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Mortality rates were based on RP-2014 Blue Collar Employee Mortality Table with full generational mortality improvement using Scale MP-2016. For disabled members, RP-2014 Blue Collar Mortality Table set forward one year with full generational mortality improvement using Scale MP-2016.

Target Allocations

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the System's targeted asset allocation as of June 30, 2022, are summarized in the following table.

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global equity	38.00%	4.22%
Core fixed income	15.00%	0.70%
Value-Added fixed income	8.00%	4.00%
Private equity	15.00%	7.70%
Real estate	10.00%	3.60%
Timberland	4.00%	4.20%
Portfolio Completion (PCS)	<u>10.00%</u>	3.00%
Total	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 6.25%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.25%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

<u>1% Decrease (5.25%)</u>	<u>Current Discount Rate (6.25%)</u>	<u>1% Increase (7.25%)</u>
\$ 81,980,707	\$ 45,865,454	\$ 16,771,444

Pension Plan Fiduciary Net Position

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

18. **Massachusetts Teachers' Retirement System (MTRS)**

Plan Description

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

Management of MTRS is vested in the Massachusetts Teachers' Retirement Board (MTRB), which consists of seven members—two elected by the MTRS members, one who is chosen by the six other MTRB members, the State Treasurer (or their designee), the State Auditor (or their designee), a member appointed by the Governor, and the Commissioner of Education (or their designee), who serves ex-officio as the Chairman of the MTRB.

Benefits Provided

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

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

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

Contributions

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

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

In addition, members who join MTRS on or after April 2, 2012 will have their withholding rates reduced to 8% for those participating in retirement, otherwise the withholdings are reduced to 6% plus 2% on earnings over \$30,000 a year after achieving 30 years of creditable service.

Actuarial Assumptions

The net pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of January 1, 2021 rolled forward to June 30, 2021. This valuation used the following assumptions:

- (a) 7.00% (changed from 7.15%) investment rate of return, (b) 3.50% interest rate credited to the annuity savings fund and (c) 3.00% cost of living increase on the first \$13,000 per year.
- Salary increases are based on analyses of past experience but range from 4.00% to 7.50% depending on length of service.
- Experience study is dated July 21, 2014 and encompasses the period January 1, 2006 to December 31, 2011, updated to reflect post-retirement mortality from 2012-2020.

- Mortality rates were as follows:
 - Pre-retirement – reflects Pub-2010 Teachers Employees mortality table (headcount weighted) projected generationally with Scale MP-2020 (gender distinct).
 - Post-retirement – reflects Pub-2010 Teachers Retirees mortality table (headcount weighted) projected generationally with Scale MP-2020 (gender distinct).
 - Disability – assumed to be in accordance with the Pub-2010 Teachers Retirees Mortality Table (headcount weighted) projected generationally with Scale MP-2018 (gender distinct).

Target Allocation

Investment assets of the MTRS are with the Pension Reserves Investment Trust (PRIT) Fund. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, 1 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	39.00%	4.80%
Core fixed income	15.00%	0.30%
Private equity	13.00%	7.80%
Portfolio completion strategies	11.00%	2.90%
Real estate	10.00%	3.70%
Value added fixed income	8.00%	3.90%
Timber/natural resources	4.00%	4.30%
Total	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Commonwealth of Massachusetts' contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity Analysis

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

<u>1% Decrease to 6.00%</u>	<u>Current Discount Rate 7.00%</u>	<u>1% Increase to 8.00%</u>
\$ 29,687,706	\$ 22,706,876	\$ 16,882,184

Special Funding Situation

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

Town Proportions

In fiscal year 2021 (the most recent measurement period), the Town's proportionate share of the MTRS' collective net pension liability was \$168,708,472 based on a proportionate share of 0.742984%. As required by GASB 68, the Town has recognized its portion of the Commonwealth's contribution as of \$12,990,950 as both a revenue and expenditure in the general fund, and its portion of the collective pension expense of \$13,538,152 as both a revenue and expense in the governmental activities.

19. Other Post-Employment Benefits (GASB 74 and 75)

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)*, replaces the requirements of Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This applies if a trust fund has been established to fund future OPEB costs. In prior years the Town established a single employer defined benefit OPEB Trust Fund to provide funding for future employee health care costs. The OPEB Trust Fund does not issue a stand-alone financial report.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. This statement identifies the methods and assumptions that are required to be used to project benefit

payments, discounted projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

All the following OPEB disclosures are based on a measurement date of June 30, 2022.

General Information about the OPEB Plan

Plan Description

The Town provides post-employment healthcare benefits for retired employees through the Town's plan. The Town provides health insurance coverage through a variety of health plans through the West Suburban Health Group, a municipal joint purchase group organized under Massachusetts General Laws Chapter 32B §12. The benefits, benefit levels, employee contributions, and employer contributions are governed by Chapter 32 of Massachusetts General Laws.

Benefits Provided

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

Funding Policy

The Town's funding policy includes funding the OPEB fund on a pay-as-you-go basis and making additional contributions based on actuarially determined amounts or annual budget limitations/authorizations.

Plan Membership

At June 30, 2021, the following employees were covered by the benefit terms:

Retirees/Disabled	940
Active employees	<u>1,423</u>
Total	<u><u>2,363</u></u>

Investments

The OPEB trust fund assets are invested with the Commonwealth's State Retirees Benefit Trust Fund.

Rate of Return

For the year ended June 30, 2022, the annual money-weighted rate of return on investments, net of investment expense, was 6.25 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Actuarial Assumptions and Other Inputs

The net OPEB liability was determined by an actuarial valuation as of June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%, as of June 2022 and future periods
Salary increases	3.0% annually as of June 2022 and future period
Investment rate of return	6.41%, net of investment expenses, including in
Discount rate	6.25%, net of investment expenses, including in
Healthcare cost trend rates	4.50% for 2021, based on the SOA Getzen Model of Long-Run Medical Cost Trends
Participation rate	80% of eligible employees
Retirees' share of benefit-related costs	26%-50%, depending on the retiree's plan

Mortality rates were based on:

- RP-2014 Employees Mortality Table projected generationally with scale MP-2016 for males and females, set forward 1 year for females
- RP-2014 Healthy Annuitant Mortality Table projected generationally with scale MP-2016 for males and females, set forward 1 year for females
- RP-2014 Healthy Annuitant Mortality Table projected generationally with scale MP-2016 for males and females, set forward 1 year

The actuarial assumptions used in the valuation primarily reflect the latest experience studies of the Massachusetts PERAC issued in 2014 and their most recent analysis of retiree mortality during 2015 and 2016.

Target Allocations

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2022 are summarized in the following table.

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic equity - Large Cap	14.50%	4.42%
Domestic equity - Small/Mid Cap	3.50%	4.81%
International developed markets equity	16.00%	4.91%
International emerging markets equity	6.00%	5.58%
Domestic Fixed Income	20.00%	1.00%
International Fixed Income	3.00%	1.04%
Alternatives	23.00%	5.98%
Real Estate	<u>14.00%</u>	6.25%
Total	<u><u>100.00%</u></u>	

Contributions

The Town's policy is to contribute the ADC.

Discount Rate

The discount rate used to measure the net OPEB liability was 6.25%, previously 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate.

Based on those assumptions, the OPEB plan fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Net OPEB Liability

The components of the net OPEB liability, measured as of June 30, 2022, were as follows:

Total OPEB liability	\$ 135,250,391
Plan fiduciary net position	<u>61,383,656</u>
Net OPEB liability	<u><u>\$ 73,866,735</u></u>

The fiduciary net position has been determined on the same basis used by the OPEB Plan. For this purpose, the Plan recognizes benefit payments when due and payable.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances, beginning of year	\$ 129,196,503	\$ 60,176,478	\$ 69,020,025
Changes for the year:			
Service cost	3,030,646	-	3,030,646
Interest	8,414,773	-	8,414,773
Contributions - employer	-	9,213,019	(9,213,019)
Net investment income	-	(2,379,071)	2,379,071
Differences between expected and actual experience	(3,714,901)	-	(3,714,901)
Changes in assumptions or other inputs	3,950,140	-	3,950,140
Benefit payments	<u>(5,626,770)</u>	<u>(5,626,770)</u>	<u>-</u>
Net Changes	<u>6,053,888</u>	<u>1,207,178</u>	<u>4,846,710</u>
Balances, end of year	\$ <u>135,250,391</u>	\$ <u>61,383,656</u>	\$ <u>73,866,735</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

1% Decrease	Current Discount Rate	1% Increase
\$ 86,496,704	\$ 73,866,735	\$ 54,679,230

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
\$ 52,965,338	\$ 73,866,735	\$ 88,836,970

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2022, the Town recognized an OPEB expense of \$8,272,920. At June 30, 2022, the Town reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred (Inflows) of <u>Resources</u>
Difference between expected and actual experience	\$ -	\$ 6,759,770
Change in assumptions	15,520,396	-
Net difference between projected and actual OPEB investment earnings	<u>-</u>	<u>2,427,545</u>
Total	<u>\$ 15,520,396</u>	<u>\$ 9,187,315</u>

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

<u>Year Ended June 30:</u>	
2023	\$ 1,910,368
2024	2,115,143
2025	71,253
2026	1,850,497
2027	356,627
Thereafter	<u>29,193</u>
Total	<u>\$ 6,333,081</u>

20. Self-Insurance

Workers' Compensation

The Town's personnel Department administers a self-insured workers' compensation program. In addition to in-house administration, the Town utilizes a third-party administrator, FutureComp, to process claims, produce workers' compensation vouchers, and conduct follow-up medical case management on individuals receiving workers compensation benefits.

As of June 30, 2022, the Town's workers' compensation fund had a balance of \$1,386,171 in net position (a component of Total Net Position). This amount is generated from the remainder of the workers compensation budget voted each year by Town Meeting, less

accrual for outstanding claims. The Town appropriated \$733,900 for workers' compensation line item in fiscal year 2022. These funds are used to pay workers' compensation related expenses throughout the year, with the unexpended balance rolling into the trust fund noted above. The Town also purchases stop-loss reinsurance as part of its workers compensation program from Midwest Employers Casualty Company. Under the terms of its excess workers compensation coverage, the Town is liable for up to \$450,000 per accident per employee to an aggregate limit of \$1,000,000 per accident. The Town's maximum aggregate liability for all claims paid within one year is \$4,000,000. The Town has no excess liability coverage for public safety employees and no reasonable estimate of claims liability has been determined.

A liability for unpaid claims at June 30, 2022 has been recorded in the Internal Service Fund. This represents the Town's estimate of future payments based on historical information on active cases.

Changes in the aggregate liability for claims for the year ended June 30, 2022 were as follows:

	<u>Workers Compensation</u>
Claims liability, beginning of year	\$ 932,449
Claims incurred/recognized in fiscal year 2022	542,783
Claims paid in fiscal year 2022	<u>(921,250)</u>
Claims liability, end of year	<u>\$ 553,982</u>

21. Change in Accounting Principle

During the fiscal year 2022, the Town adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. This statement redefines a lease as the right to use another entity's non-financial assets over a definitive period of time. Management has concluded that the effects of Statement No. 87 are immaterial to the financial statements.

22. Commitments and Contingencies

Outstanding Legal Issues

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

Grants

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

Abatements

There are several cases pending before the Appellate Tax Board in regard to alleged discrepancies in property assessments. According to the Town's counsel, the probable outcome of these cases at the present time is indeterminable, although the Town expects such amounts, if any, to be immaterial.

Encumbrances

At year-end, the Town's general fund had \$3,230,812 of encumbrances that will be honored in the next fiscal year.

23. Subsequent Events

Management has evaluated subsequent events through May 18, 2023, which is the date the financial statements were available to be issued.

24. New Pronouncements

The Governmental Accounting Standards Board (GASB) has issued Statements No. 94 and 96, effective for the Town beginning with its fiscal year ending June 30, 2023. Management is currently evaluating the impact of implementing this GASB pronouncement.

TOWN OF NEEDHAM, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2022

	<u>Budgeted Amounts</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:				
Property taxes	\$ 168,280,888	\$ 168,280,888	\$ 170,417,731	\$ 2,136,843
Excise taxes	4,000,000	4,000,000	5,837,070	1,837,070
Penalties, interest, and other taxes	880,000	880,000	2,079,140	1,199,140
Charges for services	2,845,000	2,845,000	3,671,477	826,477
Departmental	850,000	850,000	1,236,064	386,064
Licenses and permits	1,650,000	1,650,000	2,771,497	1,121,497
Intergovernmental	13,912,248	13,912,248	13,813,354	(98,894)
Investment income	150,000	150,000	194,651	44,651
Fines and forfeitures	-	-	102,347	102,347
Other revenue	-	-	312,444	312,444
Total Revenues	192,568,136	192,568,136	200,435,775	7,867,639
Expenditures				
General government	7,671,435	6,961,287	5,089,423	1,871,864
Land use	521,342	524,554	507,886	16,668
Public safety	17,705,004	18,702,061	17,868,110	833,951
Education	84,853,684	84,903,684	82,857,247	2,046,437
Public works	21,592,981	22,016,295	21,500,514	515,781
Building design and construction	391,112	392,287	294,913	97,374
Community services	5,569,751	5,626,560	5,233,628	392,932
Debt service	20,764,142	20,764,142	20,754,997	9,145
Employee benefits	35,134,466	35,134,466	33,309,626	1,824,840
Other appropriated expenses	1,596,900	775,481	723,276	52,205
Intergovernmental	1,581,893	1,581,893	1,572,207	9,686
Other amounts provided	12,500	12,500	-	12,500
Total Expenditures	197,395,210	197,395,210	189,711,827	7,683,383
Excess (deficiency) of revenues over expenditures	(4,827,074)	(4,827,074)	10,723,948	15,551,022
Other Financing Sources (Uses)				
Transfers in	2,428,812	2,428,812	3,600,499	1,171,687
Use of free cash primarily for capital	11,526,630	13,063,223	-	(13,063,223)
Use of bond premium	71,176	71,176	-	(71,176)
Use of overlay surplus for operating budget	150,000	1,150,000	-	(1,150,000)
Transfers out	(9,349,544)	(11,886,137)	(11,886,137)	-
Total Other Financing Sources (Uses)	4,827,074	4,827,074	(8,285,638)	(13,112,712)
Excess of revenues and other sources over expenditures and other uses	\$ -	\$ -	\$ 2,438,310	\$ 2,438,310

See Independent Auditor's Report.

Notes to Required Supplementary Information for General Fund Budget

Budgetary Basis

The general fund final appropriation appearing on the previous page represents the final amended budget after all reserve fund transfers and supplemental appropriations.

Budget/GAAP Reconciliation

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

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

<u>General Fund</u>	<u>Revenues and Other Financing Sources</u>	<u>Expenditures and Other Financing Uses</u>
Revenues/Expenditures (GAAP Basis)	\$ 213,503,735	\$ 200,388,085
Other financing sources/uses (GAAP Basis)	<u>5,484,304</u>	<u>14,628,400</u>
Subtotal (GAAP Basis)	218,988,039	215,016,485
Reverse beginning of year appropriation carryforwards from expenditures	-	(3,520,116)
Add end-of-year appropriation carryforwards to expenditures	-	3,628,612
To reverse gross up for refunding activity	-	(33,101)
To reverse gross up for MTRS on behalf payment	(12,990,950)	(12,990,950)
Less nonbudgeted funds	<u>(1,960,815)</u>	<u>(502,966)</u>
Budgetary Basis	<u>\$ 204,036,274</u>	<u>\$ 201,597,964</u>

TOWN OF NEEDHAM, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
(Unaudited)

Needham Contributory Retirement System

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Total Pension Liability</u>
June 30, 2022	December 31, 2021	98.47%	\$45,865,454	\$ 53,172,823	86.26%	0.00%
June 30, 2021	December 31, 2020	98.47%	\$73,694,482	\$ 43,397,457	169.81%	73.09%
June 30, 2020	December 31, 2019	98.72%	\$84,371,092	\$ 41,193,710	204.82%	68.07%
June 30, 2019	December 31, 2018	98.43%	\$78,768,106	\$ 43,859,715	179.59%	66.48%
June 30, 2018	December 31, 2017	98.48%	\$64,280,887	\$ 44,684,936	143.85%	71.58%
June 30, 2017	December 31, 2016	98.41%	\$68,675,930	\$ 38,860,207	176.73%	67.10%
June 30, 2016	December 31, 2015	98.20%	\$63,877,775	\$ 39,406,655	162.10%	67.43%
June 30, 2015	December 31, 2014	98.27%	\$54,445,695	\$ 35,772,213	152.20%	71.09%

Massachusetts Teachers' Retirement System

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Commonwealth of Massachusetts' Total Proportionate Share of the Net Pension Liability Associated with the Town</u>	<u>Total Net Pension Liability Associated with the Town</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Total Pension Liability</u>
June 30, 2022	June 30, 2021	0.75%	\$ -	\$ 168,708,472	\$ 168,708,472	\$ 55,875,071	0.00%	62.03%
June 30, 2021	June 30, 2020	0.71%	\$ -	\$ 202,510,698	\$ 202,510,698	\$ 48,375,608	0.00%	50.67%
June 30, 2020	June 30, 2019	0.70%	\$ -	\$ 175,678,243	\$ 175,678,243	\$ 50,620,405	0.00%	53.95%
June 30, 2019	June 30, 2018	0.69%	\$ -	\$ 163,330,397	\$ 163,330,397	\$ 44,888,988	0.00%	54.84%
June 30, 2018	June 30, 2017	0.68%	\$ -	\$ 156,266,130	\$ 156,266,130	\$ 46,022,868	0.00%	54.25%
June 30, 2017	June 30, 2016	0.67%	\$ -	\$ 148,771,539	\$ 148,771,539	\$ 44,621,329	0.00%	52.73%
June 30, 2016	June 30, 2015	0.66%	\$ -	\$ 135,373,423	\$ 135,373,423	\$ 39,867,330	0.00%	55.38%
June 30, 2015	June 30, 2014	0.63%	\$ -	\$ 100,708,775	\$ 100,708,775	N/A	0.00%	61.64%

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

See Independent Auditor's Report.

TOWN OF NEEDHAM, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PENSION CONTRIBUTIONS

(Unaudited)

Needham Contributory Retirement System					
<u>Fiscal Year</u>	<u>Actuarially Determined Contribution</u>	<u>Actuarially Determined Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2022	\$ 10,417,439	\$ 10,417,439	\$ -	\$ 53,172,823	19.59%
June 30, 2021	\$ 9,368,084	\$ 9,368,084	\$ -	\$ 43,397,457	21.59%
June 30, 2020	\$ 8,577,048	\$ 8,577,048	\$ -	\$ 41,193,710	20.82%
June 30, 2019	\$ 7,809,911	\$ 7,809,911	\$ -	\$ 43,859,715	17.81%
June 30, 2018	\$ 7,203,059	\$ 7,203,059	\$ -	\$ 44,684,936	16.12%
June 30, 2017	\$ 6,600,162	\$ 6,600,162	\$ -	\$ 38,860,207	16.98%
June 30, 2016	\$ 6,039,115	\$ 6,039,115	\$ -	\$ 39,406,655	15.33%
June 30, 2015	\$ 5,524,150	\$ 5,524,150	\$ -	\$ 35,772,213	15.44%

Massachusetts Teachers' Retirement System					
<u>Fiscal Year</u>	<u>Actuarially Determined Contribution Provided by Commonwealth</u>	<u>Contributions in Relation to the Actuarially Determined Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2022	\$ 12,990,950	\$ 12,990,950	\$ -	\$ 61,020,236	21.29%
June 30, 2021	\$ 11,020,792	\$ 11,020,792	\$ -	\$ 55,875,071	19.72%
June 30, 2020	\$ 10,059,024	\$ 10,059,024	\$ -	\$ 48,375,608	20.79%
June 30, 2019	\$ 9,056,616	\$ 9,056,616	\$ -	\$ 50,620,405	17.89%
June 30, 2018	\$ 8,436,349	\$ 8,436,349	\$ -	\$ 44,888,988	18.79%
June 30, 2017	\$ 7,483,070	\$ 7,483,070	\$ -	\$ 46,022,868	16.26%
June 30, 2016	\$ 6,751,809	\$ 6,751,809	\$ -	\$ 44,621,329	15.13%
June 30, 2015	\$ 5,938,614	\$ 5,938,614	\$ -	\$ 39,867,330	14.90%

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

See Independent Auditor's Report.

TOWN OF NEEDHAM, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Schedule of Changes in the Net OPEB Liability
(Unaudited)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability						
Service cost	\$ 3,030,646	\$ 3,085,625	\$ 2,915,612	\$ 2,797,907	\$ 2,573,887	\$ 2,486,847
Interest	8,414,773	8,384,081	7,382,923	6,347,733	6,913,177	6,544,745
Plan amendments	-	-	-	-	(4,090,587)	-
Differences between expected and actual experience	(3,714,901)	(293,339)	159,645	(21,193,711)	1,798,808	-
Changes of assumptions	3,950,140	3,893,113	8,438,164	31,054,380	(4,589,355)	-
Benefit payments	<u>(5,626,770)</u>	<u>(5,034,735)</u>	<u>(4,502,453)</u>	<u>(4,174,262)</u>	<u>(4,463,145)</u>	<u>(3,958,395)</u>
Net change in total OPEB liability	6,053,888	10,034,745	14,393,891	14,832,047	(1,857,215)	5,073,197
Total OPEB liability - beginning	<u>129,196,503</u>	<u>119,161,758</u>	<u>104,767,867</u>	<u>89,935,820</u>	<u>91,793,035</u>	<u>86,719,838</u>
Total OPEB liability - ending (a)	135,250,391	129,196,503	119,161,758	104,767,867	89,935,820	91,793,035
Plan fiduciary net position						
Contributions - employer	9,213,019	8,650,376	8,032,252	7,800,967	7,389,578	6,317,042
Net investment income	(2,379,070)	13,820,192	873,725	1,831,609	3,117,203	3,020,230
Benefit payments, including refunds of member contributions	(5,626,770)	(5,034,735)	(4,502,453)	(4,174,262)	(4,463,145)	(3,958,395)
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>257,093</u>
Net change in plan fiduciary net position	1,207,179	17,435,833	4,403,524	5,458,314	6,043,636	5,635,970
Plan fiduciary net position - beginning	<u>60,176,478</u>	<u>42,740,645</u>	<u>38,337,121</u>	<u>32,878,807</u>	<u>26,835,171</u>	<u>21,199,201</u>
Plan fiduciary net position - ending (b)	<u>61,383,657</u>	<u>60,176,478</u>	<u>42,740,645</u>	<u>38,337,121</u>	<u>32,878,807</u>	<u>26,835,171</u>
Net OPEB liability - ending (a-b)	<u>\$ 73,866,734</u>	<u>\$ 69,020,025</u>	<u>\$ 76,421,113</u>	<u>\$ 66,430,746</u>	<u>\$ 57,057,013</u>	<u>\$ 64,957,864</u>
Plan fiduciary net position as a percentage of the total OPEB liability	45.39%	46.58%	35.87%	36.59%	36.56%	29.23%
Covered employee payroll	105,734,622	102,654,973	99,665,022	93,645,807	94,042,382	94,042,382
Net OPEB liability as a percentage of covered employee payroll	69.86%	67.23%	76.68%	70.94%	60.67%	69.07%

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

See notes to the Town's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditor's Report.

TOWN OF NEEDHAM, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Schedules of OPEB Contributions and Investment Returns
(Unaudited)

Schedule of Contributions

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 7,426,237	\$ 7,197,713	\$ 6,906,705	\$ 6,906,705	\$ 6,072,283	\$ 5,568,923
Contributions in relation to the actuarially determined contribution	<u>7,426,237</u>	<u>7,426,237</u>	<u>6,906,705</u>	<u>6,906,705</u>	<u>6,115,455</u>	<u>5,568,923</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>(228,524)</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(43,172)</u>	\$ <u>-</u>
Covered employee payroll	105,734,622	102,654,973	99,665,022	93,645,807	94,042,382	94,042,382
Contributions as a percentage of covered employee payroll	7.02%	7.23%	6.93%	7.38%	6.50%	5.92%

Schedule of Investment Returns

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2018</u>
Annual money weighted rate of return, net of investment expenses	-6.25%	28.97%	4.65%	4.93%	11.62%	14.25%

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

See notes to the Town's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditor's Report.

TOWN OF NEEDHAM, MASSACHUSETTS

Schedule of Revenues and Other Sources, and
Expenditures and Other Uses -
Sewer Enterprise Fund Budget vs. Actual Comparison

For the Year Ended June 30, 2022

(Unaudited)

	<u>Budget</u>	<u>Adjusted Actual</u>	Variance Positive (Negative)
Revenues:			
Current service charges	\$ 8,810,688	\$ 8,396,752	\$ (413,936)
Intergovernmental	-	-	-
Interest income	3,500	8,442	4,942
Other revenue	<u>-</u>	<u>23,066</u>	<u>23,066</u>
Total Revenues	8,814,188	8,428,260	(385,928)
Expenditures:			
Sewer expenditures	1,640,809	1,443,181	197,628
Intergovernmental	6,614,690	6,614,690	-
Debt service	<u>610,000</u>	<u>603,693</u>	<u>6,307</u>
Total Expenditures	<u>8,865,499</u>	<u>8,661,564</u>	<u>203,935</u>
Excess of revenues over expenditures	(51,311)	(233,304)	(181,993)
Other Financing Sources and Uses:			
Transfers in	526,368	549,433	23,065
Use of retained earnings	365,000	-	(365,000)
Transfers out	<u>(840,057)</u>	<u>(840,057)</u>	<u>-</u>
Total Other Financing Sources and Uses	<u>51,311</u>	<u>(290,624)</u>	<u>(341,935)</u>
Excess of revenues and other sources over expenditures and other uses	\$ <u>-</u>	\$ <u>(523,928)</u>	\$ <u>(523,928)</u>

See Independent Auditor's Report.

TOWN OF NEEDHAM, MASSACHUSETTS

Schedule of Revenues and Other Sources, and
Expenditures and Other Uses -
Water Enterprise Fund Budget vs. Actual Comparison

For the Year Ended June 30, 2022

(Unaudited)

	<u>Budget</u>	<u>Adjusted Actual</u>	Variance Positive (Negative)
Revenues:			
Current service charges	\$ 6,330,445	\$ 6,071,661	\$ (258,784)
Interest income	7,500	14,172	6,672
Other revenue	<u>-</u>	<u>22,415</u>	<u>22,415</u>
Total Revenues	6,337,945	6,108,248	(229,697)
Expenditures:			
Water expenditures	2,898,648	2,453,412	445,236
Intergovernmental	1,670,433	1,670,433	-
Debt service	<u>1,218,525</u>	<u>840,494</u>	<u>378,031</u>
Total Expenditures	<u>5,787,606</u>	<u>4,964,339</u>	<u>823,267</u>
Excess of revenues over expenditures	550,339	1,143,909	593,570
Other Financing Sources and Uses:			
Use of retained earnings	1,366,184	-	(1,366,184)
Transfers out	<u>(1,916,523)</u>	<u>(1,916,523)</u>	<u>-</u>
Total Other Financing Sources and Uses	<u>(550,339)</u>	<u>(1,916,523)</u>	<u>(1,366,184)</u>
Excess of revenues over expenditures and other uses	\$ <u>-</u>	\$ <u>(772,614)</u>	\$ <u>(772,614)</u>

See Independent Auditor's Report.



**Select Board
TOWN OF NEEDHAM
AGENDA FACT SHEET**

MEETING DATE: 10/10/2023

Agenda Item	Public Hearing: Application for a Transfer of an All-Alcohol License – Latin-A Group, LLC d/b/a Latina Kitchen and Bar (Continued from 9/26/2023)
Presenter(s)	Scott McCourt, LLC Manager – Metrowest Dining, LLC Ted Connolly, LLC Member – Metrowest Dining, LLC Thomas Griffin, LLC Manager – Metrowest Dining, LLC & Proposed Manager of Record

1.	BRIEF DESCRIPTION OF TOPIC TO BE DISCUSSED
Latin-A Group, LLC d/b/a Latina Kitchen and Bar has applied for the transfer of a Section 12 Restaurant All Alcoholic Beverages License at 30 Dedham Avenue, Needham, MA. The applicant is requesting the appointment of Thomas Griffin as Manager of Record. The Board opened and voted to continue the public hearing at it's meeting on September 26, 2023.	
2.	VOTE REQUIRED BY SELECT BOARD
Suggested Motion: Move to approve/deny the Section 12 Restaurant All Alcoholic Beverages License transfer application submitted by Latin-A Group, LLC d/b/a Latina Kitchen and Bar including the appointment of Thomas Griffin as Manager of Record, and if so approved, forward the application to the ABCC for review and final approval.	
3.	BACK UP INFORMATION ATTACHED
1. Receipt of Filing Payment to ABCC 2. ABCC Payment Monetary Transmittal Form 3. DOR Certificate of Good Standing (from current licensee) 4. DUA Certificate of Compliance (from current licensee) 5. Transfer Application 6. Manager Application 7. Vote of the Entity 8. Business Structure Document 9. Purchase and Sales Agreement 10. Legal Right to Occupy 11. Floor Plan	



**Select Board
TOWN OF NEEDHAM
AGENDA FACT SHEET**

12.	Advertisement
13.	Abutters List
14.	Additional Supporting Documents Submitted by Applicant

8/29/23, 12:17 PM

Pay Fees Online - Chelsea, Massachusetts, Massachusetts Alcoholic Beverages Control Commission - Retail



Phone (617) 727-3040

95 South Street, Suite 3, Chelsea, Massachusetts 02150

Payment Confirmation

YOUR PAYMENT HAS PROCESSED AND THIS IS YOUR RECEIPT

Your account has been billed for the following transaction. You will receive a receipt via email and via text message.



Transaction Processed Successfully.

INVOICE #: 53cbdbbb-b016-4d4d-ae7b-e8515d0f4ca3

Description	License Number or Business Name	Amount
FILING FEES-RETAIL	Metrowest Dining LLC	\$200.00
		\$200.00

Total Convenience Fee: \$4.70

Total Amount Paid: \$204.70

Date Paid: 8/29/2023 12:16:56 PM EDT

Payment On Behalf Of

License Number or Business Name:
Metrowest Dining LLC

Fee Type:
FILING FEES-RETAIL

Billing Information

First Name:
Thomas

Last Name:
Griffin

Address:

[Redacted Address]

City:

[Redacted City]

State:

[Redacted State]

Zip Code:

[Redacted Zip Code]

Email Address:

[Redacted Email Address]



The Commonwealth of Massachusetts
Alcoholic Beverages Control Commission
95 Fourth Street, Suite 3, Chelsea, MA 02150-2358
www.mass.gov/abcc

**RETAIL ALCOHOLIC BEVERAGES LICENSE APPLICATION
MONETARY TRANSMITTAL FORM**

APPLICATION FOR A TRANSFER OF LICENSE

**APPLICATION SHOULD BE COMPLETED ON-LINE, PRINTED, SIGNED, AND SUBMITTED TO THE LOCAL
LICENSING AUTHORITY.**

ECRT CODE: RETA

Please make \$200.00 payment here: [ABCC PAYMENT WEBSITE](#)

PAYMENT MUST DENOTE THE NAME OF THE LICENSEE CORPORATION, LLC, PARTNERSHIP, OR INDIVIDUAL AND INCLUDE THE
PAYMENT RECEIPT

ABCC LICENSE NUMBER (IF AN EXISTING LICENSEE, CAN BE OBTAINED FROM THE CITY)

05064-rs-0770

ENTITY/ LICENSEE NAME

Metrowest Dining I.L.C

ADDRESS

30 Dedham Avenue

CITY/TOWN

Needham

STATE

MA

ZIP CODE

02492

For the following transactions (Check all that apply):

☐ New License	☐ Change of Location	☐ Change of Class (i.e. Annual / Seasonal)	☐ Change Corporate Structure (i.e. Corp / LLC)
☒ Transfer of License	☐ Alteration of Licensed Premises	☐ Change of License Type (i.e. club / restaurant)	☐ Pledge of Collateral (i.e. License/Stock)
☐ Change of Manager	☐ Change Corporate Name	☐ Change of Category (i.e. All Alcohol/Wine, Malt)	☐ Management/Operating Agreement
☐ Change of Officers/ Directors/LLC Managers	☐ Change of Ownership Interest (LLC Members/LLP Partners, Trustees)	☐ Issuance/Transfer of Stock/New Stockholder	☐ Change of Hours
		☐ Other	☐ Change of DBA

**THE LOCAL LICENSING AUTHORITY MUST SUBMIT THIS
APPLICATION ONCE APPROVED VIA THE ePLACE PORTAL**

Alcoholic Beverages Control Commission
95 Fourth Street, Suite 3
Chelsea, MA 02150-2358



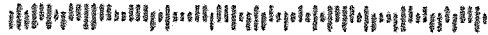
Commonwealth of Massachusetts
Department of Revenue
Geoffrey E. Snyder, Commissioner

mass.gov/dor

Letter ID: L1196278560
Notice Date: August 21, 2023
Case ID: 0-002-142-239



CERTIFICATE OF GOOD STANDING AND/OR TAX COMPLIANCE



LATIN-A GROUP LLC
30 DEDHAM AVE
NEEDHAM MA 02492-3008

Why did I receive this notice?

The Commissioner of Revenue certifies that, as of the date of this certificate, LATIN-A GROUP LLC is in compliance with its tax obligations under Chapter 62C of the Massachusetts General Laws.

This certificate doesn't certify that the taxpayer is compliant in taxes such as unemployment insurance administered by agencies other than the Department of Revenue, or taxes under any other provisions of law.

This is not a waiver of lien issued under Chapter 62C, section 52 of the Massachusetts General Laws.

What if I have questions?

If you have questions, call us at (617) 887-6400 or toll-free in Massachusetts at (800) 392-6089, Monday through Friday, 9:00 a.m. to 4:00 p.m..

Visit us online!

Visit mass.gov/dor to learn more about Massachusetts tax laws and DOR policies and procedures, including your Taxpayer Bill of Rights, and MassTaxConnect for easy access to your account:

- Review or update your account
- Contact us using e-message
- Sign up for e-billing to save paper
- Make payments or set up autopay

Edward W. Coyle, Jr., Chief
Collections Bureau



THE COMMONWEALTH OF MASSACHUSETTS
EXECUTIVE OFFICE OF LABOR AND WORKFORCE DEVELOPMENT
DEPARTMENT OF UNEMPLOYMENT ASSISTANCE

Maura Healey
GOVERNOR

Kim Driscoll
LT. GOVERNOR



433499629

Lauren E. Jones
SECRETARY

Katie Dishnica
DIRECTOR

Latin-A Group LLC
Attn: Antonio De Trizio
218 Hillside Ave
Needham Heights, MA 02494-1301

EAN: 22140101
August 18, 2023

Certificate Id:73600

The Department of Unemployment Assistance certifies that as of 8/17/2023 ,Latin-A Group LLC is current in all its obligations relating to contributions, payments in lieu of contributions, and the employer medical assistance contribution established in G.L.c.149,§189.

This certificate expires in 30 days from the date of issuance.

Katie Dishnica, Director

Department of Unemployment Assistance



The Commonwealth of Massachusetts
Alcoholic Beverages Control Commission
95 Fourth Street, Suite 3, Chelsea, MA 02150-2358
www.mass.gov/abcc

APPLICATION FOR A TRANSFER OF LICENSE

Municipality

1. TRANSACTION INFORMATION

- ☒ Transfer of License
☐ Alteration of Premises
☐ Change of Location
☐ Management/Operating Agreement
- ☐ Pledge of Inventory
☐ Pledge of License
☐ Pledge of Stock
☐ Other
- ☐ Change of Class
☐ Change of Category
☐ Change of License Type
(\$12 ONLY, e.g. "club" to "restaurant")

Please provide a narrative overview of the transaction(s) being applied for. On-premises applicants should also provide a description of the intended theme or concept of the business operation. Attach additional pages, if necessary.

Application for a transfer of license/all alcoholic beverages restaurant in Needham, MA 02492 from Latin-A Kitchen and Bar, a 99-seat fine dining restaurant including bar seats. The transferee, The Common Room will feature an outstanding new American cuisine menu of upscale comfort foods with locally sourced ingredients served in a welcoming environment. We will be open 7 days a week for lunch and dinner. Attached please find a summary of company.

2. LICENSE CLASSIFICATION INFORMATION

ON/OFF-PREMISES

On-Premises-12

TYPE

\$12 Restaurant

CATEGORY

All Alcoholic Beverages

CLASS

Annual

3. BUSINESS ENTITY INFORMATION

The entity that will be issued the license and have operational control of the premises.

Current or Seller's License Number

FEIN

Entity Name

DBA Manager of Record

Street Address

Phone

Add'l Phone

Website

4. DESCRIPTION OF PREMISES

Please provide a complete description of the premises to be licensed, including the number of floors, number of rooms on each floor, any outdoor areas to be included in the licensed area, and total square footage. If this application alters the current premises, provide the specific changes from the last approved description. You must also submit a floor plan.

Premise: 30 Dedham Avenue in Needham, MA 02492. Approximately 2940 SF retail space. Open concept space with kitchen, bar and dining space in main level. Kitchen preparation and storage in basement (1500 SF). By Special Permit, seasonal outdoor patio adds 28 seats, indoor reduced to 71 seats when outdoor patio is open.

Total Sq. Footage

Seating Capacity

Occupancy Number

Number of Entrances

Number of Exits

Number of Floors

APPLICATION FOR A TRANSFER OF LICENSE

5. CURRENT OFFICERS, STOCK OR OWNERSHIP INTEREST

Transferor Entity Name By what means is the license being transferred?

List the individuals and entities of the current ownership. Attach additional pages if necessary utilizing the format below.

Name of Principal	Title/Position	Percentage of Ownership
Antonio DeTrizio	Manager	50
Luma Marcaccio	Manager	50

6. PROPOSED OFFICERS, STOCK OR OWNERSHIP INTEREST

List all individuals or entities that will have a direct or indirect, beneficial or financial interest in this license (E.g. Stockholders, Officers, Directors, LLC Managers, LLC Members, LLP Partners, Trustees etc.). Attach additional page(s) provided, if necessary, utilizing Addendum A.

- The individuals and titles listed in this section must be identical to those filed with the Massachusetts Secretary of State.
- The individuals identified in this section, as well as the proposed Manager of Record, must complete a CORI Release Form.
- Please note the following statutory requirements for Directors and LLC Managers:
On Premises (E.g. Restaurant/ Club/Hotel) Directors or LLC Managers - At least 50% must be US citizens;
Off Premises (Liquor Store) Directors or LLC Managers - All must be US citizens and a majority must be Massachusetts residents.
- If you are a Multi-Tiered Organization, please attach a flow chart identifying each corporate interest and the individual owners of each entity as well as the Articles of Organization for each corporate entity. Every individual must be identified in Addendum A.

Name of Principal	Residential Address	SSN	DOB
Thomas Griffin			
Title and or Position	Percentage of Ownership	Director/ LLC Manager	US Citizen
Manager	31.5	☒ Yes ☐ No	☒ Yes ☐ No
			MA Resident
			☒ Yes ☐ No
Name of Principal	Residential Address	SSN	DOB
Scott McCourt			
Title and or Position	Percentage of Ownership	Director/ LLC Manager	US Citizen
Manager	31.5	☒ Yes ☐ No	☒ Yes ☐ No
			MA Resident
			☒ Yes ☐ No
Name of Principal	Residential Address	SSN	DOB
David Dragani			
Title and or Position	Percentage of Ownership	Director/ LLC Manager	US Citizen
Member	12	☐ Yes ☒ No	☒ Yes ☐ No
			MA Resident
			☒ Yes ☐ No
Name of Principal	Residential Address	SSN	DOB
Heather McKay			
Title and or Position	Percentage of Ownership	Director/ LLC Manager	US Citizen
Member	20	☐ Yes ☒ No	☒ Yes ☐ No
			MA Resident
			☒ Yes ☐ No

APPLICATION FOR A TRANSFER OF LICENSE

6. PROPOSED OFFICERS, STOCK OR OWNERSHIP INTEREST (Continued...)

Name of Principal	Residential Address	SSN	DOB
Ted Connolly			
Title and or Position	Percentage of Ownership	Director/ LLC Manager US Citizen	MA Resident
Member	5	☐ Yes ☒ No	☒ Yes ☐ No
Name of Principal	Residential Address	SSN	DOB
Title and or Position	Percentage of Ownership	Director/ LLC Manager US Citizen	MA Resident
		☐ Yes ☐ No	☐ Yes ☐ No
Name of Principal	Residential Address	SSN	DOB
Title and or Position	Percentage of Ownership	Director/ LLC Manager US Citizen	MA Resident
		☐ Yes ☐ No	☐ Yes ☐ No

Additional pages attached? ☐ Yes ☒ No

CRIMINAL HISTORY

Has any individual listed in question 6, and applicable attachments, ever been convicted of a State, Federal or Military Crime? If yes, attach an affidavit providing the details of any and all convictions.

☐ Yes ☒ No

6A. INTEREST IN AN ALCOHOLIC BEVERAGES LICENSE

Does any individual or entity identified in question 6, and applicable attachments, have any direct or indirect, beneficial or financial interest in any other license to sell alcoholic beverages? Yes ☒ No ☐ If yes, list in table below. Attach additional pages, if necessary, utilizing the table format below.

Name	License Type	License Name	Municipality
David Dragani	Sec 12	Bar 415, LLC dba Club Dante	Brookline
Theodore Connolly	Pub Brewer/Sec 12	Irish Brewing Boston, Inc	Norwood

6B. PREVIOUSLY HELD INTEREST IN AN ALCOHOLIC BEVERAGES LICENSE

Has any individual or entity identified in question 6, and applicable attachments, ever held a direct or indirect, beneficial or financial interest in a license to sell alcoholic beverages, which is not presently held? Yes ☒ No ☐ If yes, list in table below. Attach additional pages, if necessary, utilizing the table format below.

Name	License Type	License Name	
Theodore Connolly	Sec 12	Centre Group LLC dba Union Street	
Thomas Griffin	Sec 12	Centre Group LLC dba Union Street	

APPLICATION FOR A TRANSFER OF LICENSE

6C. DISCLOSURE OF LICENSE DISCIPLINARY ACTION

Have any of the disclosed licenses listed in question 6A or 6B ever been suspended, revoked or cancelled?

Yes ☒ No ☐ If yes, list in table below. Attach additional pages, if necessary, utilizing the table format below.

Date of Action	Name of License	City	Reason for suspension, revocation or cancellation
Oct 8, 2020	Centre Group LLC dba Union Street	Newton	Suspension for underage drinking (see attached)
Jul 18, 2023	Centre Group LLC dba Union Street	Newton	Revocation (see attached, reconsideration filed)

7. CORPORATE STRUCTURE

Entity Legal Structure

Date of Incorporation

State of Incorporation

Is the Corporation publicly traded? ☐ Yes ☒ No

8. OCCUPANCY OF PREMISES

Please complete all fields in this section. Please provide proof of legal occupancy of the premises.

- If the applicant entity owns the premises, a deed is required.
- If leasing or renting the premises, a signed copy of the lease is required.
- If the lease is contingent on the approval of this license, and a signed lease is not available, a copy of the unsigned lease and a letter of intent to lease, signed by the applicant and the landlord, is required.
- If the real estate and business are owned by the same individuals listed in question 6, either individually or through separate business entities, a signed copy of a lease between the two entities is required.

Please indicate by what means the applicant will occupy the premises

Landlord Name

Landlord Phone

Landlord Address

Lease Beginning Date

Rent per Month

Lease Ending Date

Rent per Year

Will the Landlord receive revenue based on percentage of alcohol sales?

☐ Yes ☒ No

9. APPLICATION CONTACT

The application contact is the person who the licensing authorities should contact regarding this application.

Name:

Phone:

Title:

Email:

APPLICATION FOR A TRANSFER OF LICENSE

10. FINANCIAL DISCLOSURE

A. Purchase Price for Real Estate	0
B. Purchase Price for Business Assets	200000
C. Other* (Please specify)	130000
D. Total Cost	330000

*Other: (i.e. Costs associated with License Transaction including but not limited to: Property price, Business Assets, Renovations costs, Construction costs, Initial Start-up costs, Inventory costs, or specify other costs):"

SOURCE OF CASH CONTRIBUTION

Please provide documentation of available funds. (E.g. Bank or other Financial institution Statements, Bank Letter, etc.)

Name of Contributor	Amount of Contribution
Thomas Griffin	150,000
Scott McCourt	100,000
Heather McKay	80,000
Total	330,000

SOURCE OF FINANCING

Please provide signed financing documentation.

Name of Lender	Amount	Type of Financing	Is the lender a licensee pursuant to M.G.L. Ch. 138.
			☐ Yes ☐ No
			☐ Yes ☐ No
			☐ Yes ☐ No
			☐ Yes ☐ No

FINANCIAL INFORMATION

Provide a detailed explanation of the form(s) and source(s) of funding for the cost identified above.

11. PLEDGE INFORMATION

Please provide signed pledge documentation.

Are you seeking approval for a pledge? ☐ Yes ☒ No

Please indicate what you are seeking to pledge (check all that apply) ☐ License ☐ Stock ☐ Inventory

To whom is the pledge being made?

12. MANAGER APPLICATION

A. MANAGER INFORMATION

The individual that has been appointed to manage and control the licensed business and premises.

Proposed Manager Name Thomas Griffin

Date of Birth

Residential Address

Email

Please indicate how many hours per week you intend to be on the licensed premises

50

B. CITIZENSHIP/BACKGROUND INFORMATION

Are you a U.S. Citizen?*

☒ Yes ☐ No *Manager must be a U.S. Citizen

If yes, attach one of the following as proof of citizenship US Passport, Voter's Certificate, Birth Certificate or Naturalization Papers.

Have you ever been convicted of a state, federal, or military crime?

☐ Yes ☒ No

If yes, fill out the table below and attach an affidavit providing the details of any and all convictions. Attach additional pages, if necessary, utilizing the format below.

Date	Municipality	Charge	Disposition

C. EMPLOYMENT INFORMATION

Please provide your employment history. Attach additional pages, if necessary, utilizing the format below.

Start Date	End Date	Position	Employer	Supervisor Name
1996	present	Owner/operator	Automotive Buyer's Advantage	n/a
2018	2023	Manager	Brookline Dining Group, LLC (Hamilton)	Manus Johnston
2017	2020	Owner/operator	Centre Group LLC (Union Street)	Derek Brady

D. PRIOR DISCIPLINARY ACTION

Have you held a beneficial or financial interest in, or been the manager of, a license to sell alcoholic beverages that was subject to disciplinary action? ☒ Yes ☐ No If yes, please fill out the table. Attach additional pages, if necessary,utilizing the format below.

Date of Action	Name of License	State	City	Reason for suspension, revocation or cancellation
Oct 8,2020	Centre Group LLC	MA	Newton	Suspension for underage drinking (see attached)
Jul 18, 2023	Centre Group LLC	MA	Newton	Revocation (see attached, reconsideration filed)

I hereby swear under the pains and penalties of perjury that the information I have provided in this application is true and accurate:

Manager's Signature

T. Griffin

Date

9/8/23

13. MANAGEMENT AGREEMENT

Are you requesting approval to utilize a management company through a management agreement?

☐ Yes ☒ No

If yes, please fill out section 13.

Please provide a narrative overview of the Management Agreement. Attach additional pages, if necessary.

IMPORTANT NOTE: A management agreement is where a licensee authorizes a third party to control the daily operations of the license premises, while retaining ultimate control over the license, through a written contract. *This does not pertain to a liquor license manager that is employed directly by the entity.*

13A. MANAGEMENT ENTITY

List all proposed individuals or entities that will have a direct or indirect, beneficial or financial interest in the management Entity (E.g. Stockholders, Officers, Directors, LLC Managers, LLP Partners, Trustees etc.).

Entity Name	Address	Phone		
Name of Principal	Residential Address	SSN	DOB	
Title and or Position	Percentage of Ownership	Director	US Citizen	MA Resident
		☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No
Name of Principal	Residential Address	SSN	DOB	
Title and or Position	Percentage of Ownership	Director	US Citizen	MA Resident
		☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No
Name of Principal	Residential Address	SSN	DOB	
Title and or Position	Percentage of Ownership	Director	US Citizen	MA Resident
		☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No
Name of Principal	Residential Address	SSN	DOB	
Title and or Position	Percentage of Ownership	Director	US Citizen	MA Resident
		☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No

CRIMINAL HISTORY

Has any individual identified above ever been convicted of a State, Federal or Military Crime?

☐ Yes ☐ No

If yes, attach an affidavit providing the details of any and all convictions.

13B. EXISTING MANAGEMENT AGREEMENTS AND INTEREST IN AN ALCOHOLIC BEVERAGES LICENSE

Does any individual or entity identified in question 13A, and applicable attachments, have any direct or indirect, beneficial or financial interest in any other license to sell alcoholic beverages; and or have an active management agreement with any other licensees?

Yes ☐ No ☐ If yes, list in table below. Attach additional pages, if necessary, utilizing the table format below.

Name	License Type	License Name	Municipality

13C. PREVIOUSLY HELD INTEREST IN AN ALCOHOLIC BEVERAGES LICENSE

Has any individual or entity identified in question 13A, and applicable attachments, ever held a direct or indirect, beneficial or financial interest in a license to sell alcoholic beverages, which is not presently held?

Yes ☐ No ☐ If yes, list in table below. Attach additional pages, if necessary, utilizing the table format below.

Name	License Type	License Name	Municipality

13D. PREVIOUSLY HELD MANAGEMENT AGREEMENT

Has any individual or entity identified in question 13A, and applicable attachments, ever held a management agreement with any other Massachusetts licensee?

Yes ☐ No ☐ If yes, list in table below. Attach additional pages, if necessary, utilizing the table format below.

Licensee Name	License Type	Municipality	Date(s) of Agreement

13E. DISCLOSURE OF LICENSE DISCIPLINARY ACTION

Have any of the disclosed licenses listed in question section 13B, 13C, 13D ever been suspended, revoked or cancelled?

Yes ☐ No ☐ If yes, list in table below. Attach additional pages, if necessary, utilizing the table format below.

Date of Action	Name of License	City	Reason for suspension, revocation or cancellation

13F. TERMS OF AGREEMENT

a. Does the agreement provide for termination by the licensee?

Yes ☐ No ☐

b. Will the licensee retain control of the business finances?

Yes ☐ No ☐

c. Does the management entity handle the payroll for the business?

Yes ☐ No ☐

d. Management Term Begin Date

e. Management Term End Date

f. How will the management company be compensated by the licensee? (check all that apply)

☐ \$ per month/year (indicate amount)

☐ % of alcohol sales (indicate percentage)

☐ % of overall sales (indicate percentage)

☐ other (please explain)

ABCC Licensee Officer/LLC Manager

Signature:

Title:

Date:

Management Agreement Entity Officer/LLC Manager

Signature:

Title:

Date:

ADDITIONAL INFORMATION

Please utilize this space to provide any additional information that will support your application or to clarify any answers provided above.

Additional Information Regarding Centre Group LLC dba Union Street Restaurant

Thomas Griffin and Theodore Connolly were minority owners of Union Street Restaurant (Centre Group LLC) from 2017 until July 2020 (see attached transfer of interest). Ted was the corporate attorney and was not involved in the operations.

Tom had some management responsibilities until July 2020 until both sold their membership interests.

Unfortunately, neither Tom nor Ted double checked that they had been removed from the ABCC license and learned during the preparation of this application.

Union Street had no violations during the time Tom and Ted were owners. The remaining owners informed Tom and Ted that they had been removed from the license in 2020 at the time of the sale. After July 2020, Tom and Ted had nothing to do with Union Street restaurant, except in early 2023 Ted assisted the owners in obtaining a Good Standing Certificate from the Secretary of State in order to facilitate a sale. Union Street Restaurant was closed by its landlord and an auction of its equipment occurred at the end of May, 2023. No owners appeared at the subsequent licensing hearing and Newton licensing board revoked their license. The owners of Union Street are filing a motion to reconsider the revocation.

APPLICANT'S STATEMENT

I, Thomas Griffin the: ☐ sole proprietor; ☐ partner; ☐ corporate principal; ☒ LLC/LLP manager
Authorized Signatory

of Metrowest Dining LLC
Name of the Entity/Corporation

hereby submit this application (hereinafter the "Application"), to the local licensing authority (the "LLA") and the Alcoholic Beverages Control Commission (the "ABCC" and together with the LLA collectively the "Licensing Authorities") for approval.

I do hereby declare under the pains and penalties of perjury that I have personal knowledge of the information submitted in the Application, and as such affirm that all statements and representations therein are true to the best of my knowledge and belief. I further submit the following to be true and accurate:

- (1) I understand that each representation in this Application is material to the Licensing Authorities' decision on the Application and that the Licensing Authorities will rely on each and every answer in the Application and accompanying documents in reaching its decision;
- (2) I state that the location and description of the proposed licensed premises are in compliance with state and local laws and regulations;
- (3) I understand that while the Application is pending, I must notify the Licensing Authorities of any change in the information submitted therein. I understand that failure to give such notice to the Licensing Authorities may result in disapproval of the Application;
- (4) I understand that upon approval of the Application, I must notify the Licensing Authorities of any change in the ownership as approved by the Licensing Authorities. I understand that failure to give such notice to the Licensing Authorities may result in sanctions including revocation of any license for which this Application is submitted;
- (5) I understand that the licensee will be bound by the statements and representations made in the Application, including, but not limited to the identity of persons with an ownership or financial interest in the license;
- (6) I understand that all statements and representations made become conditions of the license;
- (7) I understand that any physical alterations to or changes to the size of the area used for the sale, delivery, storage, or consumption of alcoholic beverages, must be reported to the Licensing Authorities and may require the prior approval of the Licensing Authorities;
- (8) I understand that the licensee's failure to operate the licensed premises in accordance with the statements and representations made in the Application may result in sanctions, including the revocation of any license for which the Application was submitted; and
- (9) I understand that any false statement or misrepresentation will constitute cause for disapproval of the Application or sanctions including revocation of any license for which this Application is submitted.
- (10) I confirm that the applicant corporation and each individual listed in the ownership section of the application is in good standing with the Massachusetts Department of Revenue and has complied with all laws of the Commonwealth relating to taxes, reporting of employees and contractors, and withholding and remitting of child support.

Signature:

7-20-H

Date:

9/27/2023

Title:

Metrowest Dining LLC

CORPORATE VOTE

The Board of Directors or LLC Managers of

Metrowest Dining LLC

Entity Name

duly voted to apply to the Licensing Authority of

Needham

City/Town

and the

Commonwealth of Massachusetts Alcoholic Beverages Control Commission on

08/19/2023

Date of Meeting

For the following transactions (Check all that apply):

☐ New License	☐ Change of Location	☐ Change of Class (i.e. Annual / Seasonal)	☐ Change Corporate Structure (i.e. Corp / LLC)
☒ Transfer of License	☐ Alteration of Licensed Premises	☐ Change of License Type (i.e. club / restaurant)	☐ Pledge of Collateral (i.e. License/Stock)
☐ Change of Manager	☐ Change Corporate Name	☐ Change of Category (i.e. All Alcohol/Wine, Malt)	☐ Management/Operating Agreement
☐ Change of Officers/ Directors/LLC Managers	☐ Change of Ownership Interest (LLC Members/ LLP Partners, Trustees)	☐ Issuance/Transfer of Stock/New Stockholder	☐ Change of Hours
	☐ Other		☐ Change of DBA

"VOTED: To authorize

Thomas Griffin

Name of Person

to sign the application submitted and to execute on the Entity's behalf, any necessary papers and do all things required to have the application granted."

"VOTED: To appoint

Thomas Griffin

Name of Liquor License Manager

as its manager of record, and hereby grant him or her with full authority and control of the premises described in the license and authority and control of the conduct of all business therein as the licensee itself could in any way have and exercise if it were a natural person residing in the Commonwealth of Massachusetts."

A true copy attest,



Corporate Officer /LLC Manager Signature

Thomas Griffin

(Print Name)

For Corporations ONLY

A true copy attest,

Corporation Clerk's Signature

(Print Name)



The Commonwealth of Massachusetts
William Francis Galvin

Minimum Fee: \$500.00

Secretary of the Commonwealth, Corporations Division
One Ashburton Place, 17th floor
Boston, MA 02108-1512
Telephone: (617) 727-9640

Certificate of Organization

(General Laws, Chapter)

Identification Number: 001630799

1. The exact name of the limited liability company is: METROWEST DINING, LLC

2a. Location of its principal office:

No. and Street: 145 BONAD ROAD

City or Town: CHESTNUT HILL State: MA Zip: 02467 Country: USA

2b. Street address of the office in the Commonwealth at which the records will be maintained:

No. and Street: 145 BONAD ROAD

City or Town: CHESTNUT HILL State: MA Zip: 02467 Country: USA

3. The general character of business, and if the limited liability company is organized to render professional service, the service to be rendered:

THE GENERAL CHARACTER OF THE BUSINESS IS TO CONDUCT GENERAL RESTAURANT BUSINESS INCLUDING SERVING FOOD AND BEVERAGES, AND TO CONDUCT ANY OTHER BUSINESS, OPERATION, OR ACTIVITY WHICH MAY BE LAWFULLY CARRIED ON BY A LIMITED LIABILITY COMPANY ORGANIZED UNDER THE LAWS OF THE COMMONWEALTH OF MASSACHUSETTS

4. The latest date of dissolution, if specified:

5. Name and address of the Resident Agent:

Name: TED CONNOLLY

No. and Street: 60 HIGHLAND STREET

City or Town: DEDHAM State: MA Zip: 02026 Country: USA

I, TED CONNOLLY resident agent of the above limited liability company, consent to my appointment as the resident agent of the above limited liability company pursuant to G. L. Chapter 156C Section 12.

6. The name and business address of each manager, if any:

Title	Individual Name First, Middle, Last, Suffix	Address (no PO Box) Address, City or Town, State, Zip Code
MANAGER	THOMAS GRIFFIN	145 BONAD ROAD CHESTNUT HILL, MA 02467 USA

7. The name and business address of the person(s) in addition to the manager(s), authorized to execute documents to be filed with the Corporations Division, and at least one person shall be named if there are no managers.

Title	Individual Name First, Middle, Last, Suffix	Address (no PO Box) Address, City or Town, State, Zip Code

8. The name and business address of the person(s) authorized to execute, acknowledge, deliver and record any recordable instrument purporting to affect an interest in real property:

Title	Individual Name First, Middle, Last, Suffix	Address (no PO Box) Address, City or Town, State, Zip Code

9. Additional matters:

SIGNED UNDER THE PENALTIES OF PERJURY, this 17 Day of January, 2023,
TED CONNOLLY

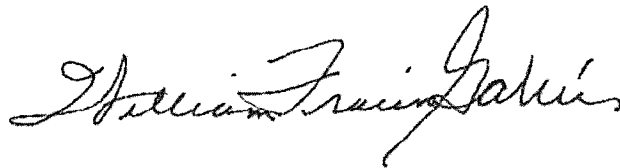
(The certificate must be signed by the person forming the LLC.)

THE COMMONWEALTH OF MASSACHUSETTS

I hereby certify that, upon examination of this document, duly submitted to me, it appears that the provisions of the General Laws relative to corporations have been complied with, and I hereby approve said articles; and the filing fee having been paid, said articles are

deemed to have been filed with me on:

January 17, 2023 03:28 PM

A handwritten signature in cursive script, reading "William Francis Galvin". The signature is written in dark ink and is centered on the page.

WILLIAM FRANCIS GALVIN

Secretary of the Commonwealth

The Commonwealth of Massachusetts, William Francis Galvin
Corporations Division

One Ashburton Place - Floor 17, Boston MA 02108-1512 | Phone: 617-727-9640

Certificate of Amendment

(General Laws, Chapter 156C, Section 13)

Filing Fee: \$100.00

Identification Number: 001630799

1.a. Exact name of the limited liability company: METROWEST DINING, LLC

☐ Check if amending entity name

1.b. The exact name of the limited liability company as amended, is:

METROWEST DINING, LLC

1.c. The date of filing of the original certificate of organization:

01/17/2023

2. Address in the Commonwealth where the records will be maintained:

Number and street: 145 BONAD ROAD

Address 2:

City or town: CHESTNUT HILL State: MA Zip code: 02467

Country: UNITED STATES

3. As amended, the general character of business, and if the limited liability company is organized to render professional service, the service to be rendered:

4. The latest date of dissolution, if specified: (mm/dd/yyyy)

5. Name and address of the Resident Agent:

Agent name: TED CONNOLLY

Number and street: 60 HIGHLAND STREET

Address 2:

City or town: DEDHAM State: MA Zip code: 02026

6. The name and business address of each manager, if any:

Title	Name	Address
MANAGER	SCOTT MCCOURT	181 RICHDALE ROAD NEEDHAM, MA 02494 USA
MANAGER	THOMAS GRIFFIN	145 BONAD ROAD CHESTNUT HILL, MA 02467 USA

7. The name and business address of the person(s) in addition to the manager(s), authorized to execute documents to be filed with the Corporations Division, and at least one person shall be named if there are no managers.

Title	Name	Address

8. The name and business address of the person(s) authorized to execute, acknowledge, deliver and record any recordable instrument purporting to affect an interest in real property:

Title	Name	Address

9. Additional matters:

10. State the amendments to the certificate:

DELETED ALFRED J. ZAGAMI III, SCOTT MCCOURT, DAVID DRAGANI, AND HEATHER MCKAY AS SOC SIGNATORIES.

11. The amended certificate is effective at the time and on the date approved by the Division, unless a later effective date not more than ninety (90) days from the date of filing is specified:

Later Effective Date (mm/dd/yyyy):

Time (HH:MM)

SIGNED UNDER THE PENALTIES OF PERJURY, this 2 Day of October, 2023,

TED CONNOLLY

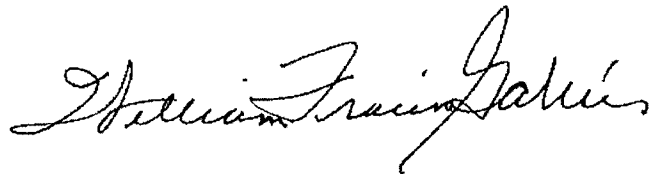
, Signature of Authorized Signatory.

THE COMMONWEALTH OF MASSACHUSETTS

I hereby certify that, upon examination of this document, duly submitted to me, it appears that the provisions of the General Laws relative to corporations have been complied with, and I hereby approve said articles; and the filing fee having been paid, said articles are

deemed to have been filed with me on:

October 02, 2023 03:36 PM

A handwritten signature in black ink, reading "William Francis Galvin". The signature is written in a cursive, flowing style with a large initial "W".

WILLIAM FRANCIS GALVIN

Secretary of the Commonwealth

PURCHASE & SALES AGREEMENT

AGREEMENT made this 12 day of August, 2023 by and

between LATIN-A GROUP LLC and Antonio De Trizio and Luma Marcaccio of 218 Hillside Ave., Needham, MA 02494, hereinafter referred to as the Seller, and

METROWEST DINING LLC of 145 Bonad Road, Chestnut Hill, MA 02467, hereinafter referred to as the Buyer.

WITNESSETH AS FOLLOWS:

WHEREAS, the Seller is the owner of certain equipment, stock in trade, fixtures and goodwill in and of the business known as

Latina Kitchen & Bar located at 30 Dedham Avenue, Needham, MA 02492.

WITNESSETH AS FOLLOWS:

WHEREAS, the Buyer desires to purchase the aforementioned business and related tangible and intangible property.

NOW, THEREFORE, the parties agree as follows:

1. Sale of Assets: The Seller agrees to sell, transfer, and deliver to the Buyer all of his right, title and interest in and to the assets, equipment, fixtures, and personal property as described in Exhibit A attached hereto and made a part hereof, of that certain business known as Latina Kitchen & Bar, together with the goodwill thereof and permit transfer to the extent allowed by law of all equipment, furniture, fixtures used for the business (provided removal will not damage the building), leasehold improvements, goodwill, intellectual property, inventory, alcoholic and non-alcoholic beverages, signage, telephone numbers, social media accounts, POS system and equipment, usernames and passwords, equipment leases, equipment warranties and all permits, licenses and approvals which are transferable, together with parts and accessories hereto and all other personal property

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hereinafter listed in a Bill of Sale from the Seller to the Buyer used in connection with the business (the "Property"). The consideration shall be the total consideration payable by the Buyer for each category of the assets as follows:

A) Furniture, fixtures, equipment and accessories	\$ 140,000.00
B) Goodwill and license	\$ 50,000.00
C) Non-competition	\$ 10,000.00
TOTAL	\$200,000.00

It is warranted that the Seller has good and marketable title to and owns outright all the business, furnishings, fixtures, equipment, as set forth in Exhibit "A" and to be transferred by the Seller to the Buyer under this Agreement, free and clear of all debts, liens and encumbrances.

2. Payment of Purchase Price:

The purchase price shall be paid to the Seller in the following manner:

- a) \$1,000.00 paid as a deposit on _____.
- b) \$19,000.00 to be paid as a further deposit upon the signing
of this document and to be held by the National
Restaurant Exchange in an Escrow account.
- c) \$180,000.00 bank or certified check or wire transfer at Closing:
- d) N/A

e) DEPOSITS:

All deposits are to be held in an escrow account by the National Restaurant Exchange. In the event of any disagreement between the parties, the BROKERS must retain all deposits made under this agreement pending instructions mutually given by the SELLER and the BUYER. In the event of a disagreement relative to the dispersal of escrow funds, all parties agree to submit the disagreement to an arbitrator associated with the Massachusetts Conveyancers Arbitration Association for binding arbitration.

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A disagreement shall be defined as the lack of instructions mutually given by all parties. The Broker shall retain the Deposit as payment of the commission due hereunder upon the transaction contemplated herein

3. Lease:

This Agreement is conditional upon Seller delivering to Buyer an assignment of the current lease prior to the Closing. It is further understood that this Agreement will be executed by both parties and is contingent upon landlord providing an assigned lease or an acceptable new lease. Buyer and Seller shall share equally in any fee due to the Landlord in connection with obtaining Landlord's consent to the assignment of the Lease.

4. Inventory:

On the date of the Closing (or the day prior to the Closing upon agreement of the parties hereto), Buyer and Seller shall conduct an inventory of all food, alcoholic and non-alcoholic beverages and dry goods (the "Inventory") on hand in the Premises and used in connection with the operation of Seller's restaurant and Buyer shall pay an amount, in addition to the Purchase Price, for the value of the Inventory on the date of the Closing.

5. Utility Deposits:

The Seller shall be reimbursed by the Buyer at the Closing for any and all deposits prepaid, specifically gas, electricity, cable, internet, and telephone, and in addition to other sums provided for in this Agreement.

6. Adjustments:

All prepaid rents, real estate taxes, sewer or water charges or fuel charges shall be apportioned or adjusted as of the date of the performance of this Agreement.

7. Existing Debt:

It is understood that as of the date of the Closing, all obligations and

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liabilities of the Seller, with respect to the business, are the sole obligation of the Seller and shall be paid in full prior to Closing, including all rent, additional rent and additional costs under the Seller's lease. Seller will provide Buyer with estoppel certificate from the Landlord demonstrating a zero balance.

8. Use of Purchase Money:

To enable the Seller to make conveyance herein provided, the Seller may at the time of the delivery of the Bill of Sale, use the purchase money, or any portion thereof, to clear title of any or all encumbrances or interests, provided that all instruments so procured are delivered at Closing or within a reasonable time thereafter.

9. Seller's Taxes and Representations:

The Seller agrees that the Seller will provide the Buyer with a CERTIFICATE OF GOOD STANDING to be issued by the taxing authorities of the Commonwealth of Massachusetts.

Seller warrants that it is the lawful owner in every respect of all of the Property and that it is free and clear of all liens, security agreements, encumbrances, claims, demands, and charges of every kind whatsoever.

The Seller represents that all financial statements and information provided to the Buyer are accurate and complete. The Seller further confirms that the business has been operated in compliance with all applicable laws and regulations and is not the subject of any lawsuits or government actions.

10. Acceptance of Bill of Sale:

Except as herein otherwise provided, the acceptance of the Bill of Sale by the Buyer or his nominee shall be deemed to be a full performance and discharge of every agreement and obligation herein contained or expressed, except such as are by the express terms hereof to be performed after the delivery of the instruments of transfer and the payment of the purchase price.

11. Intentionally Omitted.

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12. Inspections:

The Seller agrees that at the time physical possession of the premises is to be delivered to the Buyer, Buyer shall inspect all the Seller's equipment to determine that it is in good working order. Acceptance of the Bill of Sale from the Seller by the Buyer shall be deemed satisfaction of this clause. Prior to execution of the Bill of Sale, the Seller shall provide a complete list of furniture, fixtures and equipment that will be the subject of Buyer's inspection as well as any disclose any known issues with regards to the above, including, but not limited to, heating, air conditioning, plumbing, ventilation and electrical.

12 A. Buyer and Seller agree that Buyer's purchase is subject to and conditional upon the following:

Buyer shall have obtained all such permits, license, approvals, authorizations, variances, agreements and warranties from Federal, State and local governmental authorities, if any, which are necessary for the operation by the Buyer of the Restaurant after the Closing, including but not limited to all licenses required to conduct a full-restaurant business including the sale of food and liquor (collectively the "Approvals"). In connection thereof, Seller agrees to provide to Buyer within seven (7) days of the date of execution hereof copies of all Approvals required for operation of the Restaurant. Buyer shall use good faith and commercially reasonable efforts to obtain the Approvals. In the event that Buyer does not notify Seller of Buyer's inability to obtain the Approvals before 5:00 p.m. on January 5, 2024 (the "Approval Period"), it shall be conclusively presumed that Buyer has obtained the Approvals and the contingency contained in this Clause shall be deemed to be waived. In the event Buyer gives notice to Seller on or before 5:00 p.m. on January 5, 2024 of Buyer's inability to obtain the Approvals, then this Agreement shall automatically terminate and become null and void and without recourse to any party hereunder, and all deposits and any interest on such deposit shall be forthwith refunded to Buyer.

12. B Financial Statements and Compensation; Employees:

The Seller agrees to provide the previous two years of financial statements to Buyer as well as provide the payroll terms and employment agreements of

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current employees as well as ownership compensation to Buyer within fourteen (14) days after the execution of this agreement. The Buyer shall have three (3) business days to review the financial statements. Should Buyer deem the financial statements unsatisfactory, the agreement will terminate and all earnest money shall be returned. Buyer agrees to keep all financial information by Seller strictly confidential and agrees to return or destroy the same, as may be requested by Seller, upon termination of this Agreement. Buyer's obligation to keep such information confidential shall survive termination of this Agreement.

12 C. Termination by Breach:

If this Agreement shall terminate by reason of Buyer's breach of this Agreement, then Seller shall retain the Deposit as liquidated damages. If this Agreement shall terminate by reason of Seller's breach of this Agreement, then Buyer shall have the option of: (i) seeking specific performance of this Agreement; or (ii) receiving a refund of the Buyer's Deposit, in which case this Agreement shall be null and void and of no further force and effect.

13. Brokerage:

A Broker's fee for professional services of \$20,000.00 is due and payable from the Seller to the National Restaurant Exchange unless a separate written Agreement has been entered into prior to the Closing. As payment thereof, on the Closing Date, the National Restaurant Exchange may retain \$20,000.00 of the funds paid by Buyer towards the purchase price.

14. Broker as Party:

The Broker named herein, joined in the Agreement and becomes a party hereto, insofar as any provisions of effects of this Agreement expressly applies to them, and to any amendments or modifications of such provisions to which they agree in writing.

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15. Verification:

Upon the signing of this Agreement, Buyer shall be allowed 2 weeks to satisfy himself as to the gross sales of the business. Upon completion of the verification period, if Buyer is satisfied as to the business volume, both parties shall continue under the terms and conditions of this Agreement. If however, Buyer isn't so satisfied, then their Agreement shall become null and void and Buyer's deposit shall be refunded forthwith.

16. N/A

17. :

Seller shall supply Buyer with a list of all current vendors and creditors. All of the creditors of the Seller, as of the Closing date, shall be paid by the Seller when the bills are due.

18. No Material Misstatements or Omissions:

The Seller or Broker have not made any material misstatements of fact in connection with this purchase.

19. Indemnification Agreement:

The Seller agrees to indemnify and save harmless the Buyer against any loss, costs and expenses, including reasonable attorney's fees, which the Buyer may incur or sustain by reason of any claims made against the Buyer for any obligation incurred by the Seller for which the Buyer becomes liable. If the Buyer does not incur or sustain a loss, or is obligated to make any payment whatsoever for any obligation incurred by the Seller for which the Buyer has become liable, as enumerated herein, in addition to any other rights and remedies of the Buyer under the foregoing provision, the Buyer may, after thirty (30) days' written notice to the Seller, deduct any such amount from any amounts due to the Seller from the Buyer pursuant to the terms of the Promissory Note due the Seller unless Seller disputes such deduction by written notice to the Buyer within said thirty (30) day period, in which case

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said amount to be deducted shall be placed in a separate escrow account pending resolution of such dispute.

In the event that the parties are unable to resolve said dispute either party may submit said dispute to the American Arbitration Association, Boston, MA office, or such other arbitrator as may be agreed upon by the parties, for binding arbitration. Further, provided that written notice is given by the Buyer to the Seller, upon the Buyer learning of any claim made against the Buyer for which the Seller must indemnify the Buyer hereunder, the Buyer may make payments into a separate escrow account up to the amount of the claim which payments may remain in said account until such claim is finally resolved or until such claim is paid or settled in accordance with the Seller's instructions. Any amounts due to the Seller in excess of the claim shall be paid to the Seller in accordance with the terms of this Agreement.

The Buyer agrees to indemnify and save harmless the Seller against any loss, costs and expenses including reasonable attorney's fees, which Seller may have or sustained by reason of any claims made against the Seller which are the obligation of the Buyer.

20. Right of Offset:

To the extent there is misrepresentation by the Seller hereunder, then the Buyer shall be entitled, in addition to all other remedies, to offset the cost of such misrepresentation against any amount due the Seller by the Buyer.

21. Training:

Seller agrees to work with the Buyer for a minimum of 40 hours after the Closing to train owner in the operations of the business and to teach Buyer how and where to make purchases and to introduce Buyer to customers and salesmen.

22. Insurance:

Seller shall keep in full force and effect one or more policies of insurance, insuring the Property until the Closing.

23. Escrow Monies:

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All deposits or down payments made by the Buyer relative to the purchase of the business described herein shall be held in an escrow account by the National Restaurant Exchange (Broker).

24. Extension of time of performance:

If the Seller shall be unable to give title or to make delivery as above stipulated, any payments made under this Agreement shall be refunded and all other obligations of the parties hereto shall cease; PROVIDED, however, that Seller shall use reasonable efforts to remove any defects in title, or to deliver possession as provided herein, as the case may be, in which event the Seller shall give written notice thereof to the Buyer at or before the time for performance hereunder, and thereupon the time for performance hereof shall be extended for a period of thirty (30) days.

25. Closing:

The closing of the transaction contemplated by this Agreement shall occur on the date that is five (5) days following the Approval Period (herein referred to as the "Closing Date" or "Day of Closing").

26. Construction of Agreement:

This Agreement shall inure to the benefit of and be binding upon the parties hereto and shall be governed by the laws of the Commonwealth of Massachusetts, and shall be binding upon the parties' respective legatees, administrators, executors, legal representatives, successors and assigns.

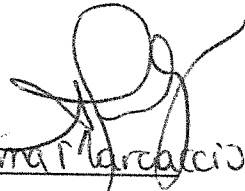
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IN WITNESS WHEREOF, the parties hereto have executed this Agreement
as a sealed instrument this 12 day of August, 2023.

SELLER:
LATIN A GROUP LLC

BY ANTONIO DETRIZIO

ITS Manager


Luma Marcaccio
Manager

PURCHASER:
METROWEST DINING LLC

BY Scott McCourt SCOTT MCCOURT

ITS MANAGER

**Exhibit A
Equipment List**

See attached.

EQUIPMENT

BAR AREA QTY

1	2 CONTINENTAL APPROX 84" SOLID DOOR BACK BAR REFS/C	2
2	KEGCO 48" (4) TAP HEAD S/C DRAFT BEEF REF	1
3	(2) 24" COCKTAIL SINKS W/SODA LINES	1
4	(2) 24" S/S DISH RACK DRAIN STANDS	
5	(2) BAR SINKS	2
8	HOSHIZAKI MOD IM500SAA ICE MACHINE W/BIN	1
9	10 LEATHER PADDED BAR STOLLS	10
10	26 FABRICH SEAT & BACK STOOLS	26
11	18 LEATHER PADDED SEAT & BACK CHAIRS	18
12	RECLAIMED WOOD TABLES	27
12	PATIO FURNITURE (TABLES, CHAIRS, PROPANE HEATERS)	48
13	Wine Cellar	2
14	Bench and Host Station	1
14	1 Casadio Espresso Machine / 1 Bunn Coffee Machine / 2 Grinders	4
	KITCHEN AREA	

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15	2 CUSTOM VULCAN 60" GAS RANGE W/FULL OVENS 6 BURNER RANGE W/36" FLAT GRIDDLE (2) REFRIGERATED DRAWS S/C REF (1) WITH 6 BURNERS	2
	18" BROILER FULL OVEN & REF S/C DRAWERS & SALAMANDER BROILER	1
19	PITCO MOD SG14 GAS FRYOLATOR	2
20	BLODGETT FULL SIZE GAS CONVENTION OVEN	1
21	ROTISOL FULL SIZE C/TOP BBQ ROTISSERIE ALL S/S	1
22	CONTINENTAL MEGA TOP S/C SANDWICH UNITS (1) 48" (1) 60"	1
22	CONTINENTAL MEGA TOP S/C SANDWICH UNITS (1) 48" (1) 60"	1
23	CONTINENTAL 72" 18 PAN S/C SANDWICH UNIT	1
24	CONTINENTAL 60" S/S WORK TOP REF W/4 DRAWS S/C	1
25	CONTINENTAL 60" S/S WORK TOP FREEZER	1
25	(2) 36"X60" SOLID WOOD MAPLE TOP WORK TABLES	2
25	CONTINENTAL 60" S/S WORK TOP FREEZER	1
26	24" S/S STAND	2
27	EKA C/TOP ELECT OVEN	1

LM AD

28	OMCAN 30 QT DOUGH MIXER W/ATTACH	1
29	1 SET S/S DRAIN BOARDS	
30	INKSINKERATOR S/S200 GARBAGE DISPOSAL	1
31	MOFFAT E-32 ELECTRIC CONVENTION OVEN	1
32	7'X30" W/4" BACKSPLASH MAPLE WOOD TOP TABLE	1
33	COOLER(2)DOOR S/S AVANTCO REF S/C	1
33	4 FREEZER (2) 2 DOORS (2) 1 DOOR& S/S AVANTCO REF S/C	4
35	R-2 ROBOT COUPE	1
36	2 MIRAGE C/TOP INDUCTION COOKERS	1
37	3 COMPT S/S KITCHEN SINK 24"X24" TUBS	1
38	5 CAMBRO INGRED BINS	5
39	3 FULL SIZE SHEET PAN RACKS	3
40	SHEET PANS	1
41	ALL KITCHEN UTENSILS	
42		
43	INSERTS	
44	CHINA	

AD LM

45	GLASSWARE	
46	LOT SECTIONS CHROME ERECRTA SHELVING	
47	MANY MORE ITEMS	

48 Toast devices: 5 screens, 8
printers, 1 cash drawer

49 iPad and sonos amplifier

AD LMA

Exhibit B
Proposed Bill of Sale

BILL OF SALE

KNOW ALL PERSONS BY THESE PRESENTS:

For good and sufficient consideration of two hundred thousand (\$200,000) dollars, receipt of which is hereby acknowledged, the undersigned **LATIN A GROUP LLC** (hereinafter referred to as the "Seller") hereby sells, transfers and conveys to **Metrowest Dining LLC** (hereinafter referred to as the "Buyer") the following described personal property hereinafter referred to as the "Property":

All of the assets of the Latin A Restaurant as set forth in **Exhibit A** including without limitation, all equipment, furniture, fixtures used for the business (provided removal will not damage the building), leasehold improvements, goodwill, intellectual property, inventory, alcoholic and non-alcoholic beverages, signage, telephone numbers, social media accounts, POS system and equipment, usernames and passwords, equipment leases, equipment warranties and all permits, licenses and approvals which are transferable, located at the Premises located at 30 Dedham Avenue, Needham, Massachusetts, except excluding the following: all cash or cash equivalents on hand owned by Seller; all perishable food on hand; and such equipment or other assets subject to a lease or financing arrangement between Seller and third party.

Seller warrants that he/she is the lawful owner in every respect of all of the Property and that it is free and clear of all liens, security agreements, encumbrances, claims, demands, and charges of every kind whatsoever.

This Agreement binds Seller, his/her successors and assigns, to warrant and defend the title to all of the Property to Buyer, his/her successors and assigns, forever against every person lawfully claiming the Property or any part of it.

LM AD

SELLER TRANSFERS THE PROPERTY TO BUYER "AS IS" WITHOUT ANY WARRANTIES, EXPRESS, OR IMPLIED, AS TO THE CONDITION OF SUCH PROPERTY. BUYER REPRESENTS TO SELLER THAT BUYER HAS PERSONALLY INSPECTED THE PROPERTY AND ACCEPTS THE PROPERTY "AS IS."

Seller shall be responsible to remove all Excluded Assets from the facility on or prior to the date of Closing.

Dated: _____, 2023

LATIN A GROUP LLC

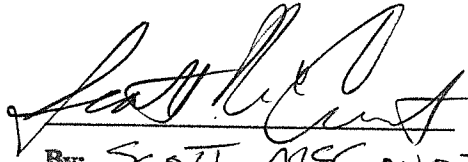

ANTONIO DE TEZUO

By:

Its: Manager


Linda Manzacco
Manager

Metrowest Dining LLC


By: SCOTT MCCOURT

Its: MANAGER

CONDITIONAL ASSIGNMENT, ASSUMPTION AND AMENDMENT OF LEASE

This CONDITIONAL ASSIGNMENT, ASSUMPTION AND AMENDMENT OF LEASE, hereinafter sometimes referred to as “Assignment” has been entered and becomes effective on this _____ day of August, 2023, by and between Latin-A Group LLC, a Massachusetts Limited Liability Company, having a principal place of business at 218 Hillside Ave, Needham, MA 02494, hereinafter referred to as “Assignor” and Metrowest Dining, LLC, a Massachusetts Limited Liability Company, hereinafter referred to as “Assignee” whose principal place of business is located at 145 Bonad Road, Chestnut Hill, MA 02467.

and Stuart J. Rothman, Trustee of 934-948 Great Plain Avenue Nominee Trust, hereinafter referred to as “Lessor” whose principal place of business is located at 907 Massachusetts Avenue, Cambridge, Massachusetts 02139 and

Luma Marcaccio and Antonio De Trizio, individually, both of 218 Hillside Ave, Needham, MA 02494, individually and collectively, hereinafter referred to as “Guarantor”.

Assignee, Assignor, Lessor and Guarantor shall be collectively referred to as the “Parties” or individually referred to as “Party”.

Reference is hereby made to a certain lease agreement, a copy of which is attached hereto and incorporated herein and hereinafter referred to as “Lease”, which Lease is dated May 15, 2019 by and between Assignor and Lessor for certain premises located at and know and numbered 948 Great Plain Avenue, Needham, Massachusetts as more particularly defined in the Lease, which leased premises are hereinafter referred to as the “Premises”.

WHEREAS, Assignor desires to assign the Lease to Assignee and Assignee desires to accept the assignment thereof; and

WHEREAS, Lessor is willing to consent to such assignment and assumption on the terms hereinafter set forth;

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the Parties hereto agree as follows:

1. Assignment. Assignor, subject to and conditioned upon the terms hereinafter expressed, does hereby grant, bargain, sell, convey, transfer, set over, deliver and assign unto Assignee, and its successors and assigns, all of Assignor’s right, title and interest in and to the Lease, including without limitation any amounts paid to Lessor on account of either a security deposit and/or last month’s rent deposit, effective upon the satisfaction of all terms, conditions and expressions expressed herein, hereinafter referred to as the “Effective Date,” provided, however, that any security deposit and/or last month’s rent deposit so transferred from Assignor to Assignee shall be credited back to Assignor by Assignee on or before the Effective Date. The Effective Date shall be on or before January 10, 2024 at 12:00 Noon. Assignor hereby further agrees at any time and from

time to time, upon the request of Assignee and/or Lessor, to execute, acknowledge and deliver to Assignee and/or Lessor any and all such further instruments and assurances and to perform such further acts as may reasonably be required by Assignee and/or Lessor to more fully effectuate the assignment contemplated hereunder and/or confirm the terms expressed in this Assignment.

2. Assumption. Assignee hereby assumes and agrees to undertake and perform all of Assignor's duties, responsibilities and obligations accruing under the Lease from and after the Effective Date in accordance with all of the terms and conditions thereof.

3. Indemnification by Assignor. Other than the Lease Assumed Liabilities, Assignor hereby agrees to indemnify and hold Assignee and/or Lessor harmless from and against any loss, claim, damage, Lease obligation and/or breach, expense or injury (including reasonable attorneys' fees) for any matters arising or otherwise accruing under the Lease prior to the Effective Date hereof.

4. Indemnification by Assignee. Assignee hereby agrees to indemnify and hold Assignor harmless from and against any loss, claim, damage, expense or injury (including reasonable attorneys' fees) for any matters arising or otherwise accruing with respect to the Lease from and after the Effective Date.

5. Consent. So long as Lessor is paid in full all amounts due under the Lease that have accrued or are otherwise owed on or before the Effective Date and all amounts expressly identified herein, including without limitation, fees and costs identified in paragraph seven (7) below and Lessor has received any and all such further instruments and assurances and to perform such further acts as may reasonably be required by Lessor to more fully effectuate this Assignment and/or confirm the terms expressed herein and Assignor has exercised Its "FIRST OPTION TERM" as more particularly set forth in the Lease, Lessor hereby consents to the assignment of Assignor's interest under the Lease, effective as of the Effective Date to Assignee; provided further, however, that this consent shall not be deemed to be consent to any further or subsequent assignment of the tenant's interest in, to and under the Lease.

6. Acknowledgements. Each of the parties acknowledge and agree as follows:

(a) A complete and accurate copy of the Lease (together with all Exhibits) is attached hereto and incorporated herein, which Lease and Exhibits along with this Assignment represent the entire understanding between Lessor and Assignee with respect to the leasing of the Premises and the Lease is in full force and effect.

(b) Except for those sums due and owing under the Lease that accrue after the date of Execution of this Assignment or as otherwise set forth in paragraph five (5) above, all basic rent due on or before the date of execution of this Assignment have been paid in full to Lessor.

(c) Except as otherwise set forth in paragraph five (5) above, as of the date Lessor executes this Assignment, there exists no defaults under the Lease, or breach of the terms thereof, which with the giving of notice, passage of time, or failure to cure would constitute an event of

default on the part of either Lessor, Assignor or Assignee except that Lessor has made this statement only to the best of his actual knowledge.

(d) Assignee agrees that it has inspected the premises described in the Lease and hereby agrees to take said premises "as is" in the condition existing upon the execution of this Assignment Agreement. It is understood and agreed between the Parties hereto that Assignee intends to perform certain construction work at the Premises, all of which shall be subject to and compliant with the provisions expressed in paragraphs 7 and 9 of the Lease. It is hereby agreed between Lessor and Assignee that in addition to and without limitation of the foregoing, Lessor will not unreasonably withhold approval of cosmetic work or the construction of a demising wall to separate the kitchen from the dining room but otherwise, any and all construction performed by Lessee shall be subject to Lessor's approval to be either granted or denied in Lessor's sole discretion with or without cause. Upon the execution of this Assignment, Assignee, at Its sole cost, expense and liability and subject always to the expressed terms of the Lease and this Assignment, shall commence and continue the diligent pursuit of (i) any and all building permits, approvals and authorizations necessary to perform the aforementioned construction that Assignee deems necessary to conduct its business at the Premises and (ii) any and all licenses, including without limitation, liquor license, from any local, municipal, state or federal authority required in connection therewith. In the event any such licenses, building permits, approvals or authorizations are not received by the Assignee on or before the Effective Date than any Party hereto shall have the option to terminate this Assignment by written notice to all other Parties, which notice must be received no later than the expiration of the second business day following the Effective Date (the "Termination Notice Date"). In the event of such termination this Assignment shall be considered null and void and no Party shall have any recourse against the other at law or in equity other than for (i) a breach of the terms of this Assignment or the Lease and/or (ii) those amounts due in connection with paragraph seven (7) of this Assignment Agreement. In the event no such Notice is received in accordance with this Section 6 (d) than any right to terminate hereunder shall be waived and such right to terminate shall be considered null and void and of no force or affect and Assignee shall be deemed to have forfeited and shall release unto Lessor without recourse any and all amounts deposited with Lessor hereunder.

(e) None of the provisions contained in this Assignment Agreement may be waived, changed or altered except by an instrument in writing signed by all Parties hereto.

(f) From and after the date of Execution of this Assignment Agreement, including without limitation, during the term of the Lease and any extensions thereof, Lessor shall have the right but not the obligation to inspect the Premises without notice in the event of an emergency and otherwise upon forty eight (48) hours notice by email in advance of Lessor's intended inspection.

7. Lessor's Costs and Fees. Assignee agrees to pay Lessor's costs and fees incurred in connection with this Assignment upon presentation of invoice therefore.

8. Successors and Assigns. This Assignment and Assumption of Lease shall inure to the benefit of and be binding upon the parties hereto, and their respective successors and assigns.

9. Assignee's Address for Notices. Assignee's address for notices shall be:

Metrowest Dining, LLC
145 Bonad Road
Chestnut Hill, MA 02467

10. As a condition precedent to the validity and enforceability of this Assignment, Assignee shall deposit with Lessor (i) on or before the date this Assignment Agreement is executed by the Parties hereto the sum of Five Thousand (\$5,000.00) Dollars to be applied to Assignee's security deposit as hereinafter described and (ii) on or before the Effective Date a sum equal to five (5) times the then current basic monthly rent less said Five Thousand (\$5,000.00) and (ii) on or before the Effective Date a last months rent deposit equal to the then current basic monthly rent, hereinafter collectively referred to as the "Deposits". In the event this Assignment is lawfully and timely terminated in accordance with paragraph 6 (d) above, such deposits less any amount owed in connection with paragraph seven (7) above will be returned to Assignee. It is hereby agreed between the Lessor and Assignee that so long as the assignment of lease contemplated hereunder becomes effective and enforceable by and against the Parties hereto, and provided always that Assignee is in full compliance with every term, obligation or condition (i) expressed herein and (ii) in the Lease during the two (2) years following the Effective Date, the amount required to be held as a security deposit shall be reduced to the sum of four (4) times the basic rent and subject always to the same terms and conditions hereinabove expressed, further reduced to two (2) times the basic monthly rent after four (4) years following the Effective Date. Lessor shall return the excess security deposit within thirty (30) days after each reduction and remainders shall be held as contemplated in the Lease.

11. Intentionally Omitted.

12. Notwithstanding any term, condition or obligation set forth in this Assignment, Guarantors shall remain liable under their Guaranty for every term, condition or obligation set forth in the Lease pursuant to said Guaranty during the period of time prior to the Effective Date, provided that no notice of termination has been received by either party by the Termination Notice Date, and shall thereafter remain liable for any matters that accrued prior to the Effective Date. In the event the assignment of lease contemplated hereunder fails to occur for any reason then in that event Guarantors shall remain liable under the terms of said Guaranty.

13. As a condition precedent to the assignment of Lease contemplated hereunder, on or before the Effective Date the individuals, being Scott McCourt of 181 Richdale Road, Neddham, MA. 02494 and Tom Griffin of 145 Bonad Road, Chestnut Hill, MA. 02467 shall execute, provide and deliver to Lessor a Lease Guaranty in the form attached hereto as Exhibit A on or before the Effective Date.

14. As a condition precedent to the assignment of Lease contemplated hereunder, on or before the Effective Date, Assignee shall provide and deliver to Lessor an insurance certificate and policy consistent with the provisions expressed in paragraph 9(d) of the Lease.

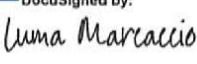
15. To the extent that any provision expressed in this Assignment is inconsistent with any provision expressed in the Lease, then the terms of this Assignment shall take precedence over the terms in the Lease.

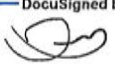
16. No Party shall be contractually bound to this Assignment unless and until a fully executed copy of same is duly executed by all Parties thereto and such duly executed copy is delivered to Lessor and not otherwise.

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

ASSIGNOR:

Latin-A Group LLC

DocuSigned by:

By: E34DF628F68A4E5...
Print Name: Luma Marcaccio
Title: Manager (Duly Authorized)

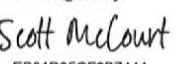
DocuSigned by:

By: AB9B84E30E7348B...
Print Name: Antonio De Trizio
Title: Manager (Duly Authorized)

ASSIGNEE:

Metrowest Dining, LLC

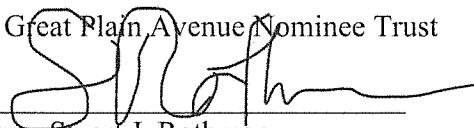
DocuSigned by:

By: 8D8FEA088F0B46C...
Print Name: Tom Griffin
Title: Manager (Duly Authorized)

DocuSigned by:

By: E881B356F9B7444...
Print Name: Scott McCourt
Title: Manager (Duly Authorized)

LESSOR:

934-948 Great Plain Avenue Nominee Trust

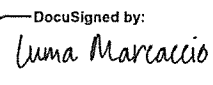
By: 

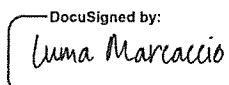
Print Name: Stuart J. Rothman,

Title: Trustee (Duly Authorized)

GUARANTORS:

DocuSigned by:

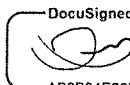


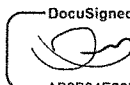
By: 

E34DF528FC0A4E5...

Print Name: Luma Marcaccio

DocuSigned by:



By: 

AB9B84E30E73488

Print Name: Antonio De Trizio

EXHIBIT A TO LEASE ASSIGNMENT

GUARANTY

THIS GUARANTY is made and entered into this ___ day of 2023, by and between Scott McCourt of 181 Richdale Road, Needham, MA. 02494 and Tom Griffin of 145 Bonad Road, Chestnut Hill, MA. 02467 individually and collectively referred to as (“the **Guarantor**”) and Stuart J. Rothman, not individually but as Trustee of 934-948 Great Plain Avenue Nominee Trust, of 907 Massachusetts Avenue, 2nd Floor, Cambridge, MA. 02139 (the “**Landlord**”). In consideration of the Landlord’s giving, in its discretion, time, credit, lease, interest in real property or other accommodations to Metrowest Dining, LLC, a Massachusetts Limited Liability Company, whose principal place of business is located at 145 Bonad Road, Chestnut Hill, MA 02467 hereinafter referred to as (“**Obligor**”) the Guarantor agrees as follows:

1. **GUARANTY OF PAYMENT AND PERFORMANCE.** The Guarantor hereby guarantees to the Landlord the full and punctual payment when due (whether at maturity, by acceleration or otherwise), and the performance, of all liabilities, agreements and other obligations of the Obligor to the Landlord, whether direct or indirect, absolute or contingent, due or to become due, secured or unsecured, now existing or hereafter arising or acquired (whether by way of discount, letter of credit, lease, loan, overdraft or otherwise) arising under the Lease for the premises known and numbered 948 Great Plain Avenue (sometimes referred to as 30 Dedham Street), Needham, Massachusetts, which Lease is dated May 15, 2019 (the “**Lease**”), as the same may be amended, (the “**Obligations**”). Except for basic rent which shall be limited to the rent applicable to the then current year during the original or extended term of the Lease following the Effective Date, this Guaranty is an absolute, unconditional and continuing guaranty of the full and punctual payment and performance of the Obligations and not of their collectability only and is in no way conditioned upon any requirement that the Landlord first attempt to collect any of the Obligations from the Obligor or resort to any security or other means of obtaining their payment. Should any Obligor default in the payment or performance of any of the Obligations beyond applicable grace periods, the obligations of the Guarantor hereunder shall become immediately due and payable to the Landlord, without demand or notice of any nature, all of which are expressly waived by the Guarantor. Payments by the Guarantor hereunder may be required by the Landlord pursuant to the terms hereof on any number of occasions.

2. **GUARANTOR’ AGREEMENT TO PAY.** In addition to that which is set forth in the previous paragraph, the Guarantor further agrees to pay to the Landlord, on demand, all costs and expenses (including without limitation, court costs and reasonable legal expenses) incurred or expended by the Landlord in connection with the enforcement of this Guaranty, and costs of collections in connection with this Guaranty, together with interest on amounts recoverable from the Guarantor under this Section from the time such amounts become due until payment, at the rate per annum equal to 12%; provided that if such interest exceeds the maximum amount permitted to be paid without penalty under applicable law, then such interest shall be reduced to such maximum permitted amount.

3. **WAIVERS BY GUARANTOR; LANDLORD'S FREEDOM TO ACT.** The Guarantor agrees that the Obligations will be paid and performed strictly in accordance with their respective terms regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of the Landlord with respect thereto. Further, the Guarantor agrees that the Guarantor's obligations under this Guaranty shall be absolute and unconditional and shall remain in full force and effect until the Obligations shall have been indefeasibly paid in full. The Guarantor waives presentment, demand, protest, notice of acceptance, notice of Obligations incurred and all other notices of any kind, all defenses which may be available by virtue of any valuation, stay, moratorium law or other similar law now or hereafter in effect, any right to require the marshaling of assets of the Obligors, and all suretyship defenses generally and any defenses in the nature thereof. Without limiting the generality of the foregoing, the Guarantor agrees to the provisions of any instrument evidencing, securing or otherwise executed in connection with any Obligation and agrees that the obligations of the Guarantor hereunder shall not be released or discharged, in whole or in part, or otherwise affected by (i) the failure of the Landlord to assert any claim or demand or to enforce any right or remedy against the Obligors; (ii) any extensions or renewals of any Obligation; (iii) any rescissions, waivers, amendments or modifications of any of the terms or provisions of any agreement evidencing, securing or otherwise executed in connection with any Obligation; (iv) the substitution or release of any entity primarily or secondarily liable for any Obligation; (v) the adequacy of any rights the Landlord may have against any collateral or other means of obtaining repayment of the Obligations; (vi) the impairment of any collateral securing the Obligations, including without limitation the failure to perfect or preserve any rights the Landlord might have in such collateral or the substitution, exchange, surrender, release, loss or destruction of any such collateral; (vii) any "one action," "anti-deficiency" or other law which would otherwise prevent the Landlord from bringing any action, including any claim for a deficiency, or the exercise of any other right or remedy (including without limitation any right of setoff), against the Guarantor before or after the Landlord's commencement or completion of any foreclosure action, whether judicially, by exercise of a power of sale or otherwise; or (viii) any other act or omission which might in any manner or to any extent vary the risk of the Guarantor or otherwise operate as a release or discharge of the Guarantor, all of which may be done without notice to the Guarantor. Notwithstanding the above, nothing contained in this Section 4 shall be considered to be a waiver of any of the rights of the Guarantor or a variance of the any of the duties or obligations of the Landlord, which are prohibited from being waived or varied pursuant to the Uniform Commercial Code in effect in the Commonwealth of Massachusetts from time to time.

4. **UNENFORCEABILITY OF OBLIGATIONS AGAINST OBLIGOR.** If for any reason any Obligor has no legal existence or is under no legal obligation to discharge any of the Obligations, or if any of the Obligations have become irrecoverable from any Obligor by operation of law or for any other reason, this Guaranty shall nevertheless be binding on the Guarantor to the same extent as if the Guarantor at all times had been the principal obligor on all such Obligations. In the event that acceleration of the time for payment of the Obligations is stayed upon the insolvency, Bankruptcy or reorganization of any Obligor, or for any other reason, all such amounts otherwise subject to acceleration under the terms of any agreement evidencing, securing or otherwise executed in connection with any Obligation shall be immediately due and payable by the Guarantor.

5. **SUBROGATION; SUBORDINATION.** Until the payment and performance in full of all Obligations: (i) the Guarantor shall not exercise any rights against the Obligor arising as a result of payment by the Guarantor hereunder, by way of subrogation or otherwise, and will not prove any claim in competition with the Landlord or its affiliates in respect of any payment hereunder in Bankruptcy or insolvency proceedings of any nature; (ii) the Guarantor will not claim any set-off or counterclaim against the Obligor in respect of any liability of the Guarantor to the Obligor; and (iii) the Guarantor waives any benefit of and any right to participate in any collateral which may be held by the Landlord or any such affiliate except to the extent Guarantor controls the Obligor. The payment of any amounts due with respect to any indebtedness of the Obligor now or hereafter held by the Guarantor (other than amounts due as wages) is hereby subordinated to the prior payment in full of the Obligations; provided, however, to the extent the Obligors are not in default on the Obligations, each Obligor may continue and make, in the ordinary course, any payments due and owing to one or more Guarantor. The Guarantor agrees that after the occurrence of any default in the payment or performance of the Obligations, the Guarantor will not demand, sue for or otherwise attempt to collect any such indebtedness of the Obligor to the Guarantor (other than amounts due as wages) until the Obligations shall have been paid in full. If, notwithstanding the foregoing sentence, the Guarantor shall collect, enforce or receive any amounts in respect of such indebtedness, such amounts shall be collected, enforced and received by the Guarantor as trustee for the Landlord and be paid over to the Landlord on account of the Obligations without affecting in any manner the liability of the Guarantor under the other provisions of this Guaranty.

6. **SECURITY; SETOFF.** The Guarantor grants to the Landlord, as security for the full and punctual payment and performance of the Guarantor's obligations hereunder, a continuing lien on and security interest in all securities or other property belonging to the Guarantor now or hereafter held by the Landlord and in all deposits (general or special, time or demand, provisional or final) and other sums credited by or due from the Landlord to the Guarantor or subject to withdrawal by the Guarantor; and regardless of the adequacy of any collateral or other means of obtaining repayment of the Obligations, the Landlord is hereby authorized at any time and from time to time, without notice to the Guarantor (any such notice being expressly waived by the Guarantor) and to the fullest extent permitted by law, to set off and apply such deposits and other sums against the limited obligations of the Guarantor under this Guaranty, whether or not the Landlord shall have made any demand under this Guaranty and although such obligations may be contingent or unmatured.

7. **FURTHER ASSURANCES.** The Guarantor agrees that they will, from time to time at the request of the Landlord, provide to the Landlord such information relating to the business and affairs of the Guarantor as the Landlord may reasonably request. The Guarantor is presently informed of the financial condition of the Obligor and of all other circumstances which a diligent inquiry would reveal and which bear upon the risk of nonpayment of the Obligations. Guarantor hereby covenants that he/she/they will continue to keep himself/herself/themselves informed of Obligor's financial condition and of all other circumstances which bear upon the risk of nonpayment. Absent a written request for such information by Guarantor to Landlord, Guarantor hereby waives their right, if any, to require Landlord to disclose to it any information which Landlord may now or

hereafter acquire concerning such condition or circumstances including, but not limited to, the release of or revocation by any other guarantor.

8. **EFFECT OF GUARANTY.** This Guaranty shall remain in full force and effect until the payment and performance of all Obligations. This Guaranty shall continue to be effective or be reinstated, if at any time any payment made or value received with respect to an Obligation is rescinded or must otherwise be returned by the Obligor upon the insolvency, Bankruptcy or reorganization of the Obligor, or otherwise, all as though such payment had not been made or value received.

9. **SUCCESSORS AND ASSIGNS.** This Guaranty shall be binding upon the Guarantor, and their respective heirs, legal representatives, executors, administrators, successors and assigns, and shall inure to the benefit of and be enforceable by the Landlord and its successors, transferees and assigns. Without limiting the generality of the foregoing sentence, the Landlord may assign or otherwise transfer the Lease evidencing, securing or otherwise executed in connection with the Obligations, or sell participations in any interest therein, to any other person or entity, and such other person or entity shall thereupon become vested, to the extent set forth in the agreement evidencing such assignment, transfer or participation, with all the rights in respect thereof granted to the Landlord herein.

10. **MULTIPLE GUARANTOR.** The Guarantors agree to the following: (a) the obligations, covenants, warranties and representations of each of the undersigned Guarantors, shall be joint and several; (b) the granting of a written release of liability of less than all of the Guarantor shall be effective with respect to the liability of only those specifically so released, but shall in no way affect the liability hereunder of any guarantor not so released; and (c) the Guarantor waives any right to require the Landlord to proceed against any other guarantor. Any prior or subsequent guaranty to the Landlord shall not be deemed to be in lieu of or to supersede or terminate this Guaranty, but shall be construed as an additional or supplementary guaranty unless otherwise expressly provided herein.

11. **WARRANTIES AND REPRESENTATIONS.** The Guarantor hereby warrants and represents to the Landlord that any and all financial statements and other financial data which have previously been furnished to the Landlord with respect to the Guarantor are true and correct in all material respects, fairly, completely and accurately representing the financial condition of the Guarantor; there are no legal proceedings, material claims or demands pending against, or to the best of Guarantor's knowledge, threatened against the Guarantor or any of the Guarantor's assets; there are no federal or state tax liens filed or threatened against the Guarantor or any of the Guarantor's assets; and the Guarantor is not in default or claimed default under any agreement for borrowed money.

12. **AMENDMENT AND WAIVERS.** No amendment or waiver of any provision of this Guaranty nor consent to any departure by the Guarantor therefrom shall be effective unless the same shall be in writing and signed by the Landlord. No failure on the part of the Landlord to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall

IN WITNESS WHEREOF, the Guarantor has caused this Guaranty to be executed under seal on the day of July 2023.

Scott McCourt, Guarantor

7-25-23

Tom Griffin, Guarantor

COMMONWEALTH OF MASSACHUSETTS

NORFOLK, ss.

2023

On this 26 day of July, 2023, before me, the undersigned notary public, personally appeared Scott McCourt, proved to me through satisfactory evidence of identification, being a Massachusetts Driver's License, to be the person whose name is signed on the preceding page and acknowledged to me that he signed it voluntarily for its stated purpose.

Notary Public
My Commission Expires:

COMMONWEALTH OF MASSACHUSETTS

NORFOLK.

2023

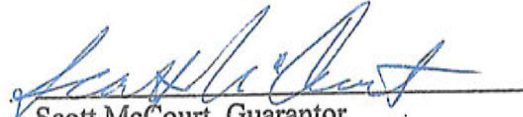
On this 26 day of July, 2023, before me, the undersigned notary public, personally appeared Tom Griffin, proved to me through satisfactory evidence of identification, being a Massachusetts Driver's License, to be the person whose name is signed on the preceding page and acknowledged to me that he signed it voluntarily for its stated purpose.

FAYEZ NASSIF

Notary Public
My Commission Expires:

04/14/2028

IN WITNESS WHEREOF, the Guarantor has caused this Guaranty to be executed under seal on the day of July 2023.


Scott McCourt, Guarantor

Tom Griffin, Guarantor

COMMONWEALTH OF MASSACHUSETTS

NORFOLK, ss.

2023

On this 21st day of July, 2023, before me, the undersigned notary public, personally appeared Scott McCourt, proved to me through satisfactory evidence of identification, being a Massachusetts Driver's License, to be the person whose name is signed on the preceding page and acknowledged to me that he signed it voluntarily for its stated purpose.



SARAH DILLON SLAVIN
Notary Public
Commonwealth of Massachusetts
My Commission Expires Nov. 2, 2023


Notary Public
My Commission Expires: 11/2/23

COMMONWEALTH OF MASSACHUSETTS

NORFOLK.

2023

On this ____ day of _____, 2023, before me, the undersigned notary public, personally appeared Tom Griffin, proved to me through satisfactory evidence of identification, being a Massachusetts Driver's License, to be the person whose name is signed on the preceding page and acknowledged to me that he signed it voluntarily for its stated purpose.

Notary Public
My Commission Expires:

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LEASE

**948 GREAT PLAIN AVENUE
NEEDHAM, MASSACHUSETTS**

Between

**Robert C. Tommasino, Trustee of 934-948 Great Plain Avenue
Nominee Trust, Lessor**

And

Latin-A Group LLC, Lessee

948 Great Plain Ave, Needham, MA.

Lessor and Lessee both of whom are identified in Section 1 hereof hereby agree to the following lease:

Section 1. Fundamental Lease Provisions

DATE OF EXECUTION: May 15, 2019 (the "Effective Date")

LESSOR: Robert C. Tommasino, Trustee of 934-948 Great Plain Avenue Nominee Trust

ADDRESS OF LESSOR: c/o First Cambridge Realty Inc.
907 Massachusetts Ave. Cambridge, MA. 02139

LESSEE: Latin-A Group LLC

ADDRESS OF LESSEE: 5 Homsy Lane, Needham, MA. 02494

LEASED PREMISES: That portion of the premises known and numbered 934-948 Great Plain Avenue, Needham, Massachusetts (the "Property") in the building thereon (the "Building"), depicted on the floor plan attached hereto and incorporated herein as Exhibit A and containing approximately Two Thousand Nine Hundred and Forty (2940) square feet (the "Leased Premises"). Lessee shall have the non-exclusive right to use in common with others entitled thereto, any common areas of the Building, the common hallway and bathrooms and alley.

ORIGINAL LEASE TERM: Five (5) years

OPTION TERMS: Two (2) successive Five (5) year option terms subject always to the expressed terms and conditions set forth in this Lease.

CONDITION OF PREMISES: As Is

COMMENCEMENT DATE: Sixty (60) days from the Effective Date.

RENT COMMENCEMENT DATE: The earlier of Lessee opening for business or ninety (90) days from the Effective Date.

TERM COMMENCEMENT DATE: The Rent Commencement Date

BASIC RENT DURING ORIGINAL TERM: Pursuant to the provisions of the Section of this Lease entitled "RENT COMMENCEMENT DATE", Lessee shall pay basic rent to Lessor as follows:

Year 1: Rent Commencement Date through the end of the first Lease year calculated from the first day of the first full month of rent payment, basic rent shall be Eight Thousand Five Hundred and Seventy Five(\$8,575.00) Dollars per month and pro-rata for any partial month;

Years 2-5: Beginning on the expiration of the first Lease year and on each successive annual anniversary date thereafter during the original term of this Lease, basic rent shall be adjusted by multiplying the then current basic rent by a fraction, the denominator for which shall be the base price index, that being the CPI-U for the month of 2019 immediately prior to the Term Commencement Date and the numerator for which shall be the CPI-U for the same month in the then current year.

BASIC RENT DURING FIRST OPTION TERM:

Year 6: In the sixth lease year, basic rent shall be the greater of the then fair market rent or Nine Thousand Eight Hundred (\$9,800.00) Dollars per month or the basic rent for May 2025.

Years 7, 8, 9 and 10: In Lease years 7, 8, 9 and 10 during the first option term of this Lease, basic rent shall be adjusted annually by multiplying the then current basic rent by a fraction, the denominator for which shall be the base price index, that being the CPI-U for the month of May 2024 and the numerator for which shall be the CPI-U for the month of May in the then current year.

BASIC RENT DURING SECOND OPTION TERM:

Year 11: In the eleventh Lease year, basic rent shall be the greater of the then fair market rent or the basic rent for May 2029.

Years 12, 13, 14 and 15: In Lease years 12, 13, 14 and 15 during the second option term of this Lease, basic rent shall be adjusted annually by multiplying the then current basic rent by a fraction, the denominator for which shall be the base price index, that being the CPI-U for the month

of May 2029 and the numerator for which shall be the CPI-U for the month of May in the then current year.

In no event shall any basic rent adjustment during any month of the original term or any month of either option term result in any decrease in basic rent.

Lessee shall make each payment called for above in full and in a timely manner without offset, counterclaim, set off or any other deduction.

ADDITIONAL RENT: In addition to basic rent, Lessee shall pay Lessor additional rent in the amount equal to thirty five (35%) percent of the real estate tax bill or any betterment or other assessments applicable to the land and building of which the Leased Premises are a part within fifteen (15) days of receiving written demand therefore, except that Lessee shall pay one hundred percent (100%) of any assessment attributable solely to Lessee's build-outs, use and/or occupancy of the Leased Premises.

In addition, Lessee shall pay Lessor additional rent in the amount equal to thirty five (35%) percent of the operating costs associated with the land and building of which the Leased Premises are a part, including without limitation, maintenance and repair, common area utilities, insurance, landscaping, snow removal and management fees. Management and other administrative fees shall not exceed five (5%) percent of the gross rent for the building of which the Leased Premises are a part.

Except as otherwise expressed herein Lessee shall, during the original and any option term exercised by Lessee and expressed in this Lease, pay Lessor thirty five (35%) percent of any reasonably necessary capital improvement to the land and buildings of which the Leased Premises are a part but such payment will not exceed Ten Thousand (\$ 10,000.00) per year and will be due and payable over the useful life of the improvement as determined by usual and customary depreciation schedules for like improvements but in no event greater than ten (10) years. Notwithstanding the foregoing, Lessee shall pay Lessor one hundred percent (100%) of any capital improvement which Lessor determines, in Lessor's reasonable discretion, must be made solely because of Lessee's build-outs, use or occupancy of the Leased Premises.

UTILITIES: Lessee agrees to arrange for any and all utility

service and pay when due any amounts owed on account of such utilities that service the Leased Premises including without limitation, heat, hot water, electricity, phone, air conditioning, cable, gas, water and sewer. In the event the water/sewer that services the Leased Premises is not separately or sub-metered so that Lessee's consumption/use cannot be determined, then in that event Lessee shall pay Lessor as additional rent thirty five (35%) percent of the total water/sewer bill for the building of which the Leased Premises are a part. Lessor reserves the right but shall be under no obligation to separately meter or sub-meter the Leased Premises in order to determine Lessee's consumption.

USE OF PREMISES: General Restaurant use so long as such use complies with any permits, licenses, approvals and authorizations necessary to conduct such use. It is hereby understood between Lessor and Lessee that Lessee will obtain such permits, licenses, approvals and authorizations at Lessee's sole cost and expense. The obligations of the Lessee under this Lease are specifically contingent upon the Lessee obtaining all necessary permits and approvals for its use, including a special permit from the Needham Planning Board and an all alcohol liquor license from the Needham Board of Selectmen and the Massachusetts Alcoholic Beverages Control Commission on or before the Commencement Date. In the event the Lessee is unable to obtain such permits on or before said date, Lessee may, at its option and upon written notice to the Lessor received by Lessor prior to the Commencement Date, terminate this Lease and forfeit one month of basic rent.

Any change in Lessee's said use that deviates from such permits, licenses, approvals and authorizations is prohibited absent the written consent of the Lessor which may be withheld in Lessor's sole discretion with or without cause.

BROKER: Lessee agrees to pay any fee or other commission due Cyndy Forbes as agent for William Raveis Real Estate pursuant to an agreement between the Lessee and said agent which agreement Lessor was not a party.

LAST MONTH RENT: Lessee agrees to pay Lessor the sum of Eight Thousand Five Hundred and Seventy Five (\$8,575.00) Dollars on account of last month's rent prior to the Term Commencement Date of this Lease. Said last month's rent deposit(s) may be commingled with the Lessor's funds and no interest shall be due or payable to Lessee and in no


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event shall Lessee's liability be limited to the amount of said deposit. Lessee shall make such additional payments within ten (10) days after each annual anniversary so that such last month's rent deposit always equals one month of basic rent for the then current year.

SECURITY DEPOSIT: On or before the execution of the Lease, Lessee shall deposit with Lessor an additional sum of Seventeen Thousand One Hundred and Fifty (\$17,150.00) Dollars as security for the Lessee's full and faithful performance of each and every term, condition and/or obligation imposed on Lessee under the terms of this Lease. Said security deposit may be commingled with the Lessor's funds and no interest shall be due or payable to Lessee and in no event shall Lessee's liability be limited to the amount of said deposit. In the event Lessee is in full compliance with each and every term, condition and obligation expressed in this Lease on the first anniversary thereof then in that event one half of Lessee's security deposit shall be returned to Lessee and thereafter Lessee's security deposit shall always equal one month of then basic rent.

FURTHER CONSIDERATION: In addition to any other amount due from Lessee hereunder, and in further consideration of the terms and conditions expressed in this Lease, the receipt and sufficiency of which are hereby acknowledged by Lessee, Lessee shall place the sum of Sixty Thousand (\$60,000.00) Dollars in an escrow account maintained by Lessor's Attorney which amount shall be unconditionally paid to Lessor when Lessee commences business at the Leased Premises. In the event Lessee terminates this Lease due to Lessee's failure to obtain permits as set forth in that section of this Lease entitled "USE OF PREMISES" then this amount shall be returned to Lessee.

Section 2. Leased Premises

Lessor hereby leases to Lessee together with the right in common with others to use any portions of the Property that are designated by Lessor for the common use of Lessees and others, such as sidewalks, alleys, common corridors, restrooms, vestibules, subject to and with the benefit of the provisions of this Lease and subject to and with the benefit of existing easements, agreements, rights and encumbrances of record.

Section 3. Term

The Lease Term is the time period specified in Section 1 starting and ending on the dates set forth herein. The Option Terms set forth in section 1 hereof shall only be able to be exercised if Lessee provides Lessor with written intention to execute said option no less than one hundred and eighty (180) days in advance of the expiration of the then current term of this Lease and only if Lessee is in material compliance with all terms and conditions of this Lease at time of both notice of exercise of option and at the commencement of the option term. Failure to provide said notice or be in compliance as stated aforesaid shall render said option to be void and of no force or effect.

Section 4. Basic Rent

Lessee covenants and agrees to pay the Basic Rent set forth in Section 1 to Lessor in advance beginning on the Rent Commencement Date and thereafter on the first of every month during the term, which payments shall be prorated for any partial month(s). All Basic Rent payments shall be due without billing or demand and without deduction, set-off or counterclaim, except as otherwise set forth herein. All Basic Rent payments to be payable to Lessor at its Address as specified in Section 1, or to such other entities at such other places as Lessor may from time to time designate in writing to Lessee.

Section 5. Additional Rent - Operating Expenses

Lessee covenants and agrees to pay Lessor the additional rent described in Section 1 as well as all assessments and similar charges or capital levies in lieu thereof assessed by the Town of Needham or any other governmental or quasi-governmental agency or department against the Leased Premises, any personal property taxes levied or assessed against the Lessee's machinery, equipment, furnishings, personal property, fixtures and/or sales and all other taxes associated with the operation of Lessees' business assessed or imposed by any governmental authority upon the Building and its contents and land appurtenant thereto or upon Lessee's use of the Leased Premises or otherwise assessed as a result of Lessee's occupancy of the Leased Premises or Lessor and any other owners by virtue of their ownership thereof. Lessee agrees to provide Lessor with proof of each payment upon request. All payments of additional rent shall be paid by Lessee to

Lessor within fifteen (15) days of written demand and without deduction, set-off or counterclaim, except as otherwise set forth herein.

Section 6. Permitted Uses

The Leased Premises will be used only for the purpose as set forth in Section 1 of this Lease and for no other purposes.

Section 7. Lessee's Work and Finish Work

Lessee shall be responsible at its sole cost and expense to perform any and all work deemed necessary by Lessee in order to operate its business at the Leased Premises ("Lessee's Work") but in no event shall any such work be performed in violation of any town, city, state or federal rule, regulation, law or ordinance or otherwise commence without the written approval of the Lessor. Landlord shall not unreasonably withhold consent to either non-structural or non-mechanical work within the Leased Premises. Notwithstanding the foregoing, Lessor hereby consents to and approves the work set forth on the plans, specifications and schedules set forth in Exhibit B attached hereto and made part hereof. Any such work shall be performed in strict compliance with any and all applicable local, state and federal authorities, shall be properly permitted and performed only by licensed, bonded and insured work persons, evidence of which shall be supplied to and approved in writing by Lessor prior to the commencement of such work.

Section 8. Maintenance and Repair

Lessor shall keep and maintain in good repair and working order by making repairs and replacements and performing maintenance to (i) the existing structural elements of the building of which the Leased Premises are a part, including without limitation, the exterior walls, windows, foundation, structural load bearing beams and columns, and roof, (ii) mechanical (including HVAC), electrical and plumbing that services the Property generally but not to the extent same services the Leased Premises exclusively; (iii) Common Areas (including, without limitation, all driveways, walkways, entranceways, alley ways, parking areas and landscape areas of the Property) so long as said repair or replacement is not required as a

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result of the Lessee's or their agents, guests, servants or employees actions or failures to act or those resulting from any improvements Lessee makes to the Leased Premises or areas common thereto. Other than that which is stated aforesaid, Lessee shall at all times keep the Leased Premises clean and in good repair, order and condition. Lessor shall promptly make repairs and replacements and perform maintenance (considering the nature and urgency of the repair) for which Lessor is responsible. Lessee shall be responsible for the arranging and payment of any minor or major repairs or replacements of any mechanical systems that service the Leased Premises exclusively as well as any other items located within the Leased Premises. Lessee agrees to remove snow and ice from the front of the Leased Premises at Lessee's sole cost and expense. Lessor shall be responsible to for all snow removal at the rear of the Building, including, without limitation, near the rear egress, the dumpster and access ways to the dumpster.

Section 9.

(a) Use, Waste, Nuisance, Etc. - Lessee shall not injure, overload, deface or commit waste in the Leased Premises or any part of the Building, nor permit the occurrence of any nuisance therein or the emission there from of any reasonably objectionable noise or odor (it being understood that so long as such odor does not violate any local, municipal, state or federal rule, regulation, law, ordinance or like authority, the typical odors resulting from a restaurant use shall not constitute a breach of this Lease), nor use the Leased Premises for any purpose other than the use permitted in Section 6, nor use or permit any use of the Leased Premises which materially conflicts with any law or ordinance or which actually does invalidate or increase the premium for any insurance on the Building or its contents or which actually renders necessary any alterations or additions in the Building, nor obstruct in any manner any portion of the Building or appurtenant land.

(b) Rules and Regulations - Lessee shall conform to all reasonable rules and regulations now or hereafter promulgated by Lessor and delivered to Lessee in writing for the use of the Leased Premises and the Building.

(c) Intentionally Omitted.

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(d) Indemnification and Insurance - Lessee shall defend, save Lessor harmless, and indemnify Lessor and Lessor Parties (as defined below) from any claim and/or loss arising out of any injury, loss or damage occurring in the Leased Premises, Building or on the Property, including reasonable attorney's fees, to the extent caused by any negligent or willful acts or omissions (including violations of any applicable regulations, ordinances, bylaws or laws (collectively "Law" or "Laws") of Lessee or of employees, agents, trustees managers, members, officers, independent contractors or invitees of Lessee (each a "Lessee Party" and collectively, "Lessee Parties"), except to the extent (i) caused by the negligence or willful misconduct of Lessor or Lessor Parties hereinafter defined as employees, agents, trustees, beneficiaries, managers, members, officers, independent contractors, attorneys or invitees of Lessor (each a "Lessor Party" and collectively, "Lessor Parties") or (ii) caused by a condition that existed on or at the Leased Premises, Building or Property on or before the execution of this Lease.

In addition to the foregoing, Lessor may, but shall not be under any duty or obligation to, make all repairs and replacements to the Building resulting from wrongful acts or wrongful omissions of Lessee's employees, agents, independent contractors, or invitees (including damage and breakage occurring when Lessee's property is being moved into or out of the Building) and Lessor may recover all reasonable costs and reasonable expenses thereof from Lessee as Additional Rent. Lessee shall maintain in a company or companies reasonably approved by the Lessor Comprehensive General Liability insurance in form reasonably satisfactory to Lessor, insuring as an additional insured Lessor and Lessee as their respective interests may appear, against all claims, demands or actions for injury to or death of any one person in an amount not less than \$1,000,000.00 and for injury to or death of more than one person in any one accident in an amount not less than \$2,000,000.00 and for damage to property in an amount not less than \$500,000 with a deductible of no more than \$ 5,000.00 and liquor liability coverage. Such insurance shall provide that it will not be subject to cancellation, termination, or change except after at least 10 days prior written notice to Lessor and parties designated by Lessor. The policy or policies, or a duly executed certificate or certificates for the same, together with satisfactory evidence of the payment of the

premium thereon, shall be deposited with Lessor and parties designated by Lessor at the beginning of the Lease Term.

(e) Entry for Repairs and Inspections Upon prior reasonable notice to Lessee and provided Lessor does not unreasonably interfere with Lessee's use of the Leased Premises, Lessor may enter the Leased Premises or perform any repairs or work. Lessee shall permit Lessor and Lessor's agents to enter and examine the Leased Premises, including without limitation for purposes of access to the basement, at reasonable times, and if Lessor shall so elect, to perform any repairs or other work permitted to Lessor pursuant to this Lease.

(f) Alterations, Additions, Heavy Equipment, Etc. - Except for (a) Lessee's Work and (b) any cosmetic alterations or improvements (i.e., painting, carpeting, flooring, etc.) or non-structural alterations, additions or improvements regardless of cost, Lessee shall not make any alterations or additions in or to the Leased Premises or which affect the mechanical systems of the Building, or paint any sign or other identification on any exterior window without obtaining Lessor's prior consent, which consent shall not be unreasonably withheld, conditioned or delayed. Lessee will not bring into or install in the Leased Premises any safes, or bulky or heavy furnishings, equipment, or machines without the prior approval of Lessor as to methods of transportation and installation (Lessor may prohibit installation if the weight of any such item will exceed weight such which floors were designed to carry or bear), nor shall Lessee move any significant amount of furniture, furnishings, equipment, machines or other items into or out of the Building except by prior arrangement with and approval of Lessor and by reimbursing Lessor for any reasonable expenses incurred in connection herewith. To the extent Lessee is expressly authorized as required herein then Lessee warrants and represents that any work performed by Lessee or its agents, contractors, subcontractors, employees and the like shall be performed at Lessee's sole cost and risk and shall be performed in a good and workmanlike manner by properly licensed, bonded and insured workpeople who shall be lawfully permitted by any applicable governmental authority to perform such work.

(g) Surrender. At the termination of the then applicable Lease Term or earlier termination of this Lease in the event of default, Lessee shall peaceably give up and

surrender the Leased Premises in good order condition and repair, ordinary wear and tear and damage from fire or other casualty excepted. At Lessee's option, to be exercised in Lessee's sole discretion, Lessee may remove all of Lessee's furniture, equipment, and personal property, including, without limitation, any restaurant equipment, appliances and tools ("Lessee's Property") at the termination of the Lease Term or earlier expiration of the Lease so long as Lessee repairs and refinishes the area of removal. Notwithstanding the foregoing, Lessee shall not be permitted to remove any fixtures, including without limitation, walk-in refrigerator/freezer, ansul system, ventilation system, and ventilation hoods, ovens, stoves, flooring and light fixtures as well as any replacements thereof which shall remain in the Leased Premises as the property of the Lessor. Without limitation of any other remedy available to Lessor, in the event of termination of this Lease and Lessee fails to remove any of Lessee's Property from the Leased Premises that Lessee is entitled to remove then in that event Lessor may convert said property to his own use or remove Lessee's property at Lessee's expense, or dispose of same in any manner chosen by Lessor in either event without liability to Lessee and Lessee shall not be entitled to any amount on account thereof regardless of the disposition of said property or its value.

(b) Payment for Lessee Work - Lessee shall pay promptly when due the entire cost of any work undertaken by Lessee in the Leased Premises, including but not limited to permit fees, equipment, furnishings and fixtures, so that the Leased Premises shall always be free of liens for labor or materials. Lessee shall obtain all necessary permits, approvals and/or licenses for such work. Lessee shall also indemnify and save Lessor harmless from any injury, loss, claims, liens asserted against any person or property occasioned by or arising from such work. If any mechanic's lien (which term shall include all similar liens relating to the furnishings of labor and/or materials) is filed against the Leased Premises or the Building or any part thereof which is claimed attributable to Lessee, its agents, employees or contractors, Lessee shall promptly discharge said liens by payment thereof or filing any necessary bond. Lessor shall reasonably cooperate with Lessee in order to obtain any permits or licenses for work approved by Lessor and to be performed within the leased premises so long as Lessor does not incur any cost or liability as a result thereof.

Section 10. Intentionally Omitted.

Section 11. Force Majeure

In the event that Lessor shall be delayed from the performance of any act required hereunder other than the payment of any monetary amounts, as the result of (i) strikes, lockouts, or labor disputes; (ii) inability to obtain labor, materials, fuel, electricity, services or reasonable substitutes therefor; (iii) acts of God, civil commotion, fire or other casualty; (iv) governmental action of any kind; or (v) other conditions similar to those enumerated in this Section 11 beyond the delayed party's reasonable control, fails punctually to provide any service or to perform any obligation on its part to be performed hereunder, then performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay.

Section 12. Damage or Destruction - Eminent Domain

If the Building or any part thereof, the Leased Premises or any access to the Leased Premises shall be taken by any exercise of the right of eminent domain or shall be conveyed in lieu thereof, or shall be destroyed or damaged by fire or casualty (so long as Lessee has not caused or is otherwise at fault) or by action of any public or other authority to an extent which materially and significantly adversely impacts access to or Lessee's operation of the business at the Leased Premises, substantially interferes with occupancy of the Leased Premises or with the operation of the Building as a whole, then Lessor or Lessee may terminate this Lease as of the date of such casualty or taking by written notice to the other within thirty (30) days of the occurrence of such casualty or taking. If Lessor or Lessee has not terminated this Lease as aforesaid, then Lessor shall repair and restore any damage with reasonable promptness and this Lease shall continue in full force and effect but with abatement of Basic Rent and Additional Rent according to the nature and extent of any interference with Lessee's use of the Leased Premises and any common areas and the progress of any repair thereof. If Lessor or Lessee has not terminated this Lease as aforesaid or if the Lessor has not begun diligently to restore the Leased Premises (or what remains thereof after a taking) to tenantable

condition within sixty (60) days after the occurrence of such casualty or taking and, in any event, (a) Lessor does not complete such repair within one hundred and eighty days (180) from the occurrence of such casualty or taking or (b) the casualty or taking occurs in the last 12 months of the term of this Lease, then Lessee may terminate this Lease by written notice to Lessor after such sixty (60) day or one hundred eighty (180) day periods or during the last twelve (12) months of the lease. All damages and compensation awarded for such destruction or damage (including insurance proceeds (other than proceeds of Lessee's insurance policies, eminent domain awards and the like) shall be the sole property of Lessor, except for awards Lessee may be entitled to receive for trade fixtures and equipment, personal property and business interruption.

Section 13. Waivers of Subrogation

Lessee hereby waives and shall cause its insurance carriers to agree to waive any and all rights of recovery, claim, action or causes of action against the Lessor their respective trustees, principals, beneficiaries, partners, officers, directors, agents, and employees, for any loss or damage that may occur to Lessee or any party claiming by, through or under Lessee, as the case may be, with respect to Lessee's Property, the Premises, the Building, the Property, any additions or improvements to the Premises, the Building or the Property, or any contents thereof, including all rights of recovery, claims, actions or causes of action arising out of the negligence of Lessor or any Lessor Parties which loss or damage is (or would have been, had the insurance required by this Lease been carried) covered by insurance.

Section 14. Display of Premises

Lessee covenants and agrees that within six (6) months prior to expiration of this Lease or any term described herein, Lessor shall have the right, with reasonable prior notice, during normal business hours, to show the Leased Premises and all parts thereof to prospective Lessees. Lessor shall use reasonable efforts to avoid showing the Leased Premises to prospective Lessees during hours which the restaurant is opened for business. In addition to the foregoing Lessor may place for lease and related marketing material in on the Building in order to market the Leased Premises.

Section 15. Termination for Default or Insolvency

In the event that Lessee shall (i) fail to perform or observe any of Lessee's covenants, agreements, obligations or the like expressed anywhere in this lease agreement or contemplated thereby, and if such failure shall continue, for seven (7) days after receipt of written notice thereof or (ii) if the Lessee's leasehold hereby created shall be taken on execution, or by other process of law or Lessee executes an assignment for the benefit of creditors, trust mortgage or similar document or if Lessee is or becomes insolvent or if a receiver, guardian, conservator, trustee, custodian or similar officer is appointed for any part of the property of Lessee or any Guarantor or if a petition under any insolvency or bankruptcy law, including a petition for reorganization, is filed by or against Lessee and in the case of an execution or involuntary petition under any insolvency or bankruptcy law such execution is not released or such petition is not dismissed within sixty (60) days then, after the expiration of said thirty days or upon the expiration of said seven days in connection with section (i) above, Lessor may, immediately or at any time thereafter, elect to recover possession of the Leased Premises under and by virtue of the provisions of the laws of The Commonwealth of Massachusetts or such other proceedings, including commencement of summary process proceedings, notice, reentry or possession. Thereupon Lessor shall be entitled to recover possession of the Leased Premises from Lessee and those claiming through or under the Lessee. Such termination of this Lease and repossession of the Leased Premises shall be without prejudice to any remedies which Lessor might otherwise have for arrears of rent or for a prior breach of the provisions of this Lease or for any amounts due Lessor under the terms of the remainder of this Lease that accrue after said termination. Lessor and Lessee agree that, at Lessor's option, said notice by Lessor alleging default hereunder shall, but only if such notice so states, constitute a statutory notice to quit and/or termination of this Lease, Lessee hereby expressly waiving any further notice to quit and notice of Lessor's intention to enter or re-enter.

(a) In case of termination as described in this Section 15 and without prejudice to any other right or remedy of the Lessor, including without limitation, Lessor's right to collect any amounts due on account of basic or additional rent for the remaining term of the

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Lease after said termination, Lessee hereby agrees to reimburse and indemnify Lessor for all actual expenses incurred by Lessor and arising out of such termination, including without limitation, all costs incurred in collecting amounts due from Lessee under this Lease (including attorneys' fees incurred, costs of litigation and the like); all expenses incurred by Lessor in attempting to re-let the Leased Premises (including advertisements, brokerage commissions, Lessee's allowances and the like); and all Lessor's other reasonable expenditures necessitated by the termination. The reimbursement from Lessee shall be due and payable promptly upon written notice from Lessor that such an expense has been incurred, without regard to whether the expense was incurred before or after the termination. It being expressly understood by the Parties hereto that any such expenses shall be considered additional rent and collectable as such.

(b) Nothing herein shall limit or prejudice the right of Lessor to prove and obtain in a proceeding for bankruptcy, insolvency, arrangement or reorganization, by reason of the termination, an amount equal to the maximum allowed by a statute or law in effect at the time when, and governing the proceedings in which, the damages are to be proved.

Section 16. Subordination; Notice of Lease

Lessor hereby represents and warrants that Lessor holds fee simple title to the Property, subject to no mortgage. Provided that Lessor uses reasonable efforts to obtain a commercially reasonable SNDA from any future mortgagee or ground lessor and if obtained deliver such SNDA to Lessee in form suitable for recording, this Lease shall be subject and subordinate to any mortgages or ground leases that may hereafter be placed upon the Building and/or the land thereunder and to any and all advances to be made under such mortgages or ground leases and to the interest thereon, and all renewals, extensions and consolidations thereof; unless any mortgagee or ground lessor may elect to have this Lease remain a prior lien to its mortgage or ground lease, and in the event of such election and upon notification by such mortgagee or ground lessor to Lessee to that effect, this lease shall be deemed prior in lien to the said mortgage or ground lease.

Subject always to the foregoing, Lessor and Lessee agree to execute and record at Lessee's sole cost and expense a notice of lease pursuant to G.L. c. 183, Section 4.

Section 17. Holdover

If Lessee remains in the Leased Premises after the termination of this Lease, such holding over shall be as a Lessee at will or Lessee by the month (requiring a full rental period's notice from of termination by either party to the other) at a basic rent equal to 150% of the rent due hereunder for the last month of the then applicable lease year, and otherwise subject to all of the covenants and conditions of this Lease, including without limitation payment of additional rent, as though it had originally been a monthly tenancy. Notwithstanding the foregoing, if Lessor desires to regain possession of the Leased Premises promptly after the expiration hereof Lessor may, at its option, forthwith reenter and take possession of the Leased Premises or any part thereof by any legal process in force in The Commonwealth of Massachusetts.

Section 18. Estoppel Certificates

At Lessor's request, from time to time after the beginning of the Lease Term, Lessee agrees to execute and deliver to Lessor a certificate which acknowledges, if such be the case, tenancy and possession of the Leased Premises and recites such other facts concerning any provision of the Lease or payments made under the Lease which a mortgagee or lender or a purchaser or prospective purchaser of the Building or any interest therein may reasonably request. If Lessee fails to do so within fifteen (15) days after demand in writing, without any further action necessary Lessor shall be appointed as Lessee's attorney in fact for the limited purpose of signing and delivering said certificate on Lessee's behalf.

Section 19. Waiver

No consent or waiver, express or implied by either party, to or of any breach of any covenant, condition or duty of the other party, shall be construed as a consent or waiver to or of any other breach of the same or any other covenant, condition or duty.

Section 20. Notice

Any notice, from Lessor to Lessee or from Lessee to Lessor shall be given in writing and shall be deemed duly served if hand delivered or mailed by certified mail, postpaid, return receipt requested, or by overnight delivery service (Federal Express or UPS) or in the case of notice to Lessee, left in a conspicuous place on or in the Leased Premises or by any other lawful service of process, addressed, if to Lessee, at the Leased Premises or Lessee's residential address and if to the Lessor, at the Address of Lessor in Section 1, or at such other addresses as Lessor may from time to time designate by written notice to Lessee.

Section 21. Lessor's Right to Cure

At any time and without notice, Lessor may, but without any duty or obligation to do so, cure any failure by Lessee to perform its obligations under this Lease. Whenever Lessor chooses to do so, all costs and expenses incurred by Lessor in curing any such failure, including, without limitation, attorneys' fees together with interest on the amount of costs and expenses so incurred at an annual rate equal to one (1%) percent per month or any part thereof, shall be paid by Lessee to Lessor on demand, and shall be recoverable as additional rent.

Section 22. Independent Covenants

It is the intention of the parties hereto that the obligations of the Lessee under this lease shall be separate and therefore constitute independent covenants and agreements, and that Basic Rent, Additional Rent and all other sums payable by Lessee hereunder shall continue to be payable in all events, and that the obligations of Lessee hereunder shall continue unaffected, unless the requirement to pay or perform the same shall have been terminated pursuant to the express provisions of this Lease. Basic Rent, Additional Rent and all other sums payable hereunder by Lessee shall be paid without notice or demand, and without setoff, counterclaim, recoupment, abatement, suspension, deferment, diminution, deduction, reduction or defense except as specifically and expressly set forth in this Lease. This Lease shall not terminate and Lessee shall not have any right to terminate this Lease, during the Term (except as otherwise expressly provided in this Lease). Lessee agrees that, it shall not take any action to terminate, rescind or avoid this Lease notwithstanding any default by the Lessor hereunder or under any other

agreement between Lessor and Lessee. Lessee waives all rights which are not expressly stated herein but which may now or hereafter otherwise be conferred by law to quit, terminate or surrender this Lease or any of the Leased Premises; to any setoff, counterclaim, recoupment, abatement, suspension, deferment, diminution, deduction, reduction or defense of or to Basic Rent, Additional Rent or any other sums payable under this Lease, except as specifically and expressly set forth in this Lease and for any statutory lien (or statutory offset right) against the Lessor or its property.

Section 23. Successors and Assigns

This Lease and the covenants and conditions herein contained shall inure to the benefit of and be binding upon Lessor, its successors and assigns, and shall be binding upon Lessee, its successors and assigns, and shall inure to the benefit of Lessee and only such assignees of Lessee as are permitted herein.

Section 24. Brokerage

Lessor and Lessee hereby represents and warrants to the other that the representing party has had no dealings with any broker or agent other than Cyndy Forbes, whose fee and/or commission shall be paid by Lessee, in connection with this Lease and Lessor and Lessee hereby agree to hold harmless and indemnify the other party in connection with the failure of any of the foregoing representations and warranties.

Section 25. Lessor's Liability; Assignment for Financing

(a) Lessee agrees from time to time to look to Lessor's interest in the Property only for satisfaction of any claim against Lessor hereunder and not to another property or assets of Lessor.

(b) If, at any time and from time to time, Lessor assigns this Lease or the rents payable hereunder to the holder of any mortgage on the Leased Premises or the Building, or to any other party for the purpose of securing financing (whether the holder of any such mortgage and any other such assignment is conditional in nature or otherwise)(the "Financing Party") the following provisions shall apply:


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(i) Such assignment to the Financing Party shall not be deemed an assumption by the Financing Party unless the financing party so elects which shall be accomplished by written notice from the Lessor and Financing Party to Lessee. If the Financing Party does not elect to assume as set forth in this subparagraph, Lessor shall remain responsible as Lessor for all obligations, terms, conditions and provisions under this Lease;

(ii) Except as provided in (i) above, the Financing Party shall be treated as having assumed Lessor's obligations hereunder only upon foreclosure of its mortgage (or voluntary conveyance by deed in lieu thereof) and the taking of possession of the Leased Premises;

(iii) The Financing Party shall be responsible for only such breaches under the Lease by Lessor which occur during the period of ownership by the Financing Party after such taking of possession, as aforesaid.

In furtherance of the foregoing, Lessee hereby agrees to enter into such agreements or instruments as may, from time to time, be requested in confirmation of the foregoing.

Section 26. Entire Agreement

This Lease contains the entire agreement between the parties hereto, and any agreement hereafter or heretofore made shall not operate to change, modify, terminate, or discharge this Lease in whole or in part unless such agreement is in writing and signed by both Lessor and Lessee. Lessor has made no representation or promises with respect to the Leased Premises or the allowed use thereof except as are herein expressly set forth.

Section 27. No Representations or Warranties

Except as otherwise set forth herein, Lessor makes no representations or warranties with respect to the condition of the Leased Premises, their suitability for any

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particular purpose, allowed use or dimensions thereof. Lessee has relied solely on their own independent contractors, agents and professional opinions, research and investigations regarding the condition of the Leased Premises, their suitability for any particular purpose, allowed use or dimensions thereof without reliance on any statement, oral or written, made by the Lessor or their agents.

Section 28. Prohibitions

Lessee further agrees that it will not engage in any of the following activities, or allow any of the same to be conducted in or from the leased premises.

(a) No radio or loudspeaker shall be operated in the doorways in or about the demised premises so as to project into the public sidewalk and street.

(b) Lessee shall not license, assign or sublet the whole or any portion of the subject premises or this Lease without Lessor's prior written consent which consent may be withheld for any reason whatsoever or without cause. Notwithstanding such consent Lessee shall remain liable for the full performance of each and every term, condition and obligation expressed in this Lease or contemplated hereunder.

Section 29. Signage

Lessee shall have the right of placing on the Leased Premises at Lessee's sole cost and expense, such signs as it deems necessary and proper in the conduct of its business solely as it relates to the Leased Premises, provided Lessee pays all permit, license and other fees and costs which may be required by any governmental authority to be paid for the erection and maintenance of any and all such signs, such signs are legally permitted to be installed and approval thereof has been granted in writing by both the Lessor and any necessary government authority if required, and provided Lessor shall have the right to approve in advance the size, style, color, construction and location thereof, which approval shall not be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing, Lessor shall approve the size, style, color and construction of a sign that is appropriate to the Lessee's permitted use hereunder. Lessee agrees to exonerate, save harmless, protect and indemnify the Lessor from, and

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against any and all losses, damages, claims, suits or actions for any damage or injury to person or property caused by the erection and maintenance of such signs or parts thereof, and insurance coverage for such signs shall be included in the public liability policy which Lessee is required to furnish.

Section 30. Rubbish Removal

Lessee shall not permit the undue accumulation of rubbish, trash, garbage, debris, boxes, cans, or other refuse either on or immediately adjoining the Leased Premises. Lessee shall not burn trash or garbage in or about the premises nor place any trash on the sidewalk. Lessee will dispose of trash at its sole cost and expense, on regularly scheduled days, which schedule shall be as often as, in the Lessor's judgment, is necessary to keep the Leased Premises and the area surrounding the Leased Premises clean and free of rubbish and comply with any and all municipal, county, state and federal rules, laws, ordinances or like authority.

Section 31. Licensing Permitting

Subject to the provisions of Section 1 of this Lease, Lessee agrees at its sole cost and expense to obtain any and all necessary licenses, permits and approvals required by any governmental authority in order to operate its business at the leased premises and perform any construction in connection therewith.

Section 32. Quiet Enjoyment

Lessor covenants that Lessee shall and may peaceably and quietly have, hold and enjoy the Leased Premises for the Term, provided Lessee pays rent and performs all of its obligations, covenants and agreements in all material respects.

Section 33. Compliance with Law

Lessee, at its own cost and expense, will comply with all federal, state, municipal and other laws, ordinances, rules and regulations applicable to the Leased Premises ("Laws"), the Building and the Property and the business conducted therein by Lessee. Lessee shall make all repairs, alterations, additions or replacements to the Leased Premises, at Lessee's sole cost and expense, including, without limitation, the Americans with Disabilities Act,

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procure any licenses and permits as required, and comply with the orders and regulations of all governmental authorities to the extent such compliance is required by Lessee's or any Lessee Party's particular manner of use of the Leased Premises, any alterations made by Lessee to the Leased Premises or Building or Lessee's negligence or willful misconduct.

In addition to the foregoing, Lessee at its sole cost and expense shall keep the Leased Premises equipped with all safety appliances and obtain all related permits, if any, required by law or ordinance or any order or regulation of any public authority, shall keep the Leased Premises equipped with adequate fire suppression system(s), fire extinguishers and other such equipment reasonably required by Lessor or any governmental authority, and, upon notice from Lessor, shall make all repairs, alterations, replacements, or additions required to such fire suppression systems.

Section 34. Miscellaneous

A. Relationship of the Parties. This Lease shall create only the relationship of Lessor and Lessee between the parties, and not a partnership, joint venture or any other relationship. This Lease and the covenants and conditions in this Lease shall inure only to the benefit of and be binding only upon Lessor and Lessee and their permitted successors and assigns.

B. Survival. The expiration of the Term, whether by lapse of time or otherwise, shall not relieve either party of any obligations which accrued prior to or which may continue to accrue after the expiration or early termination of this Lease.

C. Delivery and Drafts. This Lease shall not be effective against any party hereto until an original copy of this Lease has been signed by such party.

D. Intentionally Omitted.

E. Interpretation. No inference in favor of or against any party shall be drawn from the fact that such party has drafted any portion of this Lease. The parties have both participated substantially in the negotiation, drafting and revision of this Lease with representation by counsel and such other advisers as they have deemed

appropriate. The words "include" and "including" shall be construed to be followed by the words: "without limitation."

F. Captions. The captions of this Lease are for convenience and reference only and in no way affect this Lease.

G. Counterparts. This Lease may be executed in one or more counterparts, each of which shall be deemed an original and all such counterparts shall constitute one and the same instrument.

H. Partial Invalidity. If any term or provision of this Lease or the application of such term or provision to any party or circumstance shall to any extent be invalid or unenforceable, then the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected by such invalidity. All remaining provisions of this Lease shall be valid and be enforced to the fullest extent permitted by law.

I. Personal Guaranty. The obligations of the Lessee are guaranteed pursuant to the terms of that certain Limited Guaranty executed and delivered to the Lessor bysuma Marcaccio and Antonio De Trizio of even date herewith.

J. Memorandum Regarding Period Commencement Dates. The parties agree to execute a Memorandum evidencing the commencement dates for the Commencement Date, the Rent Commencement Date and the Original Term once they are established.

Executed as a sealed Massachusetts agreement on this day of May 15 2019.

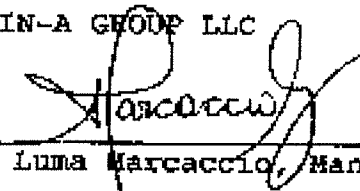
**LESSOR: Robert C. Tommasino, Trustee of 934-948 Great Plain Avenue
Nominee Trust**

Robert Tommasino
By Its Trustee: Robert C. Tommasino

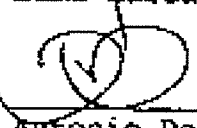
LESSEE:

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LATIN-A GROUP LLC

By: 

Luma Marcaccio, Manager

By: 

Antonio De Trizio, Manager

[Exhibits on Following Pages]

Exhibit A

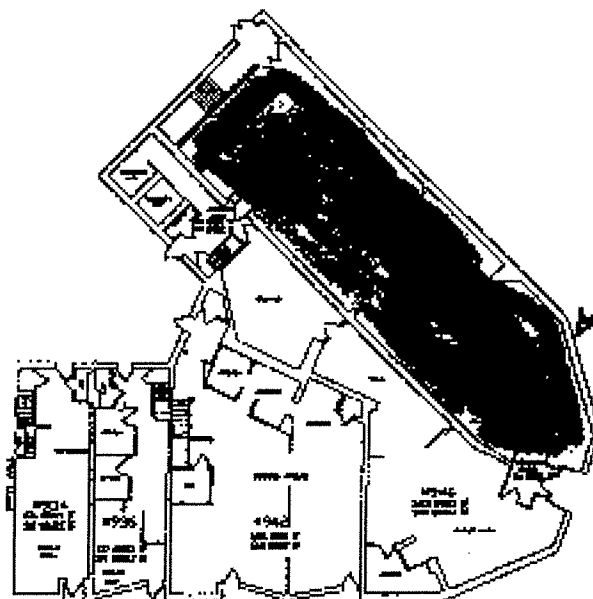
PLAN OF LEASED PREMISES

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FLOOR 1



FLOOR PLANS
GREAT PLAINS AVENUE

NEEDHAM, MASS.

Field Resources, Inc
LAND SURVEYORS



OCTOBER 14, 2009

BOX 324 281 CHESTNUT ST.
AUBURN, MA NEEDHAM, MA
98 632 4332 781 444 5936
fieldresources@hotmail.com

OWNER: JOHN E. MALONE SENIOR (M)

SHEET 1 OF 2

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EXHIBIT B
LESSEE'S WORK

PROJECT

The experience of dining in a local restaurant who offers a curated menu in the spirit of South American cuisine. The interior will infuse organic plants and materials combined with a colorful pallet to create a warm and sophisticated interior that creates a rich and lively cultural dining experience to the residences of Needham as well as the surrounding areas.

Make any changes to the structural layout and/or circulation of the existing interior.

The removal of existing structural elements, including and not limited to the main entrance, bar/lounge area, interior steps, ADA ramp, behind entrance wall. All built-in banquet seating in the main dining area, as well as the High tops Chef Table, doors, door hardware and interior signage will remain in place and will not be moved or changed.

Detectors, carbon monoxide detectors, sprinkler system and sprinkler heads with remain as is and will not be moved.

Two large decorative light fixtures in the same location as the previous restaurant.

Replacing existing sconces with new sconces and locations will not be changed or added.

Track lighting will be used for general lighting.

Plants, paint, plants and decorative tiles.

He will be added to entrance wall and the face of the open kitchen counter.

Tables, dining chairs, bar stools around the open kitchen.

Seating and bar stools in the bar and lounge area.

Seating to be placed in same location as previous restaurant with no addition to the quantity and or type of seating.

Materials and materials will meet commercially rated to meet California code for fire retardant.

Plants will be added throughout the interior space to create a warm and organic feel.

Plants for the hanging plants will be around the open kitchen.

Plants will be added throughout the interior space to create a warm and organic feel.



RECEPTION AREA

MEETING ROOM

CONFERENCE ROOM

RESTROOM

KITCHEN

STAIRS

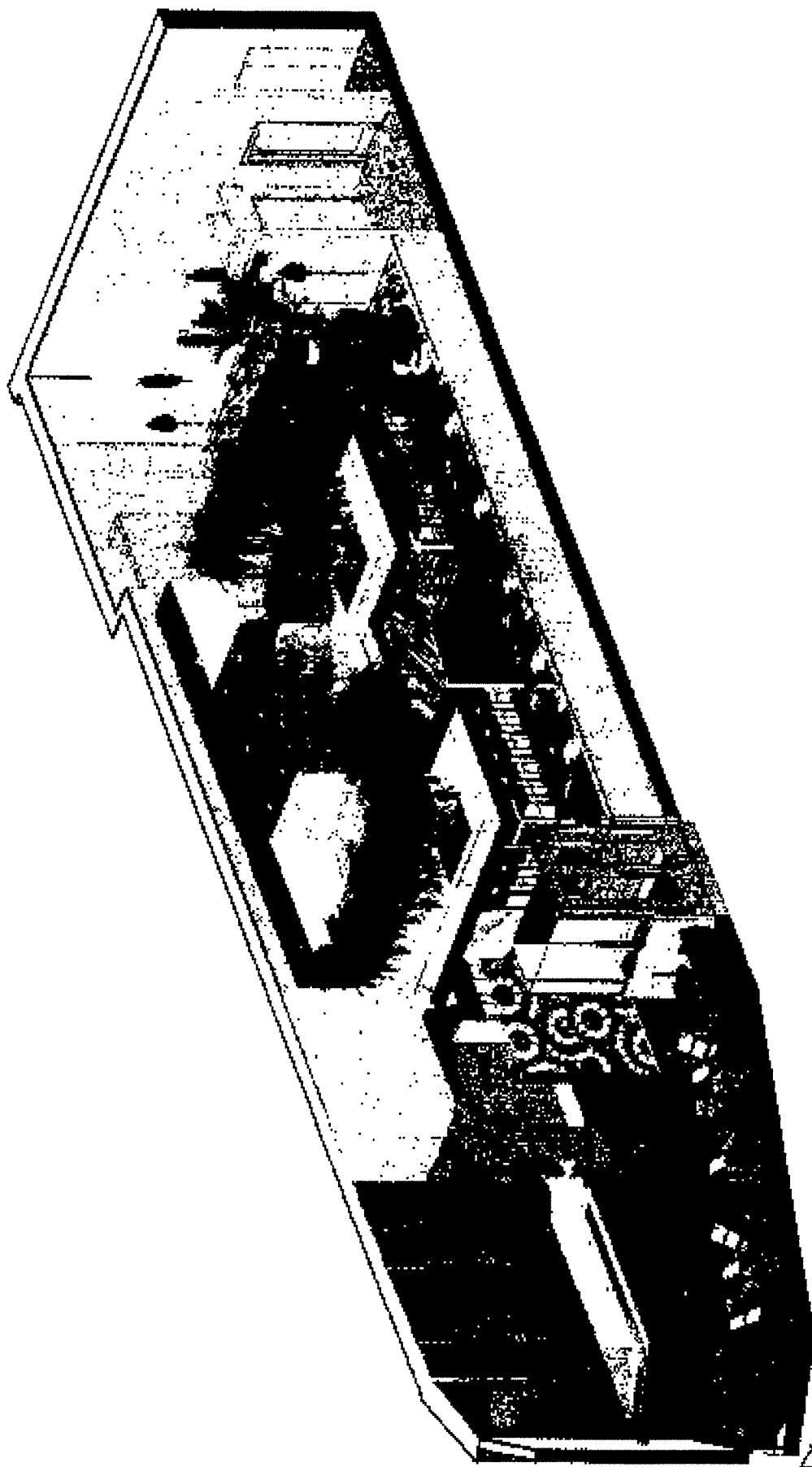
OFFICE

RECEPTION

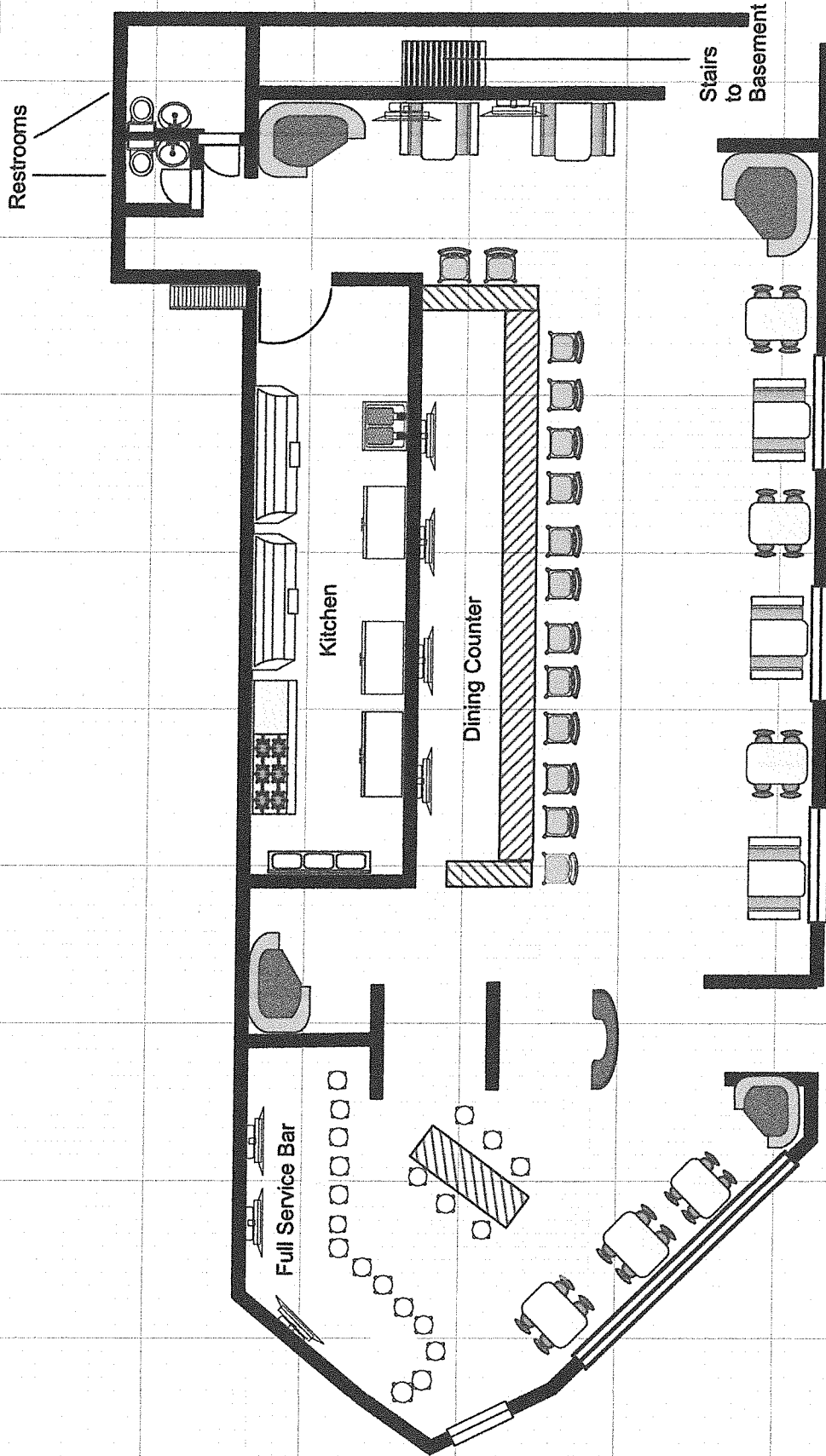
CONFERENCE

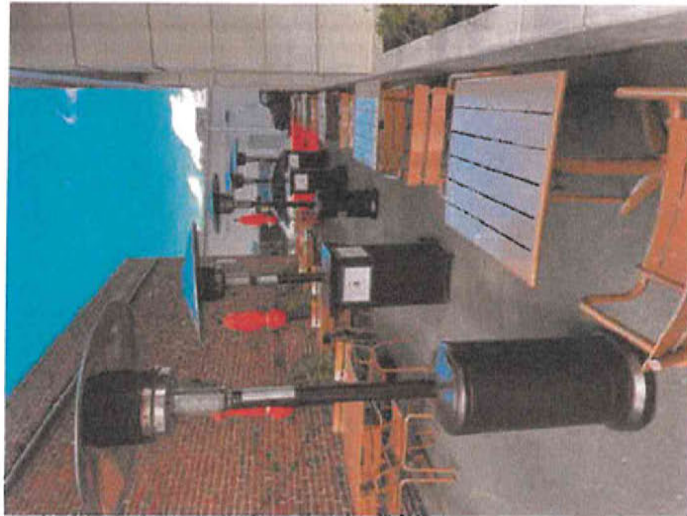
MEETING

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CM



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TABLES:
 (4) at 32" w x 48" l x 30" h
 (6) at 32" w x 24" l x 30" h

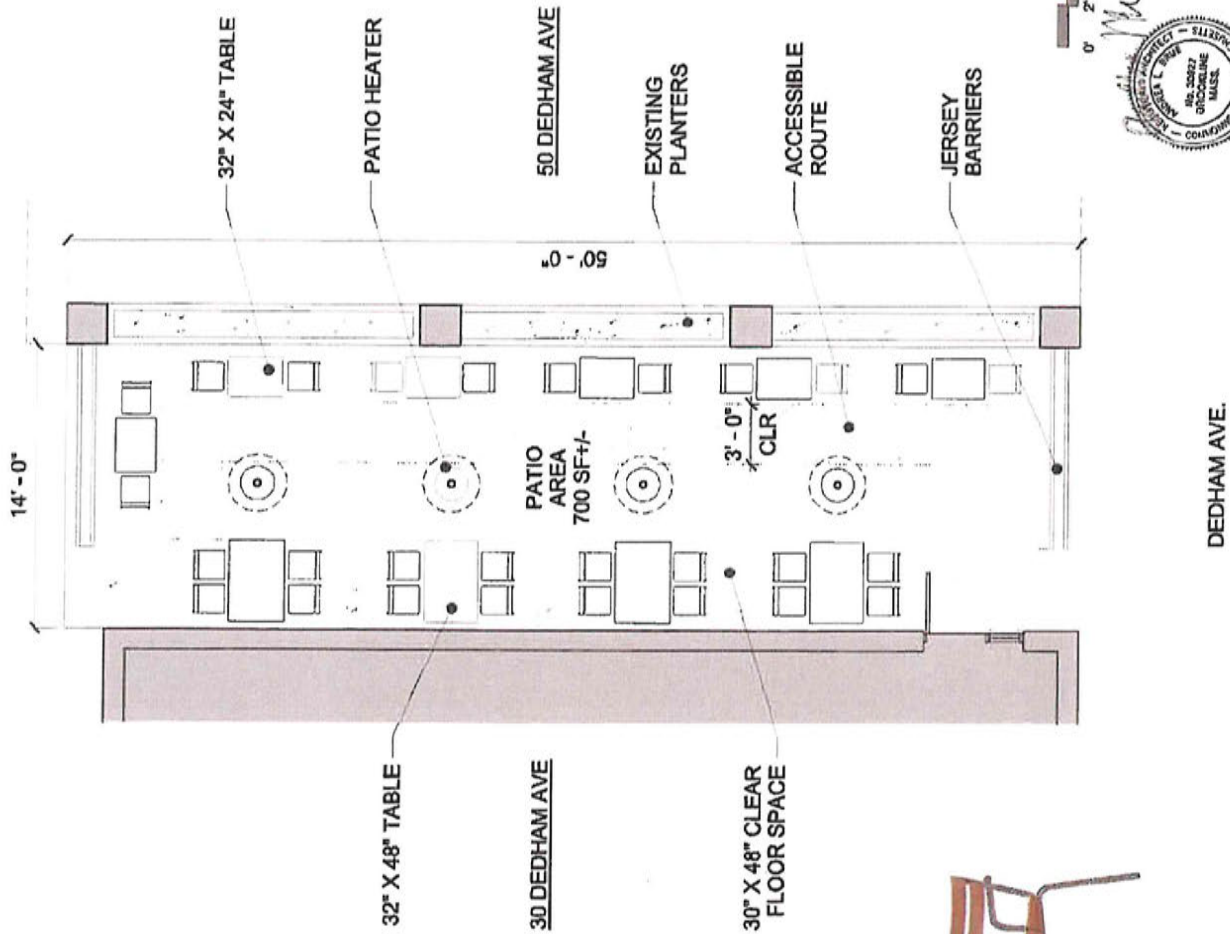
CHAIRS:
 (28) at 16" w x 17" l x 32.5" h



OUTDOOR SEATING PLAN

Latina

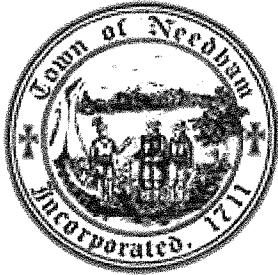
LATINA KITCHEN + BAR / 30 DEDHAM AVE, NEEDHAM MA



reMake Design

17 Hudson Road
 Needham, MA 02448
 617.733.8733

LEGAL NOTICE



Town of Needham SELECT BOARD Application for a Transfer of Alcoholic Beverages License

Notice is hereby given pursuant to Massachusetts General Laws, Chapter 138, that Latin-A Group, LLC dba Latina Kitchen and Bar, Antonio De Trizio, Manager, has applied for the transfer of a Section 12 Restaurant, All Alcoholic Beverages License at 30 Dedham Avenue, Needham to Metrowest Dining LLC dba The Common Room, Thomas Griffin, Proposed Manager.

IT IS ORDERED that a public hearing be held for said application at the office of the Select Board as the Needham Licensing Authority located in the Town Hall, 1471 Highland Avenue on the 26th day of September 2023 at 6:15 PM. The Select Board invites all residents and interested parties to provide input at this meeting that will be held in person, Select Board Chambers, Town Hall and via Zoom.

Use this link below to join the webinar: <https://us02web.zoom.us/j/83513916152?pwd=RnRubzhEelFVQkFSbGJKVm5La3VJdz09>

Webinar ID: 835 1391 6152 Password: 389812 Or Telephone: +1 (646) 558-8656

This legal notice is also posted on the Massachusetts Newspaper Publishers Association's (MNPA) website at <http://masspublicnotices.org/>

**Licensing Authority
Select Board**

2x4 Town of Needham - Alcohol License Transfer 9-14-23

9-14-23 HTW

**30 DEDHAM AVENUE
300 FEET ALL ABUTTERS**

PARCEL ID	OWNER NAME 1	OWNER NAME 2	MAILING ADDRESS	CITY	ST	ZIP
199/047.0-0001-0000.0	QUINNAN, JOSEPH P		888 GREAT PLAIN AVE	NEEDHAM	MA	02492-
199/047.0-0002-0000.0	ATB REALTY LLC		2867 BANYAN BLVD CIR NW	BOCA RATON	FL	33431-
199/047.0-0003-0000.0	ALPHI LLC		596 CENTRAL AVE	NEEDHAM	MA	02492-
199/047.0-0004-0000.0	TOMMASINO, ROBERT C, TR		907 MASSACHUSETTS AVE	CAMBRIDGE	MA	02139-
199/047.0-0005-0000.0	COX, GILBERT W. JR. TR	COX REALTY TRUST	60 DEDHAM AVE	NEEDHAM	MA	02492-
199/047.0-0008-0000.0	TOWN OF NEEDHAM		1471 HIGHLAND AVE	NEEDHAM	MA	02492-
199/047.0-0009-0000.0	BELIBASAKIS, EMMANUEL G. &	BELIBASAKIS, IRENE	92 SUTTON RD	NEEDHAM	MA	02492-
199/047.0-0038-0000.0	BRIGGS, GRAHAM R. + JANE C., TRS		45 HOOVER RD	NEEDHAM	MA	02494-
199/047.0-0039-0000.0	HEALY, MARTHA M		81 DEDHAM AVE	NEEDHAM	MA	02492-
199/047.0-0040-0000.0	EVANS, JAMES R. & STECKLOFF, JILLIAN		73 DEDHAM AVE	NEEDHAM	MA	02492-
199/047.0-0041-0000.0	BROMLEY-NEEDHAM LLC		57 DEDHAM AVE	NEEDHAM	MA	02492-
199/047.0-0042-0000.0	FIRST PARISH IN NEEDHAM - UNITARIAN		23 DEDHAM AVE	NEEDHAM	MA	02492-
199/047.0-0058-0000.0	TOWN OF NEEDHAM	PARKING LOT	1471 HIGHLAND AVE	NEEDHAM	MA	02492-
199/047.0-0059-0000.0	GREYMONT, ALFRED W. TR	ALFRED W. GREYMONT REVOCABLE TR	11 DEER PATH LN	MIRROR LAKE	NH	03853-
199/047.0-0062-0000.0	SIMON II ASSOCIATES LIMITED PARTNERSHIP		10 NEWBURY ST	BOSTON	MA	02116-
199/047.0-0063-0000.0	SIMON II ASSOCIATES LLC		10 NEWBURY ST	BOSTON	MA	02116-
199/047.0-0064-0000.0	KAPOOR, SORABH TR		2 ELIOT ST #2	JAMAICA PLAIN	MA	02130-
199/047.0-0065-0000.0	FIRST OF MANY, LLC	GREAT PLAIN ACQUISITIONS LLC	P.O. BOX 85	EAST WALPOLE	MA	02032-
199/047.0-0066-0000.0	KATZ, JEFFREY A. & GARY M., TRUSTEES,	AJ REALTY TRUST	PO BOX 920206	NEEDHAM	MA	02492-
199/047.0-0067-0000.0	KATZ, JEFFREY A. & GARY M., TRUSTEES	AJ REALTY TRUST	PO BOX 920206	NEEDHAM	MA	02492-
199/047.0-0089-0000.0	50 DEDHAM AVE LLC		93 FISHER AVE	BROOKLINE	MA	02445-
199/050.0-0022-0000.0	1478 HIGHLAND AVENUE CO., LLC	REAL ESTATE TAX DEPARTMENT	PO BOX 1159	DEERFIELD	IL	60015-
199/050.0-0024-0000.0	EIP PICKERING STREET LLC		PO BOX 1083	HICKSVILLE	NY	11802-1083
199/050.0-0025-0000.0	SULLIVAN, JAMES M, TRUSTEE		78 HANCOCK ST	BRAINTREE	MA	02184-0918
199/050.0-0026-0000.0	S-BNK NEEDHAM CENTRE, LLC		961 GREAT PLAIN AVE	NEEDHAM	MA	02492-
199/050.0-0027-0000.0	935 GREAT PLAIN AVENUE LLC		78 HANCOCK ST	BRAINTREE	MA	02184-
199/050.0-0028-0000.0	HARTMAN, FREDERICK M TR	FAK NEEDHAM REALTY TRUST	919 GREAT PLAIN AVE	NEEDHAM	MA	02492-
199/050.0-0030-0000.0	905 GREAT PLAIN AVENUE LLC	C/O THE MAKIN GROUP INC	7 HARVARD ST	BROOKLINE	MA	02445-
199/050.0-0031-0002.0	TOWN OF NEEDHAM		1471 HIGHLAND AVE	NEEDHAM	MA	02492-
199/051.0-0001-0000.0	TOWN OF NEEDHAM		1471 HIGHLAND AVE	NEEDHAM	MA	02492-
199/040.0-0064-0000.0	FIRST CHURCH OF CHRIST SCIENTIST		870 GREAT PLAIN AVE	NEEDHAM	MA	02492-
199/040.0-0061-0000.0	FIRST BAPTIST CHURCH		858 GREAT PLAIN AVE	NEEDHAM	MA	02492-

Certified as list of parties in interest under Mass. General Laws and Needham Zoning By-Law, to the Best of our knowledge
for the Needham Board of Assessors.....

The Common Room

Summary

"The Common Room" is a family-friendly restaurant and catering business in Needham, Massachusetts, designed to provide a casual, welcoming space for patrons of all ages to gather, socialize, watch sporting events while enjoying great food at a good value. The partners behind "The Common Room" bring over 40 years of combined experience in the restaurant industry and have strong connections to the local community.

Company Description

The Common Room is a restaurant and catering business focused on delivering a welcoming atmosphere, exceptional service, and high-quality comfort food made from fresh, locally sourced ingredients. The founding partners with 40 years of combined experience in the restaurant industry, are dedicated to creating a space where neighbors can meet and form lasting friendships while supporting local community groups such as first responders, town employees and civic groups.

The Common Room is poised to become a staple in Needham, Massachusetts, filling a growing need for a family-friendly, community-oriented gathering place. With strong connections to the local community, an emphasis on supporting first responders and town employees, and a wealth of experience in the restaurant industry, the partners behind The Common Room are confident in their vision of creating a vibrant space where neighbors can meet and form lasting bonds.

Through careful planning, strategic marketing, and a focus on delivering exceptional customer experiences, **The Common Room** will become "**The Place to Meet**" in Needham.

**RECORD OF MEMBERSHIP INTEREST TRANSFER
BETWEEN MEMBERS**

DATE: 7/13/2020

This note is to document an agreement to transfer share in Membership Interest in Centre Group llc ("the LLC") from a Member to a "Permitted Transferee" as defined in the LLC's Operating Agreement.

Transfer Agreement

Theodore Connolly (Seller), a Member of the LLC, has agreed to transfer 7.5 % Membership Interest in the LLC to Derek Brady (Buyer), also a Member of the LLC for the sum of \$ 26,250.00.

Member	Interest % before transfer	Interest % after transfer
Seller	7.5	0
Buyer	42.5	50

Both parties to this agreement acknowledge that:

- all transfers in ownership interest in the LLC are subject to approval by the Licensing Board for the City of Boston and the Massachusetts Alcoholic Beverages Control Commission, and that
- all transfers in ownership interest in the LLC must be acknowledged by the LLC at a Member meeting and recorded in the records of the LLC to become effective, and that
- they have had the opportunity to review the records of the LLC including the tax records, profit & loss, balance sheet, and the LLC's resolutions on Membership Interest and allocation of profits and losses, and that
- they have had the opportunity to consult tax advisors regarding the federal and state tax implications of Membership Interest transfers.

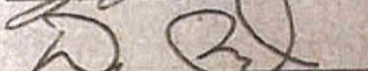
Seller waives any rights to future distributions, or allocations of profits or losses, or distributions of any kind from the LLC for the portion of Membership Interest transferred due to this agreement, as of the date first written above.

Seller



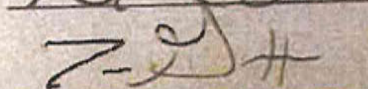
Date: 7/14/20

Buyer



Date: 7/13/20

Witness



Date: 7/14/20

**RECORD OF MEMBERSHIP INTEREST TRANSFER
BETWEEN MEMBERS**

DATE: 7/13/2020

This note is to document an agreement to transfer share in Membership Interest in
Centre Group llc ("the LLC") from a Member to a "Permitted
Transferee" as defined in the LLC's Operating Agreement.

Transfer Agreement

Thomas Griffin (Seller), a Member of the LLC, has agreed to transfer 7.5%
Membership Interest in the LLC to Derek Brady (Buyer), also a
Member of the LLC for the sum of \$ 26,250.00.

Member	Interest % before transfer	Interest % after transfer
Seller	7.5	0
Buyer	42.5	50

Both parties to this agreement acknowledge that:

- all transfers in ownership interest in the LLC are subject to approval by the Licensing Board for the City of Boston and the Massachusetts Alcoholic Beverages Control Commission, and that
- all transfers in ownership interest in the LLC must be acknowledged by the LLC at a Member meeting and recorded in the records of the LLC to become effective, and that
- they have had the opportunity to review the records of the LLC including the tax records, profit & loss, balance sheet, and the LLC's resolutions on Membership Interest and allocation of profits and losses, and that
- they have had the opportunity to consult tax advisors regarding the federal and state tax implications of Membership Interest transfers.

Seller waives any rights to future distributions, or allocations of profits or losses, or distributions of any kind from the LLC for the portion of Membership Interest transferred due to this agreement, as of the date first written above.

Seller 
Buyer 
Witness 

Date: 7/14/20
Date: 7/13/20
Date: 7/14/20



**Select Board
TOWN OF NEEDHAM
AGENDA FACT SHEET**

MEETING DATE: 10/10/2023

Agenda Item	Public Hearing: Opt-In Specialized Energy Code
Presenter(s)	Katie King, Deputy Town Manager/Director of Operations Joe Prondak, Building Commissioner

1.	BRIEF DESCRIPTION OF TOPIC TO BE DISCUSSED
Massachusetts has three sets of standards for building energy performance: (1) a required <i>base</i> energy code, (2) an optional, more energy efficient <i>stretch</i> energy code, and (3) a new opt-in <i>specialized</i> energy code that was created to ensure new construction meets greenhouse gas limits set by the State for 2025 – 2050. Needham adopted the <i>stretch</i> energy code in 2019, effective January 1, 2020. The Select Board has placed an article on the October Town Meeting warrant to adopt the <i>opt-in specialized</i> energy code, to be effective July 1, 2024. This is a public hearing to solicit feedback from the Needham community on this proposal.	
2.	VOTE REQUIRED BY SELECT BOARD
N/A – Discussion Only	
3.	BACK UP INFORMATION ATTACHED
a. Massachusetts Department of Energy Resources Presentation b. Climate Action Plan Committee Presentation c. Frequently Asked Questions	

Opt-in Specialized Energy Code

Summary for Needham

September 12, 2023

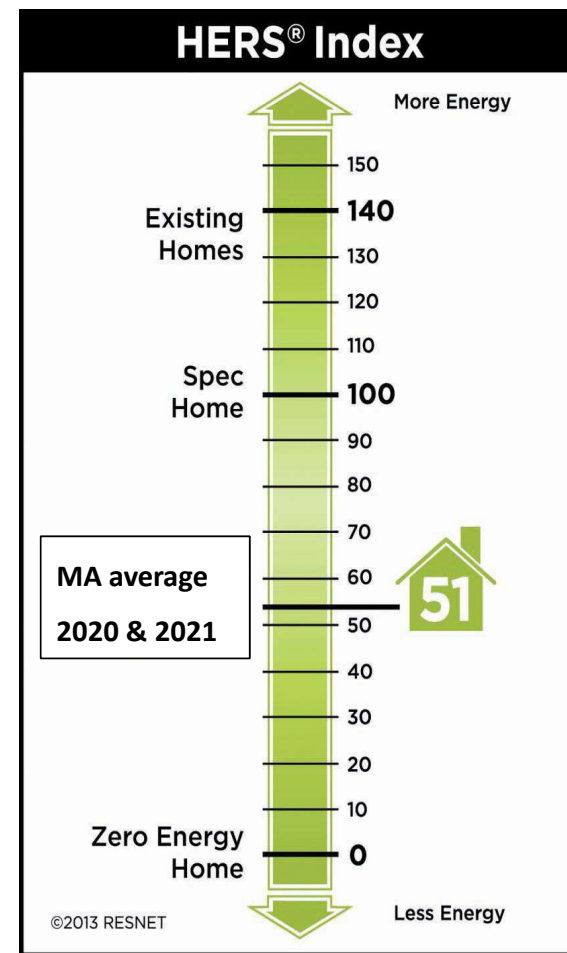
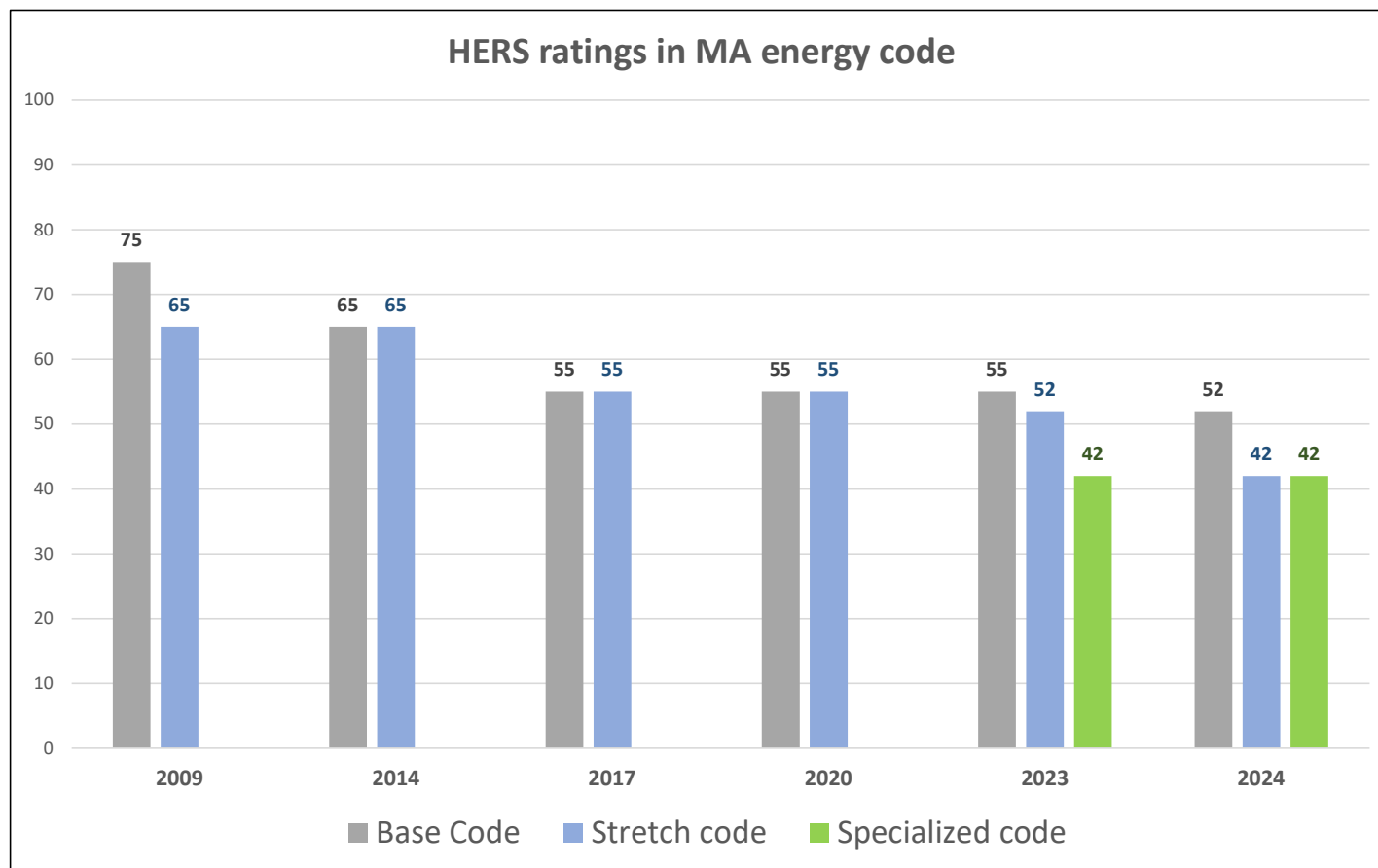
Ian Finlayson – MA DOER



RESIDENTIAL

Low Rise & Multi-family

(Simplified) History of HERS ratings in MA energy code



Specialized vs Stretch code - Residential Low-Rise

Energy Source(s)	Home Size	Stretch code (July 2024)	Specialized Code (Jan 2024)
All Electric New Homes	Any Size home	HERS 45 or Passivehouse	
Mixed-Fuel New Homes	Under 4,000 sq ft	HERS 42	+Solar PV (min 4kw) + wiring for electrification
	4,000 sq ft and over	HERS 42	+ Solar PV (to net-zero) + wiring for electrification
	Any	Passivehouse option	+ wiring for electrification
Home additions & alterations	Any	Same as Stretch code	
Historic or Existing homes	Any	Energy Code exemption if it would damage the historic fabric of the building	

Specialized Residential Code: Solar PV sizing

- Mixed-fuel buildings, Solar required when there is a suitable solar-roof zone of 300 sq ft or greater
- All-electric buildings – solar not required, just solar-ready roofs



Home Type	Solar required
All-electric	No
Passivehouse	No
Mixed-fuel <4,000 sq ft	4 kW
Mixed-fuel 4,000 sq ft +	Enough for net-zero (8+ kw)
other R-uses	0.75 W/sq ft (same as commercial)

Specialized vs Stretch code – Multi-family

Building Type	Fuel Type	Stretch code (July 2024)	Specialized Code (Jan 2024)
New Multi-family (4+ stories & over 12,000 sf)	All Electric	HERS 45 or TEDI or Passivehouse	Passivehouse
	Mixed Fuel	HERS 42 or TEDI or Passivehouse	Passivehouse + wiring for electrification



SPECIALIZED CODE - Commercial

Specialized vs Stretch code – what’s different?

Commercial Bulidings:

Building Type	Fuel Type	Stretch code (July 2024)	Specialized Code (Jan 2024)
Schools, Offices, Municipal buildings	All Electric	TEDI or Passivehouse	
	Mixed Fuel	TEDI or Passivehouse	TEDI + Solar PV or Passivehouse + wiring for electrification
Other Commercial (over 20,000 sf)	All Electric	ASHRAE or TEDI or Passivehouse	
	Mixed Fuel	ASHRAE or TEDI or Passivehouse	ASHRAE + Solar or TEDI + Solar or Passivehouse + wiring for electrification

Solar PV in Specialized code

- Required:
 - Using Fossil fuels
 - Using Net Zero path
- Optional:
 - All-electric building
- Exceptions for shaded sites
can reduce min. size



Specialized Commercial Code: Solar PV sizing

CC105.2 On-site renewable energy. New mixed-fuel buildings shall have equipment installed for on-site renewable energy with a rated capacity of not less than 1.5 W/ft^2 (16.1 W/m^2) multiplied by the sum of the gross conditioned floor area of the three largest floors.

Exception: Where the building site cannot meet the requirement in full with an on-site renewable energy system, the building site shall install a partial system designed to utilize not less than 75% of the *Potential Solar Zone Area*.

Examples of Solar PV size:

- 4 story 200,000 sf High school: 160,000 sf on 3 largest floors
Min. Solar = $1.5 \times 160,000 = 240 \text{ kW}$ system
- 3 story 80,000 sf Office
Min. Solar = $1.5 \times 80,000 = 120 \text{ kW}$ system

Increased Incentives for builders & developers

- All-electric homes are generally cheaper to build
Heat Pump(s) replaces both Central A/C + Furnace(s)
- Mass Save: 1-4 unit all-electric homes
\$15,000 for HERS 45 single-family
\$25,000 for HERS 35 / Passive House single-family
- Mass Save: multi-family Passivehouse
\$3,000 per unit plus design study funding
- Federal IRA:
\$2,500 or \$5,000/home from 45L tax credit: (aligned with HERS)
up to \$6/sqft from 179D tax credit for commercial & multi-family

<https://www.masssave.com/saving/residential-rebates/all-electric-home>

<https://www.masssave.com/saving/residential-rebates/passive-house-incentives>

Specialized code – Requirements summary

- Efficiency requirements same as in Stretch code
- EV ready same as Stretch code: min. 10% of spaces (20% for business or residential)
- HERS ratings 42/45 6 months earlier: Jan 2024 vs July 2024
- Multi-family buildings over 3 stories: Passivehouse
- New mixed-fuel buildings:
 - Pre-wired for Electrification
 - Solar PV on available space – minimum size
 - Homes over 4,000 sf – HERS 0 (HERS 42 + Solar PV)

Questions?

Contact DOER:

Stretchcode@mass.gov

Paul Ormond

Ian Finlayson

Opt-In Specialized Energy Code

Presentation to the Select Board

Town of Needham Climate Action Planning Committee



Climate Change has arrived in Needham



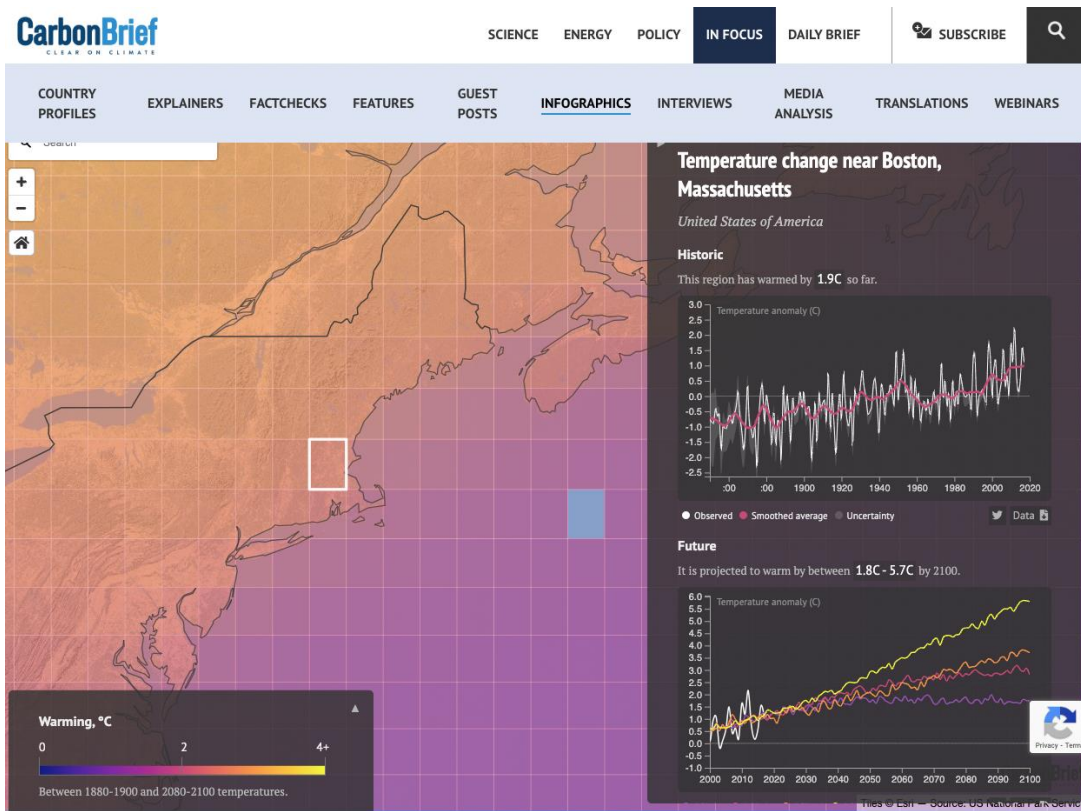
Aftermath of the August 8, 2023 rainstorms

**With each additional 1° (F) of
temperature, the atmosphere's
capacity to hold
water vapor
increases by 4%**

Climate Change has arrived in Needham

Needham has warmed by 3.4 degrees F since the pre-industrial era.

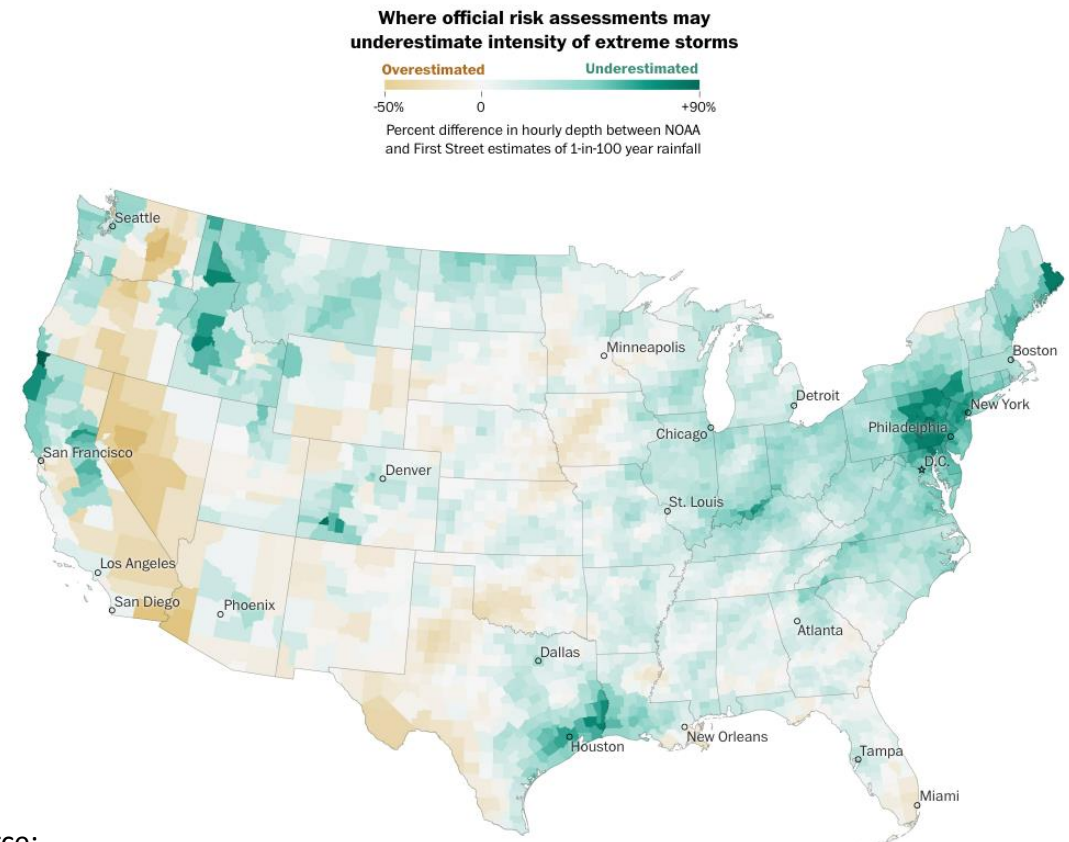
Local extreme rainfall events are underestimated by official models by ~50%



Sources:

Map: <https://www.carbonbrief.org/mapped-how-every-part-of-the-world-has-warmed-and-could-continue-to-warm/>

Data from: <https://berkeleyearth.org/data/>



Source:

Map from <https://www.washingtonpost.com/climate-environment/2023/06/26/rain-flooding-us-risk-climate-change/>

Data from: <https://www.sciencedirect.com/science/article/pii/S2214581822002890>

What We Can Expect In Needham



**Intense
Storms**



Heat Waves



Drought



Flooding

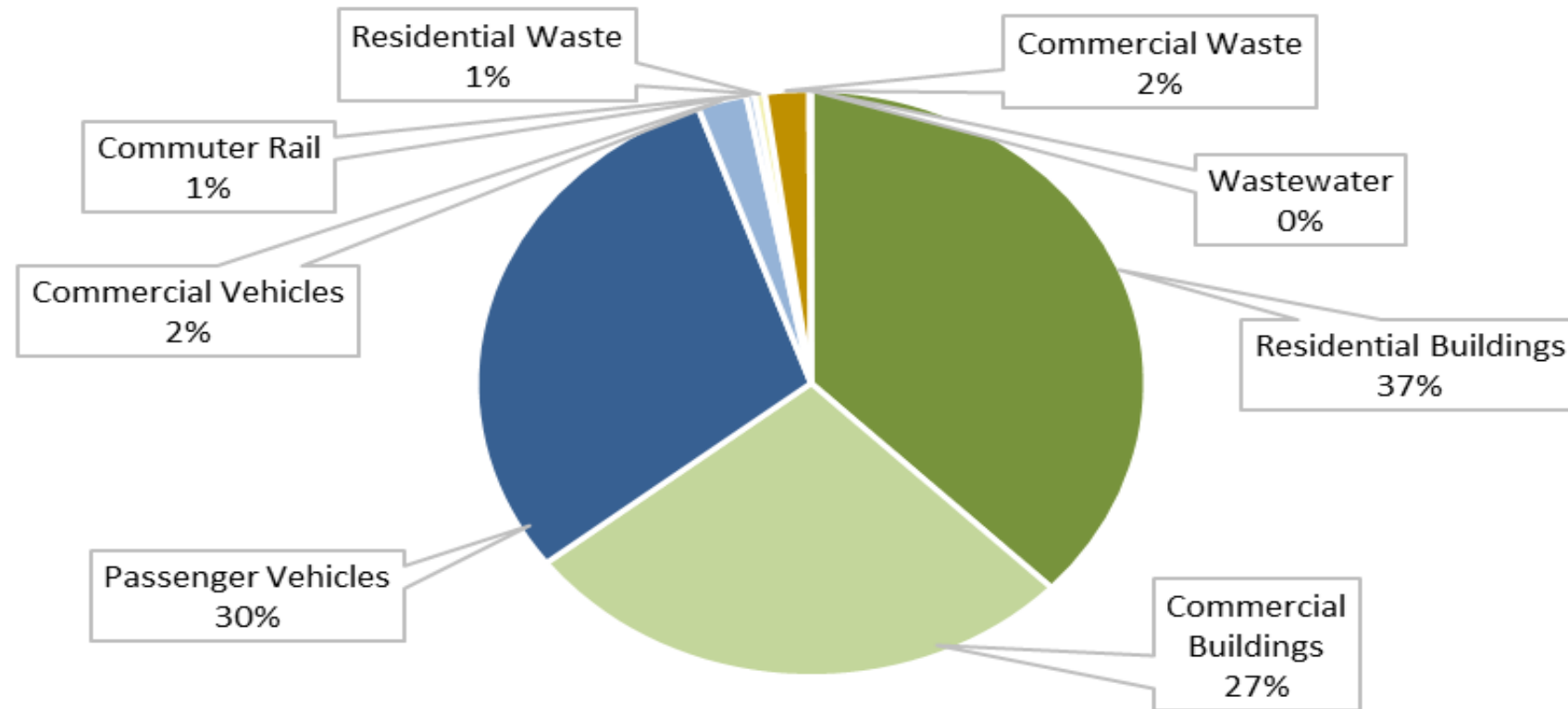
Climate Hazards

Why We're Taking Action

- To ensure Needham reduces its contribution to climate change
- To save money and resources
- To preserve the Town's history, culture, and quality of life
- To prepare for the current and coming impacts of climate change
- To comply with Massachusetts state law

**We can mitigate the worst impacts of climate change,
but we have to act TODAY.**

Buildings account for about 64% of Needham's greenhouse gas emissions

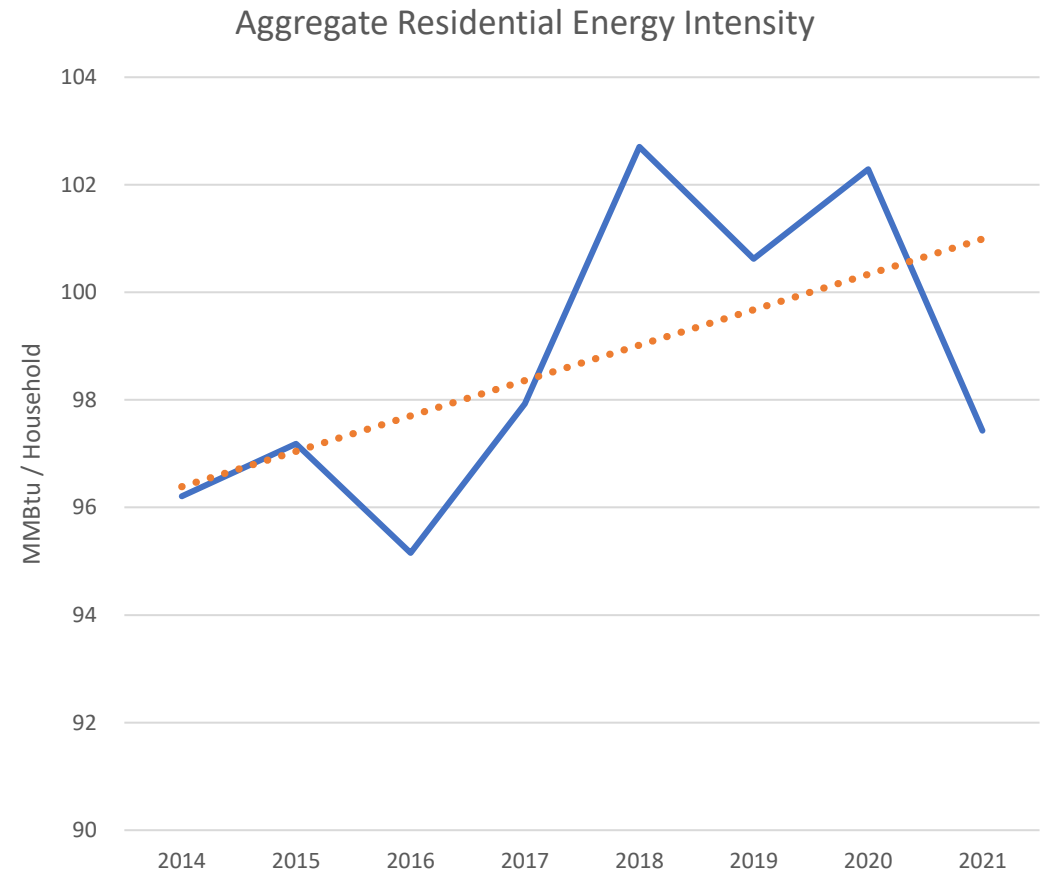


Source: Needham Greenhouse Gas Inventory, 2023 (Prepared by KLA Associates)

Achieving Net Zero will require efficiency upgrades and electrification of heating in all residential and commercial buildings by 2050.

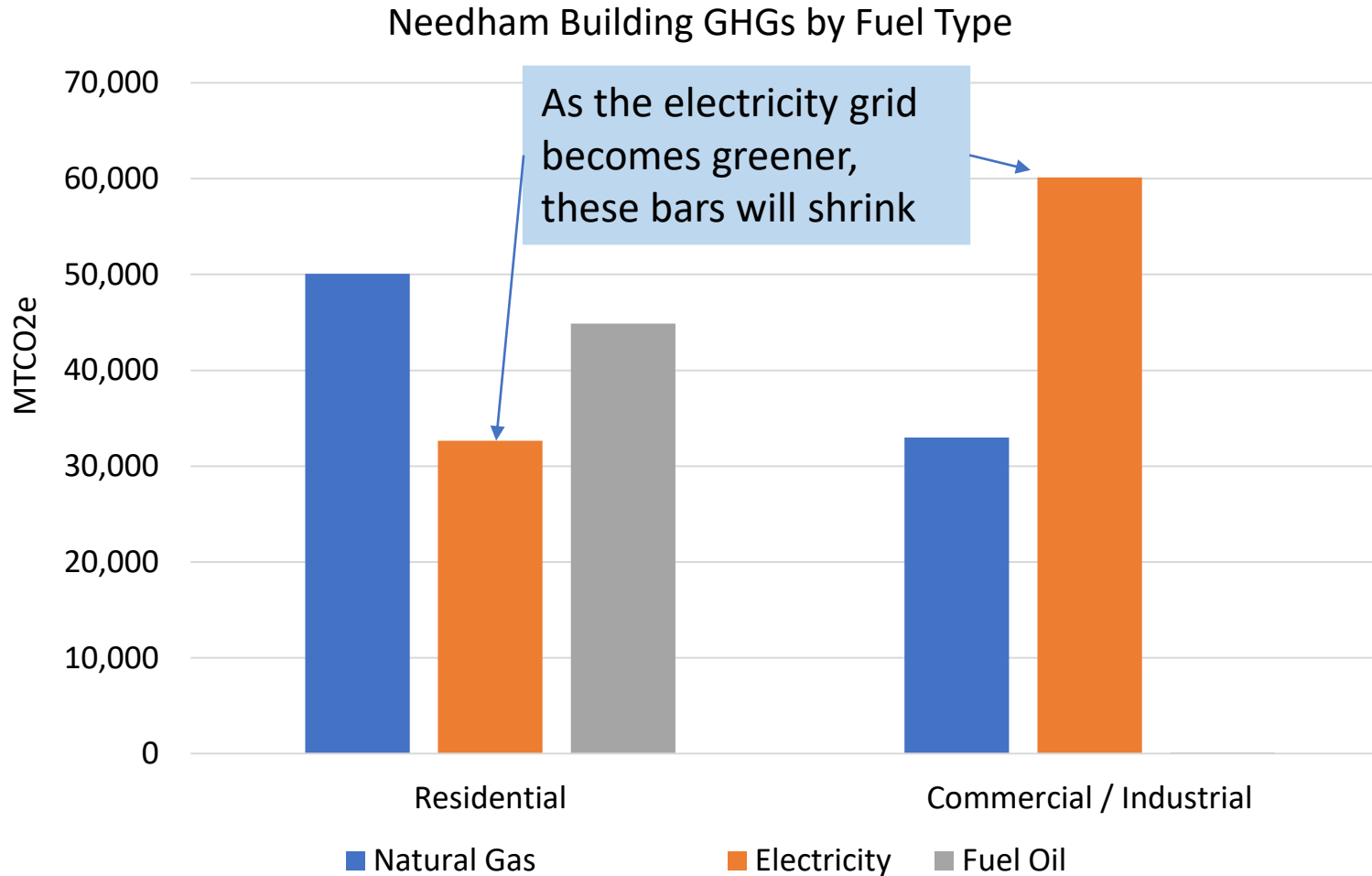
Needham homes are getting bigger, and larger homes consume more energy

- 720 parcels were completely rebuilt
(Average increase of 2,931 ft²)
- 7,448 properties increased in size over the last decade
(Median increase 707 ft²)



Source: KLA Associates compared building data on individual parcels from a snapshot of the Needham Assessors' database from 2013 to the current data on those same parcels as of April 2023

Building Energy (2021 GHG Inventory)



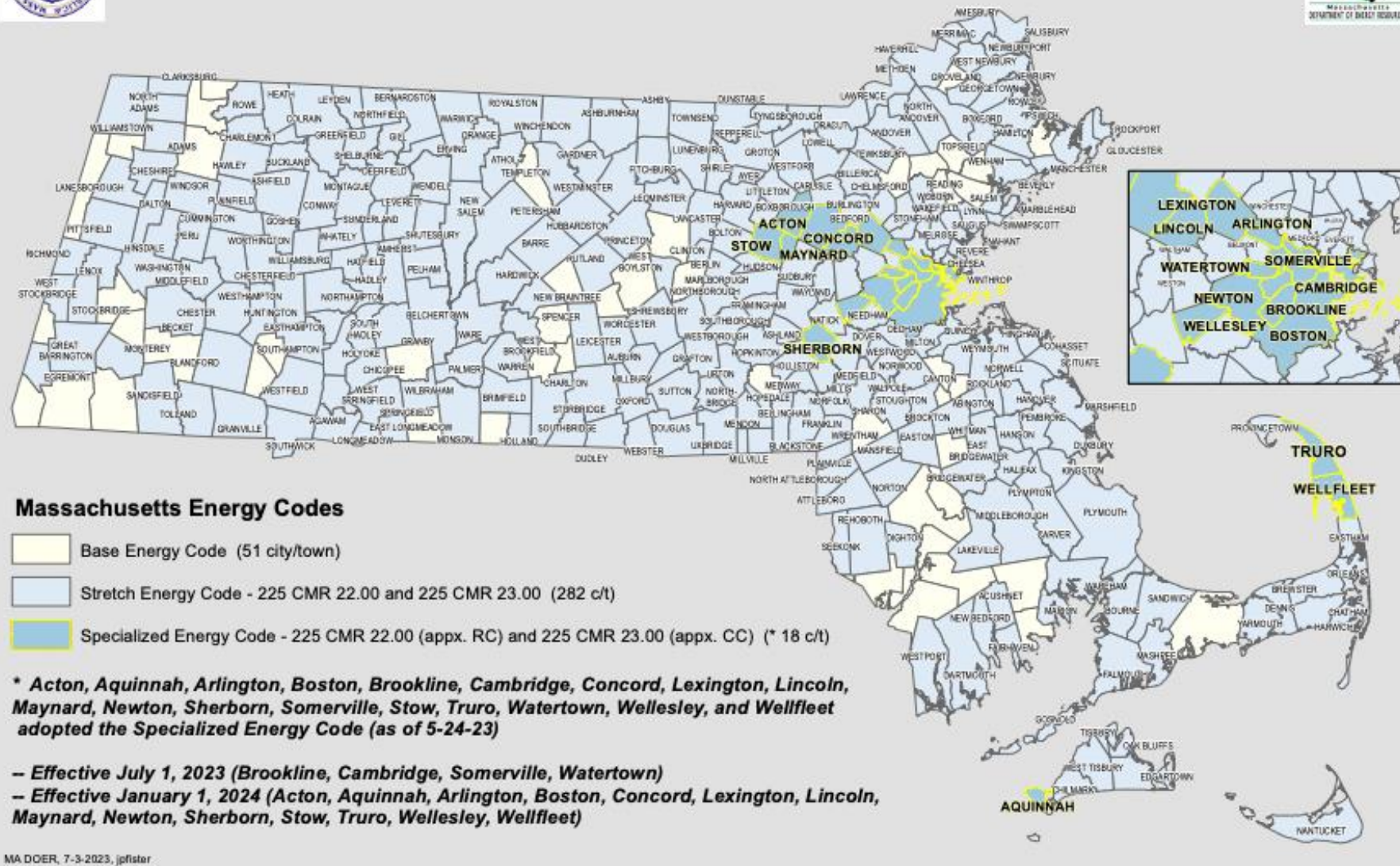
Over time, homes and commercial buildings will have to switch from natural gas and oil if we are to meet net zero greenhouse gas emission targets.

Stretch Energy Code History

2009	• Stretch Energy Code Created as part of Green Communities Act under Board of Building Regulations and Standards • Towns and cities must adopt the Stretch Energy Code to qualify for Green Communities • Stretch Energy Code sets efficiency requirements about 20% to 35% above the Base Energy Code • Every three years, the Base Energy Code is increased to match the Stretch Energy Code
2019	• Needham adopts Stretch Energy Code at Annual Town Meeting
2021	• Climate Act 2021 established DOER as Stretch Energy Code authority • Climate Act 2021 mandated a new energy code tier be developed to provide a pathway for buildings to be made net zero over time
2022	• DOER releases updates to the Stretch Energy Code and introduces the new Opt-In Specialized Energy Code for new construction
2023	• Updated Stretch Code went into effect for Needham on Jan 1, 2023 • CAPC recommends that the Town adopt the Opt-In Specialized Energy Code



Massachusetts Building Energy Code Adoption by Municipality



Source: <https://www.mass.gov/doc/building-energy-code-adoption-by-municipality/download>

* Acton, Aquinnah, Arlington, Boston, Brookline, Cambridge, Concord, Lexington, Lincoln, Maynard, Newton, Sherborn, Somerville, Stow, Truro, Watertown, Wellesley, and Wellfleet have adopted the Specialized Energy Code already.

Won't the electric grid be overwhelmed by building electrification?

- No

At the April 2023 Climate Action Planning Committee meeting, Eversource presented that Needham has sufficient capacity to support full electrification by 2050, with no significant upgrades to transmission lines or nearby sub-station required.

- Eversource continuously forecasts demand and updates 5 year plans for upgrades as needed.
 - At local street level, transformers (the “cans” on the telephone poles) may occasionally need to be upgraded.
- Today, the electric grid is operating at 20% below the all-time system electric peak in 2006, due to energy efficiency measures.
 - By 2035, building electrification will cause the grid to switch from summer peaking to winter peaking. This will not require a lot of transmission upgrades in the next 10 years.
 - By 2050, New England capacity is planned to double from 25 to 50GW; an additional 10 GW is planned to be available by 2035.
 - The electric grid is mandated to get greener by 3% per year.

Let's build a Sustainable Needham together

The CAPC requests that the Select Board co-sponsor an article for Fall Special Town Meeting 2023 to accept the Opt-in Specialized Energy Code.

If approved by Town Meeting, the new code would go into effect July 1, 2024.

We welcome your questions and stand by to support this article.



FAQ Updated Stretch Energy Code & Opt-In Specialized Energy Code

Overview

1. What are the building energy code options for cities and towns in Massachusetts?

Cities and towns have three choices of standards for building energy performance: (1) a required *Base* Energy Code, (2) an optional, more energy efficient *Stretch* Energy Code, and (3) a new opt-in *Specialized* Energy Code that was created to ensure new construction meets State greenhouse gas limits.

2. What energy code currently applies in Needham?

Needham adopted the *Stretch* Energy Code in 2019, effective January 1, 2020. The Select Board has placed an article on the October 2023 Town Meeting warrant proposing to adopt the *Specialized* Energy Code, to be effective July 1, 2024.

3. What is the Stretch code?

The Stretch code is a more energy efficient alternative to the base code. It increases the energy efficiency requirements for all new residential and commercial buildings, as well as for certain additions and renovations of existing buildings.

4. What is the Specialized code?

The Specialized code was created to ensure that new building construction is consistent with State greenhouse gas emission limits set for 2025 to 2050, primarily through a combination of energy efficiency, reduced heating loads, and efficient electrification. Use of fossil fuels, such as gas and propane or biomass, is permitted but comes with additional requirements for on-site solar generation and pre-wiring for future electrification of any fossil fuel using equipment.

5. What is the history of the Stretch and Specialized codes?

2009

- Stretch Energy Code is created as part of Green Communities Act under Board of Building Regulations and Standards
- Towns and cities must adopt the Stretch Energy Code to qualify for Green Communities
- Stretch Energy Code sets efficiency requirements about 20% to 35% above the Base Energy Code

2019

- Needham adopts Stretch Energy Code at Annual Town Meeting, effective January 1, 2020

2021

- Climate Act 2021 established MA Department of Energy Resources as Stretch Code authority.
- Climate Act 2021 mandated a new energy code tier be developed to provide a pathway for buildings to be made net zero over time.

2022



FAQ Updated Stretch Energy Code & Opt-In Specialized Energy Code

- DOER releases updates to the Stretch Energy Code and introduces the new Opt-In Specialized Energy Code for new construction.

2023

- Stretch Code updates went into effect for Needham on January 1, 2023, and July 1, 2023. Additional updates to the Stretch code will take effect on July 1, 2024.
- Select Board proposes adoption of Opt-In Specialized Energy Code for October Town Meeting. If adopted, the Specialized code would become effective in Needham on July 1, 2024.

6. What building types does the Stretch energy code and Specialized code apply to?

The Stretch code applies to residential and commercial new construction, as well as certain renovations and additions. The Specialized code applies only to new residential and commercial construction. The codes only apply to construction projects receiving permits after effective dates, not those already under construction.

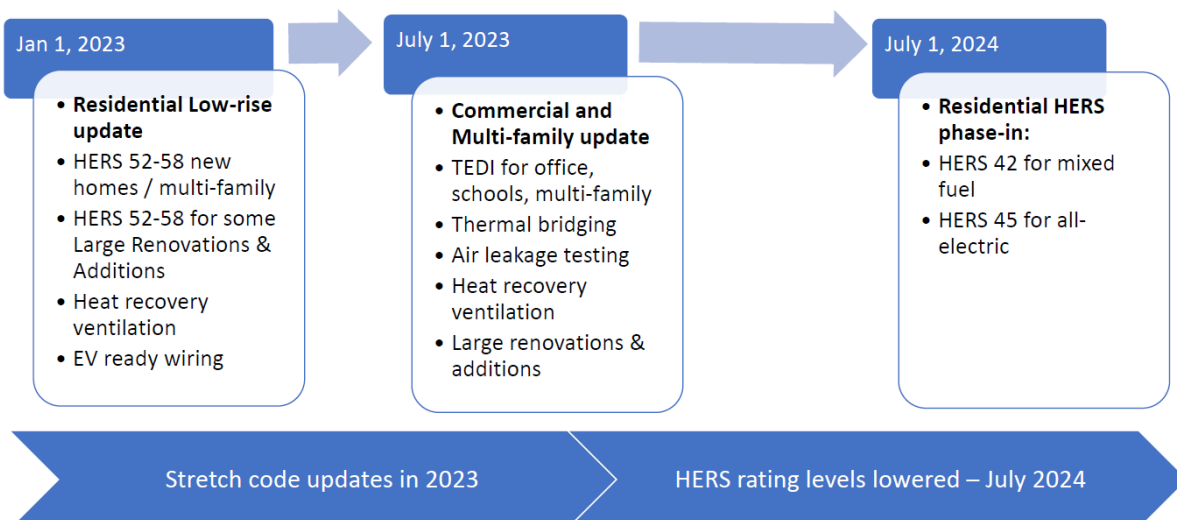
7. What changed in the 2023 update to the Stretch code?

Needham adopted the Stretch code in all future forms, so the updates to the Stretch code applied immediately without a Town Meeting vote. By contrast, the Opt-In Specialized Energy Code requires Town Meeting to affirmatively vote to adopt it. Certain updates to the Stretch Code took effect immediately, other provisions became effective on July 1, 2023, and some will take effect July 1, 2024.

All buildings are required to install wiring for electric vehicle (EV) charging in a minimum of 20% (up from 10%) of new parking spaces, and one space per home in one- and two-family homes.



Timeline: Stretch code update





FAQ Updated Stretch Energy Code & Opt-In Specialized Energy Code

Existing residential buildings are now subject to the updated Stretch code if:

- You are building an addition over 1,000 square feet,
- Your addition exceeds 100% of the conditioned floor area of the existing dwelling, or
- Renovations or reconfigurations are more than 50% of your home and the altered area exceeds 1,000 square feet.

Existing commercial buildings are now subject to the updated Stretch code if:

- You are building an addition greater than 20,000 square feet.
- There's an alteration of commercial building, but the code allows for 10% reduced envelope requirement for alterations compared to true new construction.
- There's a change of use or occupancy, but the code allows for a 10% reduced envelope requirement for change of use compared to true new construction.

8. Does the Stretch code apply to historic buildings?

No, historic buildings are exempt from the Stretch code and the base energy code.

9. Does the Opt-In Specialized Energy Code apply to existing structures?

No, the Opt-In Specialized Energy Code applies only to new construction and not to existing structures.

10. What is the main difference between the updated Stretch Code vs Opt-In Specialized Energy code?

Under the Specialized Code, all mixed-fuel residential and commercial buildings (i.e., with any space or water heating or appliances powered by fossil fuels) must provide pre-wiring for electric space heating, electric water heating, and electric appliances.

Specialized vs Stretch code - Residential Low-Rise

Energy Source(s)	Home Size	Stretch code	Specialized Code
All Electric New Homes	Any Size home	HERS 45 or Passivehouse	
Mixed-Fuel New Homes	Under 4,000 sq ft	HERS 42	+Solar PV (min 4kw) + wiring for electrification
	4,000 sq ft and over	HERS 42	+ Solar PV (to net-zero) + wiring for electrification
	Any	Passivehouse option	+ wiring for electrification
Home additions & alterations	Any	Same as Stretch code	
Historic or Existing homes	Any	Energy Code exemption if it would damage the historic fabric of the building	

Mixed-Fuel Residential buildings greater than 4,000 square feet must achieve high energy efficiency



FAQ Updated Stretch Energy Code & Opt-In Specialized Energy Code

standards and must meet those energy efficiency requirements prior to renewable energy offsets. These performance standards encourage large homes to go all-electric.

Specialized vs Stretch code – Multi-family

Building Type	Fuel Type	Stretch code	Specialized Code
New Multi-family (4+ stories & over 12,000 sf)	All Electric	HERS 45 or TEDI or Passivehouse	Passivehouse
	Mixed Fuel	HERS 42 or TEDI or Passivehouse	Passivehouse + wiring for electrification

Multi-Family residential buildings greater than 12,000 square feet must achieve pre-certification to Passive House Standards.

Specialized vs Stretch code – what's different? Commercial Buildings:

Building Type	Fuel Type	Stretch code	Specialized Code
Schools, Offices, Municipal buildings	All Electric	TEDI or Passivehouse	
	Mixed Fuel	TEDI or Passivehouse	TEDI + Solar PV or Passivehouse + wiring for electrification
Other Commercial (over 20,000 sf)	All Electric	ASHRAE or TEDI or Passivehouse	
	Mixed Fuel	ASHRAE or TEDI or Passivehouse	ASHRAE + Solar or TEDI + Solar or Passivehouse + wiring for electrification

Mixed-Fuel Commercial and Municipal buildings of all sizes must offset their emissions by providing on-site solar panels or achieve Passive House certification.



FAQ Updated Stretch Energy Code & Opt-In Specialized Energy Code

11. Is EV readiness required for alterations?

No. EV readiness is only required for new construction.

12. Is solar readiness required for alterations?

No. The solar-ready provisions apply only to new construction.

13. Are there EV parking space requirements?

Yes. The updated Stretch Code raises the minimum number of spaces requiring EV wiring to 20% for business and multi-family buildings (up from 10% required in the base code), and 1 per new residential home.

Adoption & Enforcement

14. Why adopt the Opt-In Specialized Energy Code?

Buildings account for about 64% of Needham's greenhouse gas emissions, with residential buildings contributing 37% and commercial buildings contributing 27% of total emissions. Achieving Net Zero emissions by 2050 will require efficiency upgrades and electrification of heating in all residential and commercial buildings. The Opt-In Specialized energy code will accelerate the transition to clean energy transition and avoid cost premiums to convert these buildings to all-electric in the future. As the electric grid becomes greener with wind, solar, and other renewables, all-electric homes will allow us to meet our net zero emissions targets.

15. How is the Specialized energy code adopted?

A vote of Town Meeting is required to adopt the Specialized energy code. An article for this vote is included on the warrant for Needham's October 30, 2023, Town Meeting. Once the Stretch and Specialized code is adopted by a municipality, all future editions, amendments and modifications are automatically adopted unless the municipality rescinds adoption of the code itself by a vote of Town Meeting. A community must adopt the Stretch and Specialized code "as is," without applying any amendments or conditions.

16. How many MA communities have adopted the current Stretch Code?

As of July 2023, 51 municipalities follow the base code, 282 municipalities have adopted the Stretch code and 18 municipalities have adopted the Specialized code. Specialized code effective July 1, 2023: Brookline, Cambridge, Watertown, Somerville. Specialized code effective January 1, 2024: Acton, Aquinnah, Arlington, Boston, Concord, Lexington, Lincoln, Maynard, Newton, Sherborn, Stow, Truro, Wellesley, Wellfleet



FAQ Updated Stretch Energy Code & Opt-In Specialized Energy Code

17. How would the Stretch code be implemented and enforced?

Once the Stretch or Specialized energy code is adopted by a town or city, it supplements the previous energy code language and becomes the binding energy code language for building projects in that municipality. Implementation and enforcement of the code is similar to existing code, where the developer is responsible for submitting documentation of compliance to the building inspector for review, and the building inspector conducts a site review.

Other Considerations

18. How will adopting the Opt-In Specialized Energy Code impact the cost of potential municipal building projects?

School Master Plan: The updated Dore & Whittier estimates presented to the School Committee in September 2023 include compliance with the opt-in specialized energy code.

Needham Housing Authority Linden/Chambers Redevelopment is already being designed to meet the opt-in specialized code.

Department of Public Works Facilities: Feasibility study estimates include stretch energy code compliance. These estimates would need to be updated to comply with the specialized energy code once a project option is chosen and the design phase is underway.

Library renovations would have to meet the updated stretch code but not the specialized code. Current project estimates already assume meeting the updated stretch code.

Center at the Heights renovations would have to meet the updated stretch code but not the specialized code. Current project estimates already assume meeting the updated stretch code.

There would be no impacts on projects that are already under construction.

19. Is it possible to install a gas-powered cooktop, water heater or other appliance along with all-electric heating and cooling?

Yes, but this would be a Mixed Fuel building and must meet the Mixed Fuel requirements including installation of electrical service and wiring for eventual conversion of those gas appliances to electric. All-electric buildings allow fossil fuels for emergency backup generation systems.

20. What is the anticipated cost of building under the Stretch energy code?

DOER has commissioned studies to analyze the change in construction costs related to building to the Stretch code for several sizes and types of residences, and they generally indicate the construction and operating costs are lower under the Stretch code standards with fully electric heating and cooling via heat pumps. <https://www.mass.gov/doc/residential-stretch-code-costs-and-benefits-case-studies/download>



FAQ Updated Stretch Energy Code & Opt-In Specialized Energy Code

21. Won't the electric grid be overwhelmed by building electrification?

Today, the electric grid is operating at 20% below the all-time system electric peak in 2006, due to energy efficiency measures. Nearly 50% greater energy efficiency will be gained by switching from fossil fuels to electric vehicles, electric heat pumps, and electric appliances. Electric heat pumps are 2.5 to 4 times more efficient than the most efficient gas boiler. By 2035, building electrification will cause the grid to switch from summer peaking to winter peaking. This will not require a lot of transmission upgrades in the next 10 years. By 2050, New England capacity is planned to double from 25 to 50GW; an additional 10 GW is planned to be available by 2035. The electric grid is mandated to get greener by 3% per year.

At the April 2023 Climate Action Planning Committee meeting, Eversource presented that Needham has sufficient capacity to support full electrification by 2050, with no significant upgrades to transmission lines or nearby sub-station required. Eversource continuously forecasts demand and updates 5-year plans for upgrades as needed. Eversource did say that at the local street level, transformers (the "cans" on the telephone poles) may occasionally need to be upgraded.

22. Will the Opt-In-Specialized Energy Code discourage the creation of affordable housing?

No, because financial incentives through Mass Save and competitive incentives from the Department of Housing and Community Development make this attractive. Once federal and state incentives are factored in, builders with experience building all-electric buildings incur little if any additional construction costs. Third party power purchase agreements provide solar energy with no upfront cost. The result is affordable housing that delivers comfort and energy efficiency in perpetuity, providing affordable housing residents with health benefits and lower energy bills over the life of the building.

On the residential side, the stricter building efficiency requirements of the Opt-in Specialized Energy Code impacts large homes over 4,000 square feet in size. In Needham, most new homes built today are larger than 4,000 square feet.

23. Why are fossil fuels permitted if the climate bill required DOER to produce a "net zero" code?

The definition of "Net Zero" is evolving. The Federal Department of Energy (DOE) compiled 20+ net zero definitions used in official publications over the past decade; many definitions permit fossil fuel use. Both the Updated Stretch Code and Opt-In Specialized Energy Code offer Mixed Fuel and All Electric compliance pathways. This preserves market choice at a time when economic uncertainty makes utility pricing highly volatile, and utility costs vary significantly from one community to another.

Technical

24. What is TEDI and how is it calculated?

TEDI stands for "Thermal Energy Demand Intensity." Like, EUI, "Energy Use Intensity," TEDI is a computed value derived from building energy modeling software such as eQuest. Whereas EUI measures annual energy consumption, TEDI measures annual thermal demand (not usage), reflecting



FAQ Updated Stretch Energy Code & Opt-In Specialized Energy Code

the building envelope and mechanical design quality. DOER has issued [2023 Technical Guidance for Massachusetts Stretch Codes](#) and [Guidelines for TEDI Modeling](#), explaining, among many other things, how TEDI values are calculated.

25. What is a HERS rating?

HERS stands for 'Home Energy Rating System,' and is a national standard that uses information on the design of the energy systems in a home to calculate, via computer modeling, the average energy needs of that home and give it a rating score. The HERS Index was developed by the non-profit Residential Energy Services Network (RESNET) for the mortgage industry and is utilized by the Federal Internal Revenue Service (IRS) and the LEED for Homes program. On the HERS 2006 index scale smaller numbers are better, with 0 representing a net zero energy home, and 100 represents a home built according to meet the national model energy code in 2006 (the IECC 2004 with 2005 amendments). A HERS rating of 52 means that the home uses about 48% less energy than the same size home built to the 2004/2005 IECC code requirements.

26. What is Passive House?

Passive House is a set of performance-based building certification standards that focus on the significant reduction of energy demand while ensuring a healthy and comfortable building. A Passive House can be any building and any size – a home, office, or school, a large multifamily building or mixed-use commercial development. A Passive House approach focuses on the building envelope and mechanical systems to reduce energy.

Resources

27. Who do I contact if I have a question or comment about the Town's proposal to adopt the Specialized Energy Code?

Please e-mail your questions and comments to otm@needhamma.gov with subject "Energy Code".

The Town will be hosting an informational session for architects, builders, contractors, homeowners and commercial property owners on September 27 at 4:00 pm at the Public Services Administration Building, 500 Dedham Avenue, Needham (and via Zoom). All are welcome.

The Select Board will be holding a public hearing on this warrant article on Tuesday, October 10.

28. Where can I go to learn more?

MA Department of Energy Resources: <https://www.mass.gov/info-details/building-energy-code>

The Mass Save program provides training for code officials, builders, and design professionals: <https://www.masssave.com/trade-partners/energy-code-training-and-technical-support>

[A Next-Generation Roadmap for Massachusetts Climate Policy \(2021\)](#)



FAQ Updated Stretch Energy Code & Opt-In Specialized Energy Code

[*Global Warming Solutions Act \(2008\)*](#)

Northeast Energy Efficiency Partnerships' [Commercial](#) and [Residential](#) resources.

[HERS Index](#)

[Passive House Massachusetts](#)



**Select Board
TOWN OF NEEDHAM
AGENDA FACT SHEET**

MEETING DATE: 10/10/2023

Agenda Item	Positions on Warrant Articles
Presenter(s)	Kate Fitzpatrick, Town Manager

1.	BRIEF DESCRIPTION OF TOPIC TO BE DISCUSSED
The Board will review articles on the October 30, 2023 Special Town Meeting Warrant.	
2.	VOTE REQUIRED BY SELECT BOARD
Suggested Motion: That the Board vote to support (not to support) article _____ in the Special Town Meeting Warrant.	
3.	BACK UP INFORMATION ATTACHED
a. October 30, 2023 Draft Special Town Meeting Warrant b. Status of Articles as of 10/5/2023	

TOWN OF NEEDHAM



SPECIAL TOWN MEETING WARRANT

MONDAY, OCTOBER 30, 2023

7:30 P.M.

JAMES HUGH POWERS HALL, NEEDHAM TOWN HALL

1471 HIGHLAND AVENUE

Draft 10.6.2023

Additional information on Warrant articles will be made available at
www.needhamma.gov/townmeeting during the weeks leading up to the Special
Town Meeting

COMMONWEALTH OF MASSACHUSETTS

Norfolk, ss.

To either of the Constables in the Town of Needham in said County, Greetings:

In the name of the Commonwealth of Massachusetts, you are hereby required to notify the qualified Town Meeting Members of the Town of Needham to meet in the Needham Town Hall on:

MONDAY, THE THIRTIETH DAY OF OCTOBER 2023

At 7:30 in the afternoon, then and there to act upon the following articles:

FINANCE ARTICLES

ARTICLE 1: APPROPRIATE FOR ROADWAY IMPROVEMENTS (EVERSOURCE)

To see if the Town will vote to raise and/or transfer and appropriate \$205,000 for roadway improvements, to be spent under the direction of the Town Manager, and to meet this appropriation that said sum be raised from the Tax Levy; or take any other action relative thereto.

INSERTED BY: Select Board

FINANCE COMMITTEE RECOMMENDS THAT: Article be Adopted

Article Information: The Town entered into an agreement with Eversource that allowed Eversource to make natural gas main repairs and capacity improvements on Webster Street between West Street and Parkinson Street. This agreement allowed Eversource to complete work outside the Town's normal street opening permit period of April to November and required that Eversource provide funding to the Town to repave the road. This agreement enabled Eversource to accomplish their goal of repairing the natural gas main and increasing capacity for service improvements while completing the work in a shorter period to limit disruption to the Town. Eversource and the Town mutually agreed that it would be advantageous for the Town to oversee the repaving work using its contractors and staff. These funds are considered general fund receipts – as a result, Town Meeting action is required to ensure that they will be used for their intended purpose. The amount of \$205,000 was calculated by Eversource based on a full gutter to gutter road pavement, and DPW staff has validated that these funds will be sufficient to cover the Town's costs.

**ARTICLE 2: APPROPRIATE FOR YOUTH HEALTH INITIATIVES
(CHILDREN’S HOSPITAL COMMUNITY BENEFIT PAYMENT)**

To see if the Town will vote to raise and/or transfer and appropriate \$400,000 for youth health initiatives, to be spent under the direction of the Town Manager, and to meet this appropriation that \$200,000 be raised from the Tax Levy and \$200,000 be transferred from Overlay Surplus; or take any other action relative thereto.

INSERTED BY: Select Board

FINANCE COMMITTEE RECOMMENDS THAT: Article be Adopted

Article Information: Under the terms of a Host Community Agreement, the Town will receive payments from Children’s Hospital in lieu of personal property tax payments for their outpatient surgical center, which is slated to open in December 2025. These funds must be spent on youth health initiatives. The payment schedule includes (i) \$200,000 following the issuance of a building permit, (ii) \$200,000 when construction is 50% complete, and (iii) \$200,000 annually starting the fiscal year after the facility receives an occupancy permit.

The COVID-19 pandemic led to a significant increase in the community’s mental health needs, including depression, anxiety, and suicidal ideation. Despite the lifting of pandemic restrictions, the need for mental health services and the severity of that need, particularly among youth, has continued to grow. This article requests appropriation of \$400,000 (revenue from payment i and payment ii above that will be received this fiscal year) to support two new full-time staff positions within the Town’s Youth & Family Services Division to better meet this need. An Outreach Clinician would split time between the Needham Free Public Library, Needham Park & Recreation, and other community locations to identify and address mental health challenges in the community and provide case management, referrals, and crisis intervention. A Community Training Coordinator will expand the offering of mental health programs - such as Youth Mental Health First Aid - to the community and to Town and Needham Public Schools staff. It is anticipated that this appropriation will be expended over two years.

**ARTICLE 3: APPROPRIATE FOR INTERSECTION IMPROVEMENTS
(CHILDREN’S HOSPITAL)**

To see if the Town will vote to raise and/or transfer and appropriate \$30,000 for improvements to the intersection of Kendrick Street at Third Avenue, to be spent under the direction of the Town Manager, and to meet this appropriation that said sum be raised from the Tax Levy; or take any other action relative thereto.

INSERTED BY: Select Board

FINANCE COMMITTEE RECOMMENDS THAT: Article be Adopted

Article Information: The Planning Board issued a Major Site Plan Special Permit to Boston Childrens Hospital’s for its development of 380 First Avenue. A condition contained in the permit requires a payment of \$30,000 for the purposes of traffic mitigation at Kendrick Street and Third

Avenue. The Department of Public Works identified a traffic issue between this intersection and the 128/I95 ramp that will be remedied using these funds. The two dedicated left turn only lanes onto the I95 southbound ramp will be converted to one dedicated left turn and one straight and left turn. This plan is intended to ease back-ups for through traffic and mitigate increased traffic volume related to the construction of the new medical center. DPW staff will coordinate with the Massachusetts Department of Transportation and plan to restripe the roadway and intersection for this Spring.

**ARTICLE 4: APPROPRIATE FOR COMMUNITY OPIOID SETTLEMENT
FUND PLANNING**

To see if the Town will vote to raise and/or transfer and appropriate \$145,000 for the development of a Community Opioid Settlement Fund Plan, to be spent under the direction of the Town Manager, and to meet this appropriation that said sum be transferred from the Opioid Settlement Stabilization Fund; or take any other action relative thereto.

INSERTED BY: Select Board

FINANCE COMMITTEE RECOMMENDS THAT: Article be Adopted

Article Information: This funding request will allow for the use of \$145,000 from the Opioid Settlement Stabilization Fund to be utilized for its legally required purpose of preventing substance misuse, implementing harm reduction programs, and supporting the treatment and recovery of persons who misuse substances, particularly opioids. The Town's efforts will be led by the Health & Human Services Department, and will reflect close collaboration with Town departments, the Needham Public Schools, and community partners. Funding will be allocated to: 1) conduct a detailed and inclusive public engagement process for the use of opioid funds which will afford significant input from the community and from impacted groups (persons in recovery, family of substance addicted persons, etc.) and which will result in a road map to guide the use of these funds over the next 15 years, 2) turn that roadmap into a coherent five-year strategic plan, 3) conduct thoughtful and deliberate program evaluation and to measure the effectiveness of the Town's efforts with these funds, and 4) address certain priority items for opioid fund use including the co-location of opioid overdose reversal kits with AEDs in Town buildings and hiring a Peer Recovery Coach to directly support individuals in their recovery from substance use disorders. The balance in the fund prior to appropriation is \$255,055.

ARTICLE 5: AMEND THE FY2024 OPERATING BUDGET

To see if the Town will vote to amend and supersede certain parts of the fiscal year 2024 Operating Budget adopted under Article 12 of the 2023 Annual Town Meeting by deleting the amounts of money appropriated under some of the line items and appropriating the new amounts as follows:

<u>Line Item</u>	<u>Appropriation</u>	<u>Changing From</u>	<u>Changing To</u>
14A	Finance Department Salary & Wages	\$2,398,879	\$2,101,164
14B	Finance Department Expenses	\$1,355,040	\$1,594,151
23A	Public Works Salary & Wages	\$10,915,518	\$10,974,122

Or take any other action relative thereto.

INSERTED BY: Finance Committee

FINANCE COMMITTEE RECOMMENDS THAT: Article be Adopted

Article Information: There are two transfers requested under this article. The first is to transfer \$58,604 of salary & wages from the Finance Department to the Public Works Department. The purpose of this transfer is to reflect the transfer of the Town's Geographic Information Systems (GIS) operations from the Finance Department Information Technology Center (ITC) to the Public Works Engineering Division. The Town has found that there is greater collaboration and efficiency by having the GIS staff person co-located with engineering staff. The amount of the transfer reflects the wages to be paid for the balance of the current fiscal year. The GIS operational costs (personnel and expenses) will be budgeted in the Public Works Department going forward. The second is to transfer \$239,111 of salary & wages to expenses within the Finance Department. There are two vacancies in the Finance Department ITC division which has required the assistance of outside contractors. The cost of those services is exceeding the amount that was originally budgeted for technology support and consulting services. The Town is collaborating with the Needham School Department to determine whether the delivery of technology services can or should be changed, to review the mix of internal/external support services, and to determine what synergies could be realized by shared Town and School operations. Any recommended changes to the operation will be reflected in the fiscal year 2025 budget requests.

ARTICLE 6: AMEND THE FY2024 SEWER ENTERPRISE FUND BUDGET

To see if the Town will vote to amend and supersede certain parts of the fiscal year 2024 Sewer Enterprise Fund Budget adopted under Article 13 of the 2023 Annual Town Meeting by deleting the amounts of money appropriated under some of the line items and appropriating the new amounts as follows:

<u>Line Item</u>	<u>Appropriation</u>	<u>Changing From</u>	<u>Changing To</u>
201D	MWRA Assessment	\$7,197,220	\$7,084,841

Or take any other action relative thereto.

INSERTED BY: Select Board & Finance Committee
FINANCE COMMITTEE RECOMMENDS THAT: Article be Adopted

Article Information: The Town received its final MWRA sewer assessment after the adoption of the Sewer Enterprise Fund budget. The final assessment is \$112,379 lower than the estimate, and the appropriation has been adjusted accordingly.

ARTICLE 7: AMEND THE FY2024 WATER ENTERPRISE FUND BUDGET

To see if the Town will vote to amend and supersede certain parts of the fiscal year 2024 Water Enterprise Fund Budget adopted under Article 14 of the 2023 Annual Town Meeting by deleting the amounts of money appropriated under some of the line items and appropriating the new amounts as follows:

<u>Line Item</u>	<u>Appropriation</u>	<u>Changing From</u>	<u>Changing To</u>
301D	MWRA Assessment	\$1,886,141	\$1,887,130

Or take any other action relative thereto.

INSERTED BY: Select Board & Finance Committee
FINANCE COMMITTEE RECOMMENDS THAT: Article be Adopted

Article Information: The Town received its final MWRA water assessment after the adoption of the Water Enterprise Fund budget. The final assessment is \$989 higher than the estimate, and the appropriation has been adjusted accordingly.

ARTICLE 8: UNPAID BILLS OF A PRIOR YEAR

To see if the Town will vote to raise and/or transfer and appropriate, or otherwise provide such sums of money as may be required for the payment of unpaid bills of previous years, incurred by the departments, boards and officers of the Town of Needham, or take any other action relative thereto.

Department:	Finance Department (ITC)
Vendor:	KonicaMinolta Business Solutions U.S.A., Inc.
Description:	Copier and Printer Maintenance Services
Fiscal Year:	2021
Amount:	\$413.74; \$427.51; \$427.50; \$413.69; \$399.96; \$427.51; \$427.51; \$413.69; \$41.35; \$427.55
Total:	\$3,820.01

INSERTED BY: Select Board

FINANCE COMMITTEE RECOMMENDS THAT: Article be Adopted

Article Information: State law requires Town Meeting action for the Town to make payment for bills received after the close of the fiscal year or bills in excess of appropriation.

CAPITAL ARTICLES

ARTICLE 9: APPROPRIATE FOR GENERAL FUND CASH CAPITAL

To see if the Town will vote to raise and/or transfer and appropriate \$96,200 for the purchase of vehicles, to be spent under the direction of the Town Manager, and to meet this appropriation, that \$59,980 be transferred from Article 32 of the May 2018 Annual Town Meeting, \$21,225 be transferred from Article 37 of the May 2019 Annual Town Meeting, and \$14,995 be transferred from Article 21 of the June 8, 2020 Annual Town Meeting; or take any other action relative thereto.

INSERTED BY: Select Board

FINANCE COMMITTEE RECOMMENDS THAT: Article be Adopted

Article Information:

ARTICLE 10: APPROPRIATE FOR SEWER ENTERPRISE FUND CASH CAPITAL

To see if the Town will vote to raise and/or transfer and appropriate \$55,000 for the purchase of a vehicle, to be spent under the direction of the Town Manager, and to meet this appropriation that said sum be raised from Sewer Enterprise Fund receipts; or take any other action relative thereto.

INSERTED BY: Select Board

FINANCE COMMITTEE RECOMMENDS THAT: Article be Adopted

Article Information:

ARTICLE 11: APPROPRIATE FOR WATER ENTERPRISE FUND CASH CAPITAL

To see if the Town will vote to raise and/or transfer and appropriate \$41,100 for the purchase of a vehicle, to be spent under the direction of the Town Manager, and to meet this appropriation that \$41,100 be transferred from Article 39 of the May 2018 Annual Town Meeting; or take any other action relative thereto.

INSERTED BY: Select Board
FINANCE COMMITTEE RECOMMENDS THAT: Article be Adopted

Article Information:

ARTICLE 12: TRANSFER OF SURPLUS BOND PROCEEDS

To see if the Town will vote to authorize the transfer of \$286,000 of surplus proceeds from previously issued bonds, which are no longer needed to complete the Central Avenue Elementary School (Sunita Williams School) for which they were initially borrowed, to pay costs of the Emery Grover project as authorized by G.L. c. 44, §20; or take any other action relative thereto.

INSERTED BY: Select Board
FINANCE COMMITTEE RECOMMENDS THAT: Article be Adopted

Article Information: The Sunita Williams School project is complete, the project was audited, final bonds were previously issued, and the Massachusetts School Building Authority's share of the project cost has been received. This has resulted in a surplus balance which per State Law may only be used to fund another project for which the Town may borrow for a similar term. This requires Town Meeting action. The Sunita Williams School project was funded by a debt exclusion. Therefore, upon the approval of Town Meeting to transfer the monies from the Sunita Williams School project to the Emery Grover project, a credit will be applied to the outstanding debt, reducing the amount that will be paid by debt exclusion and therefore reducing the amount of additional taxes that would have otherwise been raised on the tax rate. The following article is a companion article to rescind \$286,000 from an earlier debt authorization for the Emery Grover project.

ARTICLE 13: RESCIND DEBT AUTHORIZATION

To see if the Town will vote to rescind \$286,000 of the borrowing authorization under M.G.L., Chapter 44, Section 7, approved at the 2022 Annual Town Meeting under Article 21 (Emery Grover Renovation), for which the same amount will be appropriated from proceeds of previously issued bonds, or take any other action relative thereto.

INSERTED BY: Select Board
FINANCE COMMITTEE RECOMMENDS THAT: Article be Adopted

Article Information: When a project is financed by borrowing, the project has been completed, and the bills have been paid, the balance of the authorization that was not borrowed and not reserved for other project obligations may be rescinded. A Town Meeting vote to rescind prevents the Town from borrowing the amount rescinded and frees up borrowing capacity. However, in this instance the project is currently in progress and construction work is underway. The purpose of this reduction is to offset the \$286,000 which is proposed to be appropriated to the Emery Grover project under an earlier article. Town Meeting by appropriating the funds in the previous

article and rescinding a portion of the debt authorization under this article keeps the total project budget the same.

GENERAL ARTICLES & CITIZENS PETITIONS

ARTICLE 14: AMEND GENERAL BY-LAWS – NON-CRIMINAL DISPOSITIONS

To see if the Town will vote to amend the General By-laws by:

1. Deleting the following language from Section 2.2.5.1.1:

Whoever violates the provisions of this subsection 2.2.5.2.1 shall be subject to a fine of not exceeding twenty dollars (\$20.00) for each offense under the non-criminal process authorized by MGL Chapter 40, Section 21D. Each day on which the violation continues shall be considered a separate offense.

2. Deleting the following language from Section 2.2.5.1.4:

Whoever violates the provisions of Sub-section 2.2.5.1.4 shall be subject to a fine not exceeding one hundred dollars (\$100.00) each day being a separate offense.

3. Deleting the following language from Section 2.5.2:

Any person who violates any provision of Sub-section 2.5.2 in the presence of a police officer may be arrested by such officer without a warrant, if such person refuses to give his true name an address or to remove any substance unlawfully discarded by such person after having been requested by such officer. Any person who violates any provision of Sub-section 2.5.2 shall be punished by a fine not exceeding two hundred dollars (\$200.00) for each offense.

4. Deleting Section 2.5.3 in its entirety.

5. Deleting Section 2.11.5.9 in its entirety, and inserting in its place the following:

In the event of a demolition of an historically significant building in violation of this by-law, the person or persons responsible for the demolition including, but not limited to, the owners, tenants, developers, or contractors, shall each be subject to daily fines as provided for in Section 8. Each day that the building is not restored to its condition immediately prior to the said demolition, and the demolition permit is not issued, shall be a separate offense, up to a maximum of 183 days.

6. Deleting Section 3.1.1 (Grazing of Animals) in its entirety.

7. Deleting existing Section 3.1.3 (Coasting in Streets) in its entirety.

8. Deleting existing Section 3.1.4 (Use of Sidewalks) in its entirety and inserting in its place the following:

3.1.4 Use of Sidewalks. The Select Board may prohibit the use of motorized recreational vehicles or devices over or upon any public footpath or sidewalk.

9. Deleting existing Section 3.1.5 (Bicycles on Sidewalks) and inserting in its place the following:

3.1.5 Bicycles on Sidewalks. The Select Board may prohibit the riding of bicycles on any sidewalk within the Needham Square and Needham Heights Square business districts, and may from time to time direct the Police Chief to place appropriate markings or signs to this effect.

10. Deleting existing Section 3.1.8.1 in its entirety and inserting in its place the following:

3.1.8.1 No person shall place any snow or ice on a sidewalk or street.

11. Deleting existing Section 3.1.8.2 in its entirety and inserting in its place the following:

3.1.8.2 No owner, owner, tenant, occupant, proprietor, manager, agent, board, trust, or other entity having charge of property used wholly or in part for (a) a commercial purpose (including without limitation as a store, restaurant, bank, gym, theater, childcare facility or office); (b) a hospital or medical establishment; (c) a place of worship; (d) multi-family housing containing three (3) or more dwelling units on a lot; or (e) any other use open to the public, or to a particular membership or clientele, shall allow snow or ice to remain on a sidewalk abutting, on, or within its property for more than five hours between sunrise and sunset. If, by reason of weather conditions the snow and ice is evenly spread over a sidewalk and frozen and therefore difficult to remove, it may remain until it can more easily be removed; provided that while the snow and ice remain, the entity in charge shall keep the sidewalk in safe condition by sanding or otherwise.

12. Deleting existing Section 3.1.14 (Bow and Arrow) and inserting in its place the following:

3.1.14 Bow and Arrows. No person shall hunt with or shoot an arrow from a bow within the limits of any park, playground, public way, public building or other public property except with the consent of the Select Board, or hunt by bow and arrow on any private property except with the written consent of the property's owner or legal representative.

13. Deleting existing Section 3.1.15 (Fines) in its entirety.

14. Renumbering the sections within Section 3.1 in appropriate numerical order to account for the deletion of Section 3.1.1 (Grazing of Animals) and Section 3.1.3 (Coasting in Streets)

15. Deleting Section 3.2.4 (Fines) in its entirety and renumbering the remaining section in Section 3.2 in appropriate numerical order to account for said deletion.

16. Deleting Section 3.3.4 in its entirety and inserting in its place the following:

3.3.4 Penalties

(a) Non-criminal disposition as provided in Section 8.

(b) The owner of a system which causes six (6) or more false alarms within a calendar year, or who fails to pay the non-criminal disposition provided in Section 8, may be ordered by the Select Board after a public hearing, to disconnect and otherwise discontinue the use of such system.

17. Deleting Section 3.4.4 in its entirety.

18. Deleting Section 3.5.7 in its entirety and inserting in its place the following:

3.5.7 Penalties. Any person violating any of the provisions of Section 3.5 shall be deemed to have committed a misdemeanor and upon conviction thereof shall be fined in accordance with Section 8.

19. Amending the last sentence in Section 3.6.1.1 to read as follows:

Any person who refuses to post such signs or mark the pavement as ordered by the Fire Chief or violates any of the provisions of sub-section 3.6.1 shall be punishable by a fine as provided for in Section 8.

20. Deleting Section 3.6.2.4 in its entirety and inserting in its place the following:

3.6.2.4 Penalties

(a) Non-criminal disposition as provided in Section 8.

(b) The owner of a system which causes six (6) or more false alarms within a calendar year, or who fails to the non-criminal disposition provided in Section 8, may be ordered by the Select Board, after a public hearing, to disconnect and otherwise discontinue the use of the system.

21. Deleting Section 3.7.3 in its entirety and inserting in its place the following:

3.7.3 Complaints. The animal control officer is hereby authorized to seek a complaint against the owner or keeper of a dog who is found to have violated the provisions of Section 3.7 and may impose penalties as provided for in Section 8.

22. Deleting Section 3.7.9.3 in its entirety.

23. Deleting the following language from Section 3.8.1;

The penalty for a violation of this regulation shall be a \$50 fine.

24. Deleting Section 3.9.5 in its entirety, and inserting in its place the following:

Any Town employee(s) so designated for this work (“enforcement officer”) by the Town Manager shall enforce this By-law. The first notice of violation issued by the enforcement officer shall be a written warning. The owner/occupant shall then have thirty (30) days within which to remedy and cure the violation. If within a reasonable amount of time after these thirty (30) days have elapsed, the violation has yet to be remedied, subsequent notices of violation may be accompanied by fines as provided in Section 8.

25. Amending the last sentence of Section 3.9.6 to read as follows:

From the date that such hearing request is received by the Town Manager until the date that a decision is issued, all of the deadlines stated in Section 3.9 shall be temporarily stayed.

26. Deleting Section 4.1.4 in its entirety and inserting in its place the following;

In addition to the requirement that a dog shall be duly licensed as required by law, the owner of a dog not licensed on or before April 30th in any year shall be subject to fines as stated in Section 8.

27. Deleting the following language from Section 4.2.2:

Any person violating Section 4.2 shall be subject to a penalty not exceeding twenty dollars (\$20) for each offense.

28. Deleting Section 4.2.4 (Taxi Stands) in its entirety.

29. Deleting Section 5.6.1 in its entirety and renumbering the remaining sections within Section 5.6 in appropriate numerical order to account for said deletion.

30. Deleting Section 8.2.2 in its entirety, and inserting in its place the following:

8.2.2 Non-criminal Disposition. Any person violating any provision of these General By-Laws may be penalized by a non-criminal disposition as provided in M.G.L. Chapter 40, Section 21D. The non-criminal method of disposition may also be used for violations of any rule or regulation of any municipal officer, board or department which is subject to a specific penalty.

Without intending to limit the generality of the foregoing, it is the intention of this provision that the following specific penalties are to be included within the scope of this sub-section, that the specific penalties as listed herein shall apply in such cases, and that in addition to the municipal personnel listed for each section, if any, police officers shall in all cases be considered enforcing persons for the purpose of this provision; and each day on which any violation exists shall be deemed to be a separate offense unless otherwise specifically provided for herein. Notwithstanding the schedule of fines set forth below, the appropriate enforcing entity may issue a verbal or written warning in lieu of an initial penalty.

Section	Description	Penalty	Frequency	Enforcement Entity
2.2.5.1.1	Assignment of Street Numbers	\$100	Per Day	Fire Chief or designee / Building Commissioner or Designee
2.2.5.1.4	Street Occupancy Permit	\$100	Per Day	DPW Director or Designee
2.2.5.1.6	Street Intersections	\$100	Per Day	Town Engineer or Building Inspector for initial penalty, Town Engineer for Appeals
2.2.5.4	Trench Safety	\$300	Per Offense	DPW Director or Designee
2.2.5.5	Municipal Water Supply	\$100	Per Offense	DPW Director or Designee
2.2.5.6	Private Ways	\$100	Per Offense	Fire Chief or Designee
2.5.1	Transportation of Refuse and Garbage	\$100	Per Offense	Director of Health of Health and Human Services or Designee
2.5.2	Disposal of Refuse and Garbage	\$100	Per Offense	Director of Health of Health and Human Services or Designee
2.11.5	Demolition of Historical Buildings	\$300	Per Day	Building Commissioner or Designee
3.1.2* (to be renumbered as 3.1.1)_	Obstruction of Sidewalks	\$100	Per Offense	Any Sworn Police Officer / DPW Director or Designee
3.1.4* (to be renumbered as 3.1.2)_	Use of Sidewalks	\$100	Per Offense	Any Sworn Police Officer
3.1.5* (to be renumbered as 3.1.3)	Bicycles on Sidewalks	\$100	Per Offense	Any Sworn Police Officer
3.1.6* (to be renumber	Discharge of Firearms	\$300	Per Offense	Any Sworn Police Officer

ed as 3.1.4)___				
3.1.7* (to be renumber ed as 3.1.5)	Dealing in Second-Hand Merchandise	\$100	Per Day	Any Sworn Police Officer
3.1.8* (to be renumber ed as 3.1.6)	Snow and Ice on Sidewalks	\$200	Per Day	Any Sworn Police Officer / DPW Director or Designee
3.1.9* (to be renumber ed as 3.1.7)	Consumption of Alcoholic Beverages	\$100	Per Offense	Any Sworn Police Officer
3.1.10* (to be renumber ed as 3.1.8)___	Use of Marijuana	\$100	Per Offense	Any Sworn Police Officer
3.1.11* (to be renumber ed 3.1.9)	Licensed Hawkers and Peddlers	\$100	Per Offense	Any Sworn Police Officer
3.1.12* (to be renumber ed 3.1.10)	Household Refuse	\$100	Per Offense	Any Sworn Police Officer
3.1.13* (to be renumber ed as 3.1.11)	Discharge of Water	\$200	Per Offense	Any Sworn Police Officer / DPW Director or Designee
3.1.14* (to be renumber ed as 3.1.12)	Bow and Arrows	\$300	Per Offense	Any Sworn Police Officer
3.2	Sale of Food	\$100	Per Day and Per Sale	Any Sworn Police Officer
3.3	Improper Use of Burglar Alarms	\$100	Per Offense	Any Sworn Police Officer

3.4.	Handicapped Parking	\$200	Per Offense	Any Sworn Police Officer
3.5	Abandoned, Wrecked, Dismantled or Discarded Vehicles	\$100	Upon misdemeanor conviction	Any Sworn Police Officer
3.6.1	Fire Lanes, and Vehicles Obstructing the Passage of Fire Apparatus	\$100	Per Offense	Any Sworn Police Officer
3.6.2	Improper Use of Fire Alarms	\$100	Per Offense (in excess of 3 per year)	Any Sworn Police Officer
3.7.1	Use of Leashes	\$100	Per Offense	Any Sworn Police Officer
3.7.2	Disturbing the Peace	\$100	Per Offense	Any Sworn Police Officer
3.7.4	Restraint of Dogs	\$300	Per Offense	Any Sworn Police Officer
3.7.5	Uncontrollable Dogs	\$300	Per Offense	Any Sworn Police Officer
3.7.6.	Restricted Areas	\$100	Per Offense	Any Sworn Police Officer
3.7.7	Removal of Pet Waste	\$100	Per Offense	Any Sworn Police Officer
3.7.8	Off-Leash Areas	\$100	Per Offense	Any Sworn Police Officer
3.7.9	Vaccination Requirement	\$100	Per Offense	Any Sworn Police Officer
3.8	Noise Regulation	\$100	Per Offense	Building Commissioner or Designee
3.9	Public Nuisance Regulation	\$100	Every 30 days up to 60 days, then every 15 days	Director of Health of Health and Human Services or Designee
4.1.4	Failure to License	\$100	Per Offense	Any Sworn Police Officer
4.2	Public Carriages and Taxis	\$100	Per Offense	Any Sworn Police Officer
4.3	Fees, Registration Applicable to Flammables	\$300	Per Offense	Fire Chief or Designee

5	Sign By-Law	\$100	Per Offense	Building Commissioner or Designee
6	General Wetlands Protection	\$300	Per Offense	Conservation Agent
7	Stormwater	\$300	Per Day, after 15 days	DPW Director or Designee
	Violation of the Board of Health Regulations	\$300	Per Offense	Director of Health of Health and Human Services or Designee
	Violation of Zoning By-Laws	\$100 – 1 st Offense \$300 – each subsequent	Per Day	Building Commissioner
	Violation of Regulations for For-Profit Transient Vendors/Businesses: Hawkers & Peddlers; Door-to-Door Solicitations	\$100	Per Offense	Any Sworn Police Officer
NOTE: Enforcement entity may choose to issue a verbal or written warning to a violator before assessing a penalty.				

or take any other action relative thereto.

INSERTED BY: Select Board

FINANCE COMMITTEE RECOMMENDS THAT: Article be Adopted

Article Information: This article seeks to address administrative issues resulting from the serial nature of Town General By-Law (GBL) updates, specifically related to non-criminal dispositions, their penalties, and intended enforcement entities. As currently adopted, the GBL contains several inconsistencies, primarily: mismatches between individual by-law text and the penalty summary section of the GBL; by-laws with no clearly defined penalties; by-laws with conflicting enforcement entities; by-laws with no stated enforcement entities; outdated language; and combinations of the above. To address these inconsistencies, and to prevent the likelihood of similar issues occurring following any future amendment, this article seeks to amend the GBL by removing references to penalties and enforcement entities from the text of individual by-laws. All penalties and enforcement entities are proposed to be placed in a revised summary section, that will take the form of a table. The wide array of fines has been consolidated into three tiers: \$100 fine for violations that are general inconveniences (predominantly used as a deterrent), \$200 for violations that carry some risk of harm, and \$300 for violations that may cause lasting or reparable harm. The maximum non-criminal fine allowed under State law is \$300.

ARTICLE 15: AMEND GENERAL BY-LAWS/SPECIALIZED ENERGY CODE

To see if the Town will vote to adopt the Municipal Opt-in Specialized Stretch Energy Code (the “Specialized Energy Code”) for the purpose of regulating the design and construction of buildings

for the effective use of energy and reduction of greenhouse gas emissions, pursuant to the entirety of 225 CMR 22 and 23 including Appendices RC and CC, including future editions, amendments or modifications thereto, and to amend its General By-Laws by deleting Section 3.11 (Stretch Energy Code) in its entirety, and inserting in its place the text set forth below, provided that said adoption of the Specialized Energy Code and this amendment of the General By-Laws shall be effective as of July 1, 2024.

Section 3.11 SPECIALIZED ENERGY CODE

3.11.1 Definitions

International Energy Conservation Code (IECC) – The International Energy Conservation Code (IECC) is a building energy code created by the International Code Council. It is a model code adopted by many state and municipal governments in the United States for the establishment of minimum design and construction requirements for energy efficiency, and is updated on a three-year cycle. The baseline energy conservation requirements of the MA State Building Code are the IECC with Massachusetts amendments, as approved by the Board of Building Regulations and Standards and published in state regulations as part of 780 CMR.

Specialized Energy Code – Codified by the entirety of 225 CMR 22 and 23 including Appendices RC and CC, the Specialized Energy Code adds residential and commercial appendices to the Massachusetts Stretch Energy Code, based on amendments to the respective net-zero appendices of the International Energy Conservation Code (IECC) to incorporate the energy efficiency of the Stretch energy code and further reduce the climate impacts of buildings built to this code, with the goal of achieving net-zero greenhouse gas emissions from the buildings sector no later than 2050.

Stretch Energy Code - Codified by the combination of 225 CMR 22 and 23, not including Appendices RC and CC, the Stretch Energy Code is a comprehensive set of amendments to the International Energy Conservation Code (IECC) seeking to achieve all lifecycle cost-effective energy efficiency in accordance with the Green Communities Act of 2008, as well as to reduce the climate impacts of buildings built to this code.

3.11.2 Purpose The purpose of 225 CMR 22.00 and 23.00 including Appendices RC and CC, also referred to as the Specialized Energy Code is to provide a more energy efficient and low greenhouse gas emissions alternative to the Stretch Energy Code or the baseline Massachusetts Energy Code, applicable to the relevant sections of the building code for both new construction and existing buildings.

3.11.3 Applicability The Specialized Energy Code applies to residential and commercial buildings.

3.11.4 Specialized Energy Code The Specialized Energy Code, as codified by the entirety of 225 CMR 22 and 23 including Appendices RC and CC, including any future editions, amendments, or modifications, is herein incorporated by reference into this section.

3.11.5 Enforcement The Specialized Energy Code is enforceable by the Building Commissioner.

3.11.6 Effective Date This Section 3.11 shall be effective as of July 1, 2024.

or take any other action relative thereto.

INSERTED BY: Select Board

FINANCE COMMITTEE RECOMMENDS THAT: Article not be Adopted

Article Information:

**ARTICLE 16: FOSTER PROPERTY OPEN SPACE ZONING NON-BINDING
RESOLUTION**

To see if the Town will vote to support the concept of amending the Zoning By-Laws to allow for clustered development of a portion of the parcel located at 484 Charles River Street, containing 58.28 acres +/- as shown on Assessors Map 304, Block 0002, as approximately 70 townhome housing units, of which at least 5% would be affordable, provided that such zoning shall be consistent with the proposal to preserve (i) approximately half of 484 Charles River Street, (ii) 0 Charles River Street (as shown on Assessors Map 304, Block 0004) and (iii) 0 Charles River Street (Assessors Map 304, Block 005) collectively containing 34 acres +/- in Town ownership, and for which Town Meeting appropriated \$2.5 million at the October 2022 Special Town Meeting; or take any other action relative thereto.

INSERTED BY: Select Board

FINANCE COMMITTEE RECOMMENDS THAT: Article not be Adopted

Article Information:

And you are hereby directed to serve this Warrant by posting copies thereof in not less than twenty public places in said Town at least fourteen (14) days before said meeting.

Hereof fail not and make due return of this warrant with your doings thereon unto our Town Clerk on or after said day and hour.

Given into our hands at Needham aforesaid this 26th day of September 2023.

Marianne B. Cooley, Chair
Kevin Keane, Vice Chair
Heidi Frail, Clerk
Marcus A. Nelson, Member
Catherine Dowd, Member

A TRUE COPY

Attest:

Constable:

Draft 10.6.2023

Status of Articles 10/5/2023
October 30, 2023 Special Town Meeting

#	Article	Status	SB Position	FC Position	SB	FC	CPC	Planning
1	Appropriate for Roadway Improvements (Eversource)			Adopt	Heidi			
2	Appropriate for Youth Health Initiatives (Children's Hospital Community Benefit Payment)			Adopt	Kevin			
3	Appropriate for Intersection Improvements (Children's Hospital)			Adopt	Heidi			
4	Appropriate for Opioid Settlement Fund Planning			Adopt	Kevin			
5	Amend the FY2024 Operating Budget			Adopt	Marianne			
6	Amend the FY2024 Sewer Enterprise Fund Budget			Adopt	Marcus			
7	Amend the FY2024 Water Enterprise Fund Budget			Adopt	Marcus			
8	Appropriate for Unpaid Bills of a Prior Year			Adopt	Marcus			
9	Appropriate for General Fund Cash Capital			Adopt	Cathy			
10	Appropriate for Sewer Enterprise Fund Cash Capital			Adopt	Cathy			
11	Appropriate for Water Enterprise Fund Cash Capital			Adopt	Cathy			
12	Transfer of Surplus Bond Proceeds			Adopt	Heidi			
13	Rescind Debt Authorization			Adopt	Kevin			
14	Amend General By-laws – Non-Criminal Disposition			Adopt	Cathy			

Status of Articles 10/5/2023
October 30, 2023 Special Town Meeting

15	Amend General By-laws – Specialized Energy Code			Article Not Be Adopted	Marianne			
16	Foster Property Open Space Zoning Non-Binding Resolution			Article Not Be Adopted	Marianne			



**Select Board
TOWN OF NEEDHAM
AGENDA FACT SHEET**

MEETING DATE: 10/10/2023

Agenda Item	Calendar Year 2024 Select Board Licensing Fee Schedule
Presenter(s)	Kate Fitzpatrick, Town Manager

1.	BRIEF DESCRIPTION OF TOPIC TO BE DISCUSSED
The Town Manager will ask the Select Board to approve the proposed Select Board Licensing Fee Schedule for Calendar Year 2024.	
2.	VOTE REQUIRED BY SELECT BOARD
Suggested Motion: That the Board vote to approve the Calendar Year 2024 Select Board Licensing Fee Schedule.	
3.	BACK UP INFORMATION ATTACHED
a. Proposed Calendar Year 2024 Select Board Licensing Fee Schedule	



Town of Needham Select Board Fee Schedule

CALENDAR YEAR 2024

ON PREMISE ALCOHOLIC BEVERAGE

\$4,525	Innholders
\$4,025	Restaurants - All Alcoholic
\$1,500	Restaurants & Brew Pubs–Wine /Malt
\$1,500	Farmer Series Pouring Permit
\$ 510	Clubs
\$ 150	New License/Transfer License (On Premise & Off Premise Licenses)
\$ 100	Change in License (On Premise & Off Premise Licenses)
	Includes:
	Change of Manager
	Pledge of License/Stock
	Alteration of Premises
	New Officer/Director
	Change of Corporate Name or D/B/A
	Most other changes

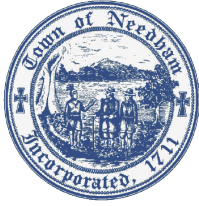
OFF PREMISE ALCOHOLIC BEVERAGE

<u>Initial</u>	<u>Renewal</u>	
\$3,500	\$2,500	Retail Package Goods Store, All Kinds of Alcoholic Beverages
\$3,000	\$2,000	Retail Package Goods Store, Wine & Malt Beverages Only

MISC. LICENSES/PERMITS

Automatic Amusement	\$ 50 each machine
Bowling	\$ 10 each lane
Class I and Class II	\$ 200
Common Victualler Licenses	\$ 100
Innkeeper	\$ 25
Livery	\$ 25
Lodging License	\$ 50
One-Day Special Liquor License	\$ 25
Outdoor Dining	\$ 25*
Pool Table	\$ 25
Sunday Public Entertainment	\$ 100
Weekday Public Entertainment	\$ 100
Road Race	\$ 25
Second Hand Articles	\$ 25
Taxi	\$ 10 each cab

*Outdoor Dining Fee License applied to Common Victualler License Fee upon approval. Does not include any use fees for sidewalk and/or parking space use defined in Select Board Policy SB-LIC-016.

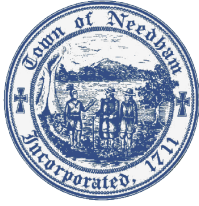


**Select Board
TOWN OF NEEDHAM
AGENDA FACT SHEET**

10/10/2023

Agenda Item	Town Manager's Report
Presenter(s)	Kate Fitzpatrick, Town Manager

1.	BRIEF DESCRIPTION OF TOPIC TO BE DISCUSSED
	The Town Manager will update the Board on issues not covered on the agenda.
2.	VOTE REQUIRED BY SELECT BOARD
	N/A – Discussion Only
3.	BACK UP INFORMATION ATTACHED
	None



**Select Board
TOWN OF NEEDHAM
AGENDA FACT SHEET**

MEETING DATE: 10/10/2023

Agenda Item	Committee Reports
Presenter(s)	Board Discussion

1.	BRIEF DESCRIPTION OF TOPIC TO BE DISCUSSED
Board members may report on the progress and/or activities of their Committee assignments.	
2.	VOTE REQUIRED BY SELECT BOARD
N/A – Discussion Only	
3.	BACK UP INFORMATION ATTACHED
None	

**Town of Needham
Select Board
Minutes for Tuesday, September 26, 2023
Select Board's Chamber
and
Via ZOOM
<https://us02web.zoom.us/j/89068374046>**

- 6:00 p.m. Call to Order:
A meeting of the Select Board was convened by Vice Chair Kevin Keane. Those present were Chair Marianne Cooley (via Zoom), Cathy Dowd, Heidi Frail, and Town Manager Kate Fitzpatrick. Marcus Nelson was not in attendance. Dave Davison, ATM/Finance, Katie King, ATM/Operations (via Zoom), and Susan Metropol, Recording Secretary, were also in attendance.
- 6:00 p.m. Mr. Keane introduced new Recording Secretary Susan Metropol.
- 6:01 p.m. Public Comment Period:
David Sherman (via Zoom), 100 Rosemary Way, spoke to the Board about the sectarian nature of the prayer offered at the Town's recent 9/11 Memorial. He noted his communication regarding the issue with Ms. Fitzpatrick, Ms. King, and the Fire Chief. Mr. Sherman expressed his view that all prayers at Town events, including Fire and Police departments events, Town Meeting, and other meetings should be non-sectarian.
- 6:04 p.m. Certificate of Appreciation – Jon Schneider:
Ms. Frail read a Certificate of Appreciation recognizing Jon Schneider for 30 years of service to the Town of Needham Zoning Board of Appeals. The Board thanked Mr. Schneider for his leadership and dedication to quality work in the town. Mr. Schneider expressed his thanks for the recognition. Mr. Keane recognized the extent of Mr. Schneider's commitment to the town for the past 30 years. Ms. Fitzpatrick also expressed her thanks for Mr. Schneider's professionalism and grace during his service.
- 6:08 p.m. Proclamation – Hispanic Heritage Month:
Ms. Frail read a proclamation recognizing September 15 – October 15, 2023, as Hispanic Heritage Month in Needham.
- 6:09 p.m. Public Hearing – Application for a Fuel Storage License at 360 1st Avenue:
Presenters: Ronald Gavel, Fire Inspector, Jay Steeves, Fire Inspector, Gerald Topping, Assistant Director of Building Construction, Boston Children's Hospital, Greg Lynch, Construction Manager, Brian Tatarczuk, Engineer. Mr. Topping presented the hospital's application to store 8,000 gallons of number two diesel fuel to run the emergency generator providing electrical supply for approximately two and a half days. He noted that this is not a 24/7 operation as an ambulatory surgical

center but requires reserve capacity. He confirmed that the Fire Chief had endorsed the application. Mr. Gavel and Mr. Steeves were also present.

Mr. Keane opened to the Board for questions. Ms. Frail asked about the consideration of cleaner energy and of any plans to diversify back up energy moving forward. Mr. Topping responded that gas would rely on gas line and not be a guaranteed fuel source and that operating theatres would require emergency power. Boston Children's Hospital as an institution is moving in the direction of clean energy. This particular facility will use diesel so that power is available and guaranteed. Ms. Frail asked if the building would have any solar array. Mr. Topping responded that the building does not, as the power demand of the building exceeds the space available for arrays. The building itself is more efficient than the energy efficiency standard. Geothermal energy was explored, not considered due to geology. Battery backup is available to start the generator, but amount of power consumed would exceed ability to use battery power onsite. Kevin Keane asked about safety concerns about the underground tank. Mr. Topping responded that the tank is double-walled and made of steel, any leak into the external shell would trigger alarms, which are tested monthly. Ms. Cooley noted that this is a standard request and that people should feel confident in the safety and inspection mechanisms for this type of application.

Motion by Ms. Frail that the Select Board approve and authorize the Chair to sign a license for Boston Children's Hospital Corporation to install an 8,000-gallon underground diesel storage tank to serve the emergency generator on the property of 260 1st Avenue in Needham.

Second: Ms. Dowd. Unanimously approved 4-0.

6:17 p.m. Public Hearing – Application for a Transfer of an All-Alcohol License – Latin-A Group, LLC d/b/a Latina Kitchen and Bar:

Motion by Ms. Frail that the Select Board move this public hearing to the Select Board Meeting on Tuesday, October 10, 2023.

Second: Ms. Dowd. Unanimously approved 4-0.

6:18 p.m. Appointments and Consent Agenda:

Motion by Ms. Dowd that the Select Board vote to approve the Appointments and Consent Agenda as presented.

Second: Ms. Frail. Unanimously approved 4-0.

APPOINTMENT CALENDAR

1.	Marianne Cooley	Future School Needs Committee Term Exp: 6/30/2026
2.	Kevin Keane	Future School Needs Committee Term Exp: 6/30/2026
3.	Catherine Dowd	Subcommittee to Study the Minuteman School Term Exp: 6/30/2026

4.	Gloria Greis	Needham Branding and Town Seal Committee Term Exp: 6/30/2024
5.	Maureen Callahan	Community Preservation Committee Term Exp: 6/30/2026
6.	Keith LaFace	Human Rights Committee Term Exp: 6/30/2026
7.	Lynn Rodman	Commission on Disabilities Term Exp: 6/30/2025
8.	Cynthia Ganung	Needham Branding and Town Seal Committee Term Exp: 6/30/2024
9.	James Goldstein	Mobility Planning and Coordination Committee Term Exp: 6/30/2026

CONSENT AGENDA

1.	Approve open session minutes of September 11, 2023 and September 12, 2023
2.	Accept the following donations to the Needham Free Public Library: • From the Friends of the Needham Free Public Library, \$7,500 • From the Library Foundation of Needham, \$7,432.12 • From Rebecca and Michael Turner, \$100 in memory of Frances Josephine Pascucci • From Karen Kajmo, <i>The Collector</i>, by Daniel Silva (estimated value \$32) • From Nancy Agler on behalf of the Needham Garden Club, \$25 in memory of Kathleen Lewis
3.	Approve a request from the Charles River Chamber to place Fall Harvest Fair signs at the following locations through one day following the conclusion of the Fall Harvest Fair: • In front of Town Common along the fence on Great Plain Ave. • Avery Square • Entrance to the Recycling Transfer Station at 1421 Central Ave. • Outside Public Service Administrative Building at 500 Dedham Ave. • Needham Library front lawn at 1130 Highland Ave. • Along Harris Street green near Pollard Middle School • Next to the “Entering Needham” signs on Dedham Ave., Webster St., Kendrick St., and Great Plain Ave.
4.	Accept the following donations made to the Needham Community Revitalization Trust Fund: \$100 from the Charles River Center, \$1500 from the Needham Public Library, and \$100 from Randal & Denise Murdza.

NOTICE OF APPROVED BLOCK PARTIES

Name	Address	Party Location	Date	Time	Rain Date
Lisa Bello	124 Gayland Road	Gayland Road	9/30/23	4pm-6pm	10/1/23

Mark Pantridge	102 Lexington Avenue	Burnside Road, between Lexington Avenue and Concord Street	10/14/23	5:30pm-9pm	N/A
Melissa Emond	15 Prospect Street	Meadowbrook Road	10/28/23	3pm-5pm	10/29/23
Yakov Shapiro	208 Valley Road	208 to 222 Valley Road	10/29/23	2pm to 5pm	11/4/23

NOTICE OF APPROVED ONE-DAY SPECIAL ALCOHOL LICENSES

Hosting Organization	Primary Contact	Location	Date
Charles River Center	Hilary Ryan	59 East Militia Heights Drive	09/24/23
Newman Parent Teacher Council	Stefanie Forman	1147 Central Ave	10/21/23

6:19 p.m. Legislative Update:
Denise Garlick, State Representative, expressed her thanks to the members of the Select Board for their commitment to civil discourse in our community. Rep. Garlick commented on the difficulty for local officials to facilitate civil discourse and her respect for each member of the Select Board for their commitment to the town. As the House Chair of the Joint Committee of Education, Rep. Garlick noted her role as Chair of a permanently funded commission on the status of individuals with disabilities.

FY24 Budget:

Rep. Garlick then presented the Massachusetts State FY24 Budget Funding Initiatives as follows: Clean Energy, Mental Health, Public Education, Early Education and Care, and Public Health. A special focus has been placed on Early Education and Care and Public Health. The SAFE (State Action Public Health for Excellence) Bill, which Rep. Garlick has worked on since 2014 has been approved in the public health committee and is moving to the floor. Rep. Garlick also highlighted the FY24 Budget Policy Initiatives as follows: Preventative Services, Operation House Call, Universal School Meals, Evictions Protections, and No Cost Calls.

Needham Local Aid:

State is continually supporting communities as demonstrated by each increase each year. METCO budget has been held stable. Rep. Garlick is hoping that the House will move on overriding the governor's veto of a portion of the METCO budget. Dr. Dan Gutenkanst, superintendent of Needham Public Schools has advocated for METCO. Special Education Circuit Breaker to be calculated but is fully funded. Ms. Garlick reported that \$75K has been secured for Needham Housing Authority Community Center upgrades as well as \$100,000 for Charles River Center accessibility adaptations. Finally, \$40,000 has been secured for Community

Behavioral Health Services at BID Needham in its third year of pilot program. Rep. Garlick emphasized the need for a strong connection between the hospital and community resources.

FY23 Revenue Picture:

Rep. Garlick reported that the FY23 revenues were \$39.796B, which was \$605M (1.5%) below projections. The total FY23 Budget Impact was \$39M.

Education Committee:

The Education Committee has focused on the following areas: Special Education, Early Education, Assessments, Students' Mental Health, Curriculum & Instruction, School Personnel, School Finance, Early Literacy, and College & Career Readiness. Rep. Garlick highlighted that the need is great in early education and during COVID-19 this became evident. Federal aid supporting early education has ceased since the end of the COVID-19 emergency, but Massachusetts continues to focus on this.

Session Priorities:

Rep. Garlick listed the following areas as Session Priorities: Public Health, Tax Relief, Hybrid Public Meetings, Housing, Healthcare Worker Safety, Transportation, Early Education and Care, Climate Change, Firearm Safety, and Human Services Workforce.

Mr. Keane expressed his thanks for meeting with individuals around the Commonwealth and for her commitment to the Commonwealth. Ms. Dowd as a former teacher thanked Rep. Garlick for her service especially securing METCO funding and Universal School Meals.

Ms. Frail also thanked Rep. Garlick for her work in the healthcare workforce. She also asked about how Early Education funding translates from the state to local level. Rep. Garlick discussed the importance of advocating for Early Education and Childcare for young families.

6:49 p.m.

Public Hearing – EV Charging Station Rates:

Presenters: David Davison, Deputy Town Manager/Director of Finance, Carys Lustig, Director of Public Works, and Cecilia Simchak, Director of Finance/Administration for Public Services. Mr. Davison presented that the proposed policy for EV rates and noted that the policy adopted by the Board can be amended by the Board at any time. The policy identifies three types of charging stations available to differing audiences. Proposal in terms of rates is rate per kilowatt hour charge at \$0.25 per hour. An additional charge included in this policy is to be incurred once a vehicle stops charging at \$3/hour to encourage turnover (with a 30-minute grace period). Discussion ensued about the demand for electric vehicle chargers, providing an incentive to move vehicles that are fully charged, and the goal of adding additional chargers in town while taking into consideration

the maintenance required necessitating a funding mechanism for maintenance as inventory expands.

Ms. Dowd asked about research conducted on the \$3 charge. Ms. Simchik responded that other communities charge varying amounts ranging from \$1-\$3. Discussion followed on how the committee decided on \$3.

Ms. Frail added her support for this rate and the policy behind it. ChargePoint will be responsible for the \$3 charge. Discussion of the 5-hour limit, recommended a 4-hour limit instead.

Ms. Cooley agreed with Ms. Frail's recommendation for 4-hour limit. Ms. Cooley expressed concern that rate does not express cost of maintenance for the chargers. She asked if the fees should be set higher to account for this. Mr. Davison responded that there is currently a premium being added at the rate of \$0.25 hour whereas the town's rate is \$0.22/hour. The FY 25 budget will include another rate adjustment which can include cost for repairs and maintenance.

Mr. Keane asked if the grace period of 30 minutes is too generous. According to DPW seems necessary for those using although it is generous. Mr. Keane and Ms. Fitzpatrick inquired about town and school employees working outside of regular working hours and Ms. Lustig responded this policy will be revised to create equal access to charging stations during working hours. Mr. Davison informed the Board that they will be asking the Board to vote at their next meeting on October 10.

7:04 p.m.

DPW Feasibility Study – Update:

Presenters: Hank Haff, Director Building Design & Construction, Carys Lustig, Director of Public Works, Shane Mark, Assistant Director of Public Works. Mr. Hank Haff reminded the Board of the full presentation at the last Select Board meeting. Mr. Haff identified Option #4 as the recommendation of the DPW. It is a phaseable option and a substantial improvement to the existing facility. Mr. Haff noted the cost escalation depending on how long each phase lasts. Ms. Fitzpatrick noted that the capital plan developed in November/December will include more specific numbers.

Ms. Dowd asked about what soft costs include. Mr. Haff identified architect and engineering costs, borrowing costs, survey costs, and printing costs. These need to be appropriated first to do design and technical work.

Ms. Frail asked about the impact of the opt-in specialized code to be discussed at the fall Town Meeting. Mr. Haff discussed the potential for different design choices specific to DPW buildings. Ms. Frail also asked about anticipated maintenance costs. Ms. Fitzpatrick contributed that this is included in the capital plan. Mr. Haff noted that the Public Services Administration Building is the only public building that is geothermal in Needham and has one of the lower operating and maintenance costs of the public buildings.

Ms. Cooley expressed support for Option #4 with the consideration that there is more to learn about maintenance costs for the town.

Motion by Ms. Dowd that the Select Board designate Option 4 as the preferred design option relative to the 2023 DPW Feasibility Study.

Second: Ms. Frail. Unanimously approved 4-0.

Mr. Keane expressed his thanks to the Committee.

7:13 p.m.

DPW: Traffic Safety Committee:

Presenter: Carys Lustig, Director of Public Works and Transportation Safety Committee, and Justin McCullen, Chair, Transportation Safety Committee, presented the Board with an update on the roadway narrowing project and line striping work, reminding the Board that over the past few years the Department of Public Works has reduced the average lane width from a standard 12-foot to 10- of 9-foot lanes. The state is also moving in this direction. The Transportation and Safety Committee identified a potential location for piloting this proposal. The residents at this location were not particularly receptive, leading the Committee to identify two other locations in Needham, High Rock Street and Oak Street, that could be included in a pilot program for updated line striping. The proposal for High Rock Street is two 9-foot lanes with a 6-foot bike lane. The proposal for Oak Street is two 9-foot lanes with a 3-foot shoulder. Traffic counts will be conducted before and after the application in order to assess the effectiveness of reducing the lane width. The Mobility Committee can use the collected information to create more standardized practices around lane striping.

Ms. Frail asked a clarifying question about what work will be completed. Ms. Lustig responded that only painting will be completed, and no pavement work will be conducted.

Ms. Dowd asked how the pilot will be evaluated. Mr. McCullough responded that traffic and speed counts will be conducted before and after the application of the traffic stripes to determine whether there is a measurable change in traffic count and speed.

Ms. Frail asked if the tubing measuring the traffic count and speed will extend across the bike lane. Ms. Lustig responded that she will look into this and other new technologies, such as the use of radar, to conduct bike counts.

Ms. Frail also clarified that there would not be any barriers. Mr. McCullough confirmed that only markings would be implemented in this pilot. Ms. Lustig noted that barriers used to control traffic are challenging in New England due to snow removal and need to be removed during the winter months, which removes any protection they offer as well.

Ms. Cooley asked if the DPW expects to understand if lane widths correlate with speed at the conclusion of this pilot. Mr. McCullough responded that DPW will also need to consider both the type of the road and traffic counts to develop a dataset. Ms. Lustig noted the difference between design speed and reduction in speed, emphasizing that reduction in speed is more significant as a metric. DPW hopes that this pilot will allow them to create design standards that can be more universally applied.

Mr. Keane asked if DPW plans to remove the center line. Ms. Lustig discussed this as an option on local roads with low volumes but expressed concern about higher speeds and crash incidences. In information provided by the state removal of traffic striping was not one of the recommended actions, although striping was a recommended option to reduce speeds. The Board expressed their enthusiasm for this pilot.

7:23 p.m.

DPW: Dedham Ave Paving and Markings Improvements:

Presenter: Carys Lustig, Director of Public Works, presented to the Select Board regarding the opportunity from the state for pavement preservation on Dedham Ave. The state initially intended to conduct the work itself but subsequently granted the funds for the project to the town of Needham in order to conduct the project after Eversource completed its work on Dedham Ave between Webster and Harris. Needham discussed with the state, which issued a grant in the amount budgeted for the project. This allowed for more time to examine design of roadway markings and address serious concerns for pedestrian mobility. Residents have brought forward concerns about traffic safety and the DPW is working with the state to reduce speed limits from 35 mph to 30 mph.

DPW Collaboration with Fuss & O'Neill has addressed three main issues:

1. Improving ramps on Dedham Ave which are currently non-compliant
2. Improving Dedham and Webster intersection and creating accessible ramps
3. Adding legal sidewalk under MBTA bridge

This project will focus on a topical paint pilot approach as this project was not originally in the funding queue. Ms. Lustig expressed her hope that this is a starting point for evaluating traffic calming on Dedham Ave. A particular point of concern is a crosswalk between George Aggott Road and Dedham Ave. There is not a clear consensus on adding a crosswalk or not. The goal for the DPW is to calm traffic first and then add a crosswalk. Main changes is a narrowing of the lane to 10 feet, adding a bike amenity towards town center, and narrowing the visual field.

Ms. Frail expressed the need to put a crosswalk between George Aggott Road and Dedham Ave. She raised the possibility of implementing parking restrictions in that area. She raised the idea of painting lines or adding rumble strip to slow traffic. Kate Fitzpatrick added to consult with Fuss & O'Neill further on this.

Ms. Dowd clarified that the lanes will be narrowed from over 12 feet to 10 feet and agreed that adding a crosswalk is a goal.

Ms. Cooley asked about the difference between 10- and 11-foot lanes. Ms. Lustig explained the change between the two discourages passiveness while driving. Ms. Cooley also asked about the ability to add surfaces to paint in future. This is to be explored in future phases of the project following the pilot. Ms. Cooley also commented on how the data from lane narrowing projects will influence traffic calming measures in future. Ms. Cooley proposed this could be a project for the Mobility Committee. Ms. Lustig outlined that the Mobility Committee will meet in October or early November with the goal of looking at the capital plan for this year, the roads in town, the pavement condition index, prioritization list, and sidewalk condition index. DPW will use feedback on current methodology to determine whether to maintain or modify these standards.

The Board thanked Ms. Lustig for her presentation.

7:41 p.m.

DPW: Claxton Field:

Presenter: Carys Lustig, Director of Public Works. Ms. Fitzpatrick reminded the Board of the recommendation to withdraw Claxton item from the Special Town Meeting Warrant. Investigation of subsurface materials at Claxton following a resident complaint leading to the discovery of contaminated materials required to be registered with the DEP. This required extensive testing, revealing the contamination extends beyond the field to a stream behind the facility. Further earthwork and mitigation and conservation filing necessary at this point. Additional conditions now placed by DEP, including adding additional topsoil on the parcel (originally 18 inches, now 24 inches of topsoil). Ms. Lustig expressed that DPW now does not feel comfortable to present to Special Town Meeting given the changes made to the original plan. The goal of reopening the field in May 2025 is still the plan while finalizing the plan to present to the Finance Committee and subsequently Town Meeting. Ms. Lustig noted the DPW is recommending an emergency preamble which will allow a contractor to start ordering materials. This will allow DPW to have a contract in place and allow groundbreaking in summer 2024.

Ms. Fitzpatrick noted that Park and Recreation voted to delay until May.

Ms. Cooley asked if this project needs to be worked into funding plan for next year. Ms. Lustig replied that it does.

7:50 p.m.

Needham Health and Human Services:

Presenters: Tim McDonald, Director of Health and Human Services, Sara Shine, Director of Youth and Family Services, and Tiffany Zike, Assistant Director of Public Health

Presenter Sara Shine spoke on Behavioral Health Funds and outlined youth health initiatives with Children's Hospital, specifically addressing the increasing acuity and needs as a result of the mental health crisis in the area and how to best support the community. Funds will be utilized for two additional positions: a Community-Based Clinician who is a mental health professional based in the community and a Community Training Coordinator who will train, staff, and manage outreach, train other staff, and be involved in mental health first aid training of adults and high schoolers. Mr. Keane asked whether these positions are permanent. Ms. Fitzpatrick noted that this money must go only to youth and behavioral health initiatives. Positions are tied to Children's Funding.

Ms. Frail asked what is mental health first aid? Ms. Shine responded that it is training adults to respond to other adults in the case of both crisis and non-crisis mental health scenarios. This includes ~seven hours of training. Ms. Dowd also expressed her support as a former Needham High School teacher and commended the creativity of the resources. Ms. Dowd asked about the \$200K funding per year and asked about inflation. Mr. Keane noted that it is notable that the town provides mental health care to adolescents free of charge and the importance of this work.

Presenter Tiffany Zike spoke on Opioid Settlement Funds for FY24. Ms. Zike presented a request for \$145K out of \$217K put into Opioid Stabilization Fund for hiring contractors and SAMBOX resources. HHS will engage third party guidance on what community priorities are and will conduct program evaluation in the creation of the 5-year strategic plan. \$52K will be put towards a Peer Recovery Coach who will conduct outreach to local groups.

Ms. Dowd asked who the target audience for the project is. Ms. Zike discussed the importance of past and current lived experiences with this issue and the work on a key stakeholder list. Mr. McDonald emphasized the state's focus on families impacted by addiction, people in recovery, and potentially active users. Broad program areas include harm reduction, harm mitigation, access to treatment and recovery, and access to care and services.

Ms. Frail asked about how broad the opioid issue is in Needham. Ms. Zike replied every year for the past several years, there have been two to three deaths within Needham. Narcan trainings have been open for anyone in the community who wish to be prepared, with 40 people trained in August.

Chair Marianne Cooley and Karen Shannon from the Needham Health and Human Services Department reminded the Board that the Fentanyl Walk will be taking place in Needham on Sunday, October 15, 2023 and encouraged all to participate.

Ms. King reminded the Board that the ongoing revenue from the Children's Hospital funding will continue to come to the town and will need to be appropriated at Town Meeting over time.

8:14 p.m.

Town Manager:

Close Warrant:

Ms. Fitzpatrick raised closing the warrant. She noted that Section 3.14 and 3.15 are now permissive. The Select Board may prohibit the use of motorized recreational vehicles or devices on sidewalks.

Ms. Frail asked about Section 3.1.7 and dealing in secondhand merchandise. She asked about regulating any forums dealing in secondhand merchandise. Ms. Fitzpatrick responded this will be explored further.

Ms. Fitzpatrick called for a vote to close the warrant subject to minor technical corrections.

Motion by Ms. Dowd that the Select Board vote to close the warrant for the October 30, 2023, Special Town Meeting subject to minor technical corrections to be made by the Town Manager, Town Council, and Bond Council.

Second: Ms. Frail. Unanimously approved 4-0.

CY 2024 Fee Schedule Discussion:

Myles Tucker, Support Services Manager, presented that there were no changes to certain license fees, including alcohol license fees for restaurants, since they were raised to pre-pandemic levels by the Select Board last year. This will be brought up at the next Select Board Meeting for a vote.

Town Manager Report:

1. Town Application for Community Planning Early Action Grant: town received \$70,000 grant for assistance with housing.
2. US Passport Audit conducted annually reported that 376 passports were issued via Needham Town Hall in FY22, a 117.14% increase from FY21. Ms. Fitzpatrick thanked town staff for their diligence in both the inspection and in the work of accepting new passport applications.

8:23 p.m.

Board Discussion:

1. Select Board Goal Setting FY 2024 – 2025

Ms. Fitzpatrick reminded the Board of its objectives and workplans and noted communications received about prioritizing the Rail Trail. Ms. Frail expressed her support for this project and asked about when a feasibility study needs to be repeated. Ms. Fitzpatrick noted the geotechnical areas remain constant, but the cost estimate would need to be repeated. Ms. Frail recommended to prioritize reconvening with Dover to evaluate the possibility for the Rail Trail to move from Dover to Needham. Discussion ensued about the possibility of the Rail Trail taking this on. Ms. Cooley noted she has begun discussions with James Goldstein to prioritize the mobility needs of the town, especially a connection to Dover which would create much more usage of the trail and be a more compelling use of town

funds. Ms. Dowd raised an idea of connecting Dover to the Junction for commuters.

Motion by Ms. Frail that the Select Board vote to adopt its goal statement for FY2024-2025.

Second: Ms. Dowd. Unanimously approved 4-0.

2. ADL Open Letter to Combat Antisemitism and Fight Hate for Good

Mr. Keane opened the floor to thoughts and comments. Ms. Frail explained the petition received from the Anti-Defamation League (ADL) combating an increase in antisemitic acts and speech. Ms. Frail noted this is an area where the Select Board can contribute positively. Ms. Dowd also expressed support after several constituents bringing this forward and the power of the Board to sign it as a Board especially following incidents in the town. Mr. Keane also expressed his support.

Motion by Ms. Dowd that the Select Board vote to become a signatory to the ADL Open Letter to Combat Antisemitism and Fight Hate for Good.

Second: Ms. Frail. Unanimously approved 4-0.

Ms. Frail thanked the residents who brought this forward and wished a Happy New Year to Needham's Jewish community following the High Holidays.

3. Committee Reports:

Mr. Keane noted that the Housing Needham Advisory Group (HONE) will hold its next meeting on October 8th. No other committee reports were heard.

8:34 p.m. Needham Branding and Town Seal Committee:

Mr. Tucker noted there is one seat on the Needham Branding and Town Seal Committee. Mr. Keane accepted this seat.

8:36 p.m. Adjourn:

Motion by Ms. Frail that the Select Board vote to adjourn the Select Board meeting of Tuesday, September 26, 2023.

Second: Ms. Dowd. Unanimously approved 4-0.

A list of all documents used at this Select Board meeting is available at:
<http://www.needhamma.gov/Archive.aspx?AMID=99&Type=&ADID>

The next Select Board meeting is scheduled for Tuesday, October 10, 2023, at 6:00 p.m.