

**LOWER PAXTON TOWNSHIP
BOARD OF SUPERVISORS**
TUESDAY, OCTOBER 6, 2020 - 7:00 PM,
425 PRINCE STREET, LOWER PAXTON, PA

CALL TO ORDER - CHAIRMAN HENRY

PLEDGE OF ALLEGIANCE

APPROVAL OF MINUTES

PUBLIC COMMENT

CHAIRMAN & BOARD MEMBERS' COMMENTS

MANAGER'S REPORT

OLD BUSINESS

NEW BUSINESS

CEREMONY FOR THE SWEARING-IN OF SEVERAL COLONIAL PARK FIRE COMPANY FIRE POLICE MEMBERS - ***Chairman Henry***

ACTION TO APPOINT ANGELA MCCLOSKEY TO THE PARKS & RECREATION BOARD - ***Chairman Henry***

PRESENTATION OF 2019 TOWNSHIP AUDITED FINANCIAL STATEMENTS
Mr. Bonawitz and Mr. Walker - Brown Schultz Sheridan & Fritz, CPAs

PRESENTATION OF 2020, SERIES C GENERAL OBLIGATION BONDS REFINANCING RESULTS - ***Jay Wenger - Susquehanna Group Advisors***

FIRST PRESENTATION OF A SOFTWARE LICENSE AND PROFESSIONAL SERVICES AGREEMENT WITH TURNKEY TAXES, INC. - ***John Meyer - turnKey Taxes, Inc.***

ACTION ON AMENDMENT #2 TO AN AGREEMENT WITH PROPERTY REGISTRATION CHAMPIONS, LLC (DBA PROCHAMPS) - ***Kevin Sidella - PROCHAMPS***

ACTION ON THE NAMING OF A PONY FIELD AT KOONS PARK AS THE "GARY LOWE FIELD" - ***Mr. Gotshall***

ACTION ON RESOLUTION 20-30; AUTHORIZING THE EXECUTION OF AGREEMENTS WITH THE PENNDOT FOR ACCEPTANCE OF TRANSPORTATION IMPROVEMENT PROGRAM (TIP) FUNDS FOR THE REPLACEMENT OF THE RED TOP ROAD BRIDGE - ***Mr. Gotshall***

ACTION ON RESOLUTION 20-32; ACCEPTING THE DEDICATION OF
ADDITIONAL RIGHT OF WAY ALONG THE NORTHERN SIDE OF RED TOP
ROAD - ***Mr. Gotshall***

ACTION ON RESOLUTION 20-33; ACCEPTING THE DEDICATION OF RIGHT
OF WAY ALONG THE SOUTHERN SIDE OF RED TOP ROAD - ***Mr. Gotshall***

ACTION ON APPLICATION FOR PAYMENT # 6 FROM GREENLAND
CONSTRUCTION, INC. FOR THE 2020 LPT DRAINAGE IMPROVEMENT
PROJECT - ***Mr. Gotshall***

SUBDIVISION AND LAND DEVELOPMENT

ACTION ON RESOLUTION 20-28; AUTHORIZING THE ACCEPTANCE OF
PORTIONS OF BEAVER SPRING ROAD OF THE KENDAL OAKS
DEVELOPMENT, PHASE III - ***Mr. Gotshall***

PAYMENT OF BILLS - LOWER PAXTON TOWNSHIP & LOWER PAXTON
TOWNSHIP AUTHORITY

ANNOUNCEMENTS

ADJOURN

**NEXT BOARD MEETING (Workshop Meeting), TUESDAY, OCTOBER 13,
2020; 7:00 P.M.**



September 15, 2020

Members of the Board
Lower Paxton Township
Harrisburg, Pennsylvania

We have audited the financial statements of Lower Paxton Township for the year ended December 31, 2019, and have issued our report thereon dated September 15, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated September 11, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Lower Paxton Township are described in Note 1 of the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the 2019. We noted no transactions entered into by the Township during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

1. Management's estimate of annual depreciation/amortization expense for fixed assets is based on an estimation of how long fixed assets will be in use.
2. Management's estimate of the deferred charge on refundings for the year ended December 31, 2019 was based on difference in the carrying value of refunded debt and its reacquisition price.
3. Management's estimate of the fair value of the interest rate swaps is based upon the projected discounted net cash outflows and inflows of each of the interest rate swaps.
4. Management's estimate of the pension and OPEB obligations and related deferred inflows of resources and deferred outflows of resources are based on actuarial assumptions.

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to the financial statement users. The disclosures in the financial statements are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Misstatements detected as a result of audit procedures and corrected by management included a correction of earned income tax receivable to record 60 days rather than 120 and record additional payables. These entries decreased the change in net position by approximately \$520,000. In addition, prior period restatements were also proposed and recorded by management resulting in an increase in net position on January 1, 2019 of \$2,546,838.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 15, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Township's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Township's auditor. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

With respect to the required supplementary information accompanying the financial statements, we made certain inquiries of management about the methods of preparing the information and compared the information for consistency with management's responses to our inquiries, the financial statements and other knowledge we obtained during our audit of the financial statements. The limited procedures performed on required supplementary information did not provide us with sufficient evidence to express an opinion or provide any assurance on the information.

This information is intended solely for the use of the members of the Board and management of Lower Paxton Township and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Brown Schultz Steindam's Fritz

LOWER PAXTON TOWNSHIP

YEAR ENDED DECEMBER 31, 2019



CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

A Professional Corporation

LOWER PAXTON TOWNSHIP

YEAR ENDED DECEMBER 31, 2019

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LOWER PAXTON TOWNSHIP

YEAR ENDED DECEMBER 31, 2019

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Independent Auditor's Report

Board of Supervisors
Lower Paxton Township
Harrisburg, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Lower Paxton Township (the Township), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Township, as of December 31, 2019, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis; budgetary comparison information; schedules of changes in net pension liability and related ratio and employer contributions; schedule of investment returns for the pension plans and schedule of changes in total OPEB liability and related ratios on pages 4-14, 87, 88-93, 94 and 95, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The combining nonmajor governmental fund financial statements and the combining statements of fiduciary funds on pages 96 through 99 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor governmental fund financial statements and the combining schedules of fiduciary funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor governmental fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Correction of errors

As described in Note 21 to the financial statements, the beginning net position of the Township has been restated to correct errors related to Lower Paxton Township Authority's failure to record developer contributions for the years ending December 31, 2013 through December 31, 2018. Our opinion is not modified with respect to this matter.

Brown Schultz Steidman & Fritz

Camp Hill, Pennsylvania
September 15, 2020

LOWER PAXTON TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2019

The Management's Discussion and Analysis (MD&A) is a component of the reporting model adopted by the Government Accounting Standards Board (GASB), as referenced in Statement No. 34 issued in June 1999. The intent of the MD&A is to summarize Lower Paxton Township's (the Township) financial performance as a whole, in part, using comparative information from the current year analyzed against prior years.

The MD&A presents a narrative overview and analysis of the Township's financial performance for the fiscal year ended December 31, 2019. It is recommended that it be read in conjunction with the accompanying basic financial statements and notes to the financial statements in order to obtain a thorough understanding of the Township's financial condition as of December 31, 2019.

The financial statements of Lower Paxton Township include the financial position and results of operations of the Township and the financial position and results of operations of Lower Paxton Township Authority (the Authority), which is a blended component unit of the Township, and the Friendship Community Center (FCC).

Using these financial statements

The financial statements are organized to provide an understanding of Lower Paxton Township as an entire operating entity, while also providing a detailed look at specific financial activities. The first two statements are government-wide financial statements - the statement of net position and the statement of activities. These provide short-term and long-term information about the Township's overall financial status. The remaining statements are fund financial statements that focus on individual parts of the Township's operations. The governmental fund financial statements describes how general Township services are financed in the short term, as well as what remains for future spending. The other types of funds shown in the financial statements are enterprise and fiduciary funds. Enterprise fund statements provide financial information regarding funds for services that the Township operates like a business. Fiduciary fund statements provide financial information regarding funds where the Township acts solely as a trustee for the benefit of others.

Financial highlights:

The following items detail Lower Paxton Township's financial highlights for the fiscal year ended December 31, 2019:

- Earned income tax (EIT) revenues, the Township's single largest revenue source, have been difficult to budget over the past several years. At the end of the 2019 fiscal year, the Township had recorded \$7,388,829 from EIT, \$711,671 less than budgeted and 2.6% less than recorded in 2018, due to reducing the time period of the EIT Receivable from 120 days of collections into the following year to 60 days in 2019. Without the adjustment, EIT was 3.5% higher in 2019 than in 2018.
- The Township's real estate tax rate was 1.95 mills, in addition to the Local Services tax (LST) of \$52 per employee working in Lower Paxton Township.
- The Township's bond rating was Aa2, as set by Moody's.

LOWER PAXTON TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2019

Financial highlights (continued):

- The Township issued \$52,040,000 of debt in 2019 to refinance \$42,465,000 of existing Series of 2009D debt and to finance capital purchases and improvements of the Township, Authority and FCC. \$48,150,000 of the 2019 borrowing is the responsibility of the Authority through a subsidy agreement and \$3,890,000 is payable by the Township, of which \$317,000 is to be paid by the FCC.
- At December 31, 2019, the Township has \$137,619,480 in outstanding general obligation bond and loan debt. \$116,895,452 of this debt is the responsibility of the Lower Paxton Township Authority through subsidy agreements.
- The Township's General Fund ended the 2019 calendar year with expenditures and other financing sources (uses) exceeding revenues by \$2,662,714 resulting in a net decrease in fund balance. The majority of the decrease is attributable to the forgiveness of debt owed to the general fund from the FCC which totaled \$2,282,330. Other notable transfers include \$125,000 to the FCC for current year operations and \$361,374 to the General Improvement fund.
- In 2019, the Authority implemented the Stormwater Management Program as a separate fund within the Authority. Following the amendments to the Articles of Incorporation, the Authority filed a Quit Claim Deed to transfer the stormwater system assets included in the Township to the Authority effective January 1, 2019, and amended the Management Agreement with the Township to add in operations of the Authority stormwater system. The net book value of the assets transferred to the Authority from the Township was \$15,434,586. This amount, and the FCC debt forgiveness discussed above, are reported as a Township contribution on the statement of activities.

The unassigned fund balance for the General Fund as of December 31, 2019 was \$4,856,687, or 19.92% of the total general fund operating expenditures for the 2019 year.

Overview of the financial statements

This section is intended to serve as an introduction to the Township's basic financial statements which are comprised of the following components: management's discussion and analysis, government-wide financial statements, fund financial statements and notes to the financial statements. The report also contains other required supplementary information related to pension and OPEB plans and combining schedules for certain funds.

LOWER PAXTON TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2019

Government-wide statements:

The government-wide financial statements of the Township are divided into two categories: governmental activities and business activities. The government-wide statements report information about the Township and its blended component unit using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is paid or received. The two government-wide statements report the Township's net position and how it has changed. An increase or decrease in the Township's net position is an indication of whether it's financial health overall is improving or deteriorating. The two business-type activities of Lower Paxton Township are the Lower Paxton Township Authority and the Friendship Community Center.

Fund financial statements:

The Township's fund financial statements provide more detailed information about the most significant funds, not the Township as a whole. The fund financial statements include:

- *Governmental funds* financial statements, which explain how services, such as public safety and public works, are financed. The governmental funds include the General Fund, General Improvement Fund and the Fire Equipment Capital Fund as well as the nonmajor State Highway Aid and Firemen's Length of Service Award Program (LOSAP) funds.
- *Enterprise funds* financial statements offer information about the activities that the Township operates like a business. There are two Township enterprise funds: the Lower Paxton Township Authority and Friendship Community Center.
- *Fiduciary funds* financial statements reflect activities involving resources that are held by the Township as trustee for future employee pension payments. The Township has two pension funds: one covering sworn police officers and one for full-time, non-uniformed employees. Fiduciary funds are not reflected in the government-wide statements because resources cannot be used to support the Township's operations.
- The Township's total net position was \$63,486,686 and \$64,293,763 at December 31, 2019 and 2018 (restated), respectively. Restatements resulted in an increase in total net position of \$2,546,838 for 2018 compared to the amount previously reported.

LOWER PAXTON TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2019

Financial analysis of the Township as a whole:

Table A-1 is a condensed summary of the statement of net position

Table A-1
Statements of net position
December 31, 2019 and 2018

	2019			2018 (restated)		
	Governmental activities	Business-type activities	Total	Governmental activities	Business-type activities	Total
Current and other assets	\$ 6,646,911	\$ 29,477,725	\$ 36,124,636	\$ 12,570,525	\$ 22,133,752	\$ 34,704,277
Capital assets	35,030,655	152,108,486	187,139,141	49,569,906	136,539,432	186,109,338
Other noncurrent assets	4,751,249	11,786,103	16,537,352	2,106,328	4,435,515	6,541,843
Total assets	\$ 46,428,815	\$ 193,372,314	\$ 239,801,129	\$ 64,246,759	\$ 163,108,699	\$ 227,355,458
Deferred outflows of resources	\$ 5,917,793	\$ 284,986	\$ 6,202,779	\$ 4,022,498	\$ 367,317	\$ 4,389,815
Current liabilities	3,628,228	9,415,050	13,043,278	6,624,883	6,024,869	12,649,752
Long-term liabilities	39,216,663	123,927,516	163,144,179	37,090,851	116,610,937	153,701,788
Total liabilities	\$ 42,844,891	\$ 133,342,566	\$ 176,187,457	\$ 43,715,734	\$ 122,635,806	\$ 166,351,540
Deferred inflows of resources	\$ 6,329,765	\$ -	\$ 6,329,765	\$ 1,099,970	\$ -	\$ 1,099,970
Net investment in capital assets	\$ 15,245,593	\$ 33,148,260	\$ 48,393,853	\$ 31,666,111	\$ 16,963,645	\$ 48,629,756
Restricted	4,025,795	11,786,103	15,811,898	2,106,328	4,435,515	6,541,843
Unrestricted	(16,099,436)	15,380,371	(719,065)	(10,318,886)	19,441,050	9,122,164
Total net position	\$ 3,171,952	\$ 60,314,734	\$ 63,486,686	\$ 23,453,553	\$ 40,840,210	\$ 64,293,763

Over time, net position may serve as a useful indication of a government's financial position. In the case of Lower Paxton Township, total assets and deferred outflows of resources exceeded total liabilities by \$63,486,686. The largest portion of the Township's net position, 76.23%, is net investment in capital assets which reflects total capital assets offset by debt incurred to acquire the assets. Restricted net position of \$15,811,898 or 24.91%, represents unspent bond proceeds, escrow funds and restricted investments. The remaining balance of net position (deficit) of (\$719,065) or -1.13%, represents resources that may be used (or are needed) to meet the government's ongoing obligations to its citizens.

The results of this year's operations as a whole are reported in the statement of activities. All expenses are reported in the first column of the statement of activities. Specific charges, grants and subsidies that directly relate to specific expense categories are presented to determine the final amount of the Township's activities that are supported by general revenues. The two largest sources of general revenues are earned income tax and real estate tax.

LOWER PAXTON TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2019

Financial analysis of the Township as a whole (continued):

Table A-2 takes the information from the statement of activities and rearranges it slightly, to depict the changes in net position. There was a decrease in net position from 2018 to 2019 in the amount of \$807,077.

Table A-2
Statements of changes in net position
December 31, 2019 and 2018

	2019			2018 (restated)		
	Governmental activities	Business-type activities	Total	Governmental activities	Business-type activities	Total
Revenues:						
Program revenues:						
Charges for service	\$ 6,803,364	\$ 21,931,687	\$ 28,735,051	\$ 5,430,358	\$ 18,687,913	\$ 24,118,271
Operating grants and contributions	1,604,979		1,604,979	1,371,934		1,371,934
Capital grants and contributions	1,665,232		1,665,232	2,737,719		2,737,719
General revenues:						
Property taxes	6,274,780		6,274,780	6,199,759		6,199,759
Other taxes	9,997,272		9,997,272	10,177,109		10,177,109
Interest and rents	171,317	1,102,127	1,273,444	169,320	1,083,516	1,252,836
Net investment gain (loss)	(2,511,185)		(2,511,185)	(1,561,237)		(1,561,237)
Miscellaneous	61,135		61,135	11,455		11,455
Transfers and other revenues (expense):						
Transfers	(125,000)	125,000	-	(125,000)	125,000	-
Other	45,000	40,642	85,642	(8,832)	36,085	27,253
Total revenues	23,986,894	23,199,456	47,186,350	24,402,585	19,932,514	44,335,099
Expenses:						
Operating expenses:						
General government	2,155,196		2,155,196	2,214,038		2,214,038
Police department	11,481,603		11,481,603	10,397,013		10,397,013
Highways and streets	627,279		627,279	1,393,857		1,393,857
Fire and ambulance	1,454,617		1,454,617	1,356,515		1,356,515
Community development	905,128		905,128	895,534		895,534
Health and sanitation	3,128,822		3,128,822	2,530,906		2,530,906
Public works	3,742,032		3,742,032	3,458,227		3,458,227
Parks and recreation	1,148,302		1,148,302	1,032,557		1,032,557
Interest	509,660		509,660	503,426		503,426
Depreciation, unallocated	1,495,690		1,495,690	1,517,164		1,517,164
Friendship Center		2,422,443	2,422,443		2,397,686	2,397,686
Lower Paton Township Authority		19,553,118	19,553,118		15,676,370	15,676,370
Total operating expenses	26,648,329	21,975,561	48,623,890	25,299,237	18,074,056	43,373,293
Excess (deficiency) of revenues over expenses	(2,661,435)	1,223,895	(1,437,540)	(896,652)	1,858,458	961,806
Other financing sources (uses):						
Contributions	(17,620,166)	18,775,017	1,154,851		2,546,838	2,546,838
Bond issue costs		(524,388)	(524,388)			
Total other financing sources (uses)	(17,620,166)	18,250,629	630,463		2,546,838	2,546,838
Change in net position	(20,281,601)	19,474,524	(807,077)	(896,652)	4,405,296	3,508,644
Net position, beginning of year (2019 restated)	23,453,553	40,840,210	64,293,763	24,350,205	36,434,914	60,785,119
Net position, end of year	\$ 3,171,952	\$ 60,314,734	\$ 63,486,686	\$ 23,453,553	\$ 40,840,210	\$ 64,293,763

LOWER PAXTON TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2019

Financial analysis of the Township as a whole (continued):

Table A-3 shows the Township's operations by function, as well as each function's net cost (total cost less revenues generated by the activities). This table indicates net costs offset by other grants, subsidies and contributions to show the remaining financial needs to be supported by general revenues.

Table A-3
Governmental Activities
December 31, 2019 and 2018

Functions/programs	2019		2018	
	Total cost of services	Net cost of services	Total cost of services	Net cost of services
General government	\$ 2,155,196	\$ (35,065)	\$ 2,214,038	\$ 124,364
Police department	11,481,603	11,206,106	10,397,013	10,120,675
Highways and streets	627,279	627,279	1,393,857	1,393,857
Fire and ambulance	1,454,617	1,157,824	1,356,515	1,080,353
Community development	905,128	905,128	895,534	895,534
Health and sanitation	3,128,822	(1,854,039)	2,530,906	(1,001,923)
Public works	3,742,032	2,037,844	3,458,227	584,709
Parks and recreation	1,148,302	524,327	1,032,557	541,067
Interest	1,495,690	1,495,690	503,426	503,426
Depreciation, unallocated	509,660	509,660	1,517,164	1,517,164
Total governmental activities	<u>\$ 26,648,329</u>		<u>\$ 25,299,237</u>	
Total needs from local taxes and other revenues		<u>\$ 16,574,754</u>		<u>\$ 15,759,226</u>

The 2019 net costs of services for the governmental activities are 5.2% higher than 2018 year's activities. The government functions and funding for those services did not change.

LOWER PAXTON TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2019

Financial analysis of the Township as a whole (continued):

Table A-4 reflects the activities of the two enterprise funds of the Township, the Lower Paxton Township Authority and Friendship Community Center.

Table A-4
Business-type activities
December 31, 2019 and 2018

Functions/programs	2019			2018 (restated)		
	Total cost of services	Total charges of services	Net income (loss) from services	Total cost of services	Total charges of services	Net income (loss) from services
Friendship Center	\$ 2,422,443	\$ 2,008,326	\$ (414,117)	\$ 2,397,686	\$ 2,025,414	\$ (372,272)
Lower Paton Township Authority	19,553,118	19,923,361	370,243	15,676,370	16,662,499	986,129
Other revenues (expenses):						
Interest and rents			1,102,127			1,083,516
Gain (loss) on disposal of assets			40,642			36,085
Transfers			125,000			125,000
Contributions:						
Township			17,716,916			
Developer			1,058,101			2,546,838
Bond issuance costs			(524,388)			
Total business-type activities net income			<u>\$ 19,474,524</u>			<u>\$ 4,405,296</u>

Enterprise funds:

Total business-type program revenues of \$21,931,687 in 2019 were derived from charges for services, with \$19,923,361 from the Township Authority and \$2,008,326 from the Friendship Center. The 2019 program expenses for these two business-type funds were \$19,553,118 for the Township Authority and \$2,422,443 for the Friendship Center. The table combines the change in net costs of services with other types of revenue, showing a combined end of year total change in net position for the enterprise funds of \$19,474,524, which is primarily the result of Township and developer contributions. The statement of revenues, expenses and changes in fund net position for these two enterprise funds further details the actual results of operation.

Township governmental funds:

Total governmental funds revenues of \$26,892,438 in 2019 were derived primarily from tax revenues at \$16,358,137, representing 60.83% of the total, followed by charges for services at \$4,321,699, representing 16.07% of the total, and intergovernmental at \$3,102,435, representing 11.54% of the total.

Total governmental fund expenditures in 2019 were \$28,522,315. The expenditures cover a wide range of services, with the largest being the police department at \$11,671,581, representing 40.92% of the total, public works at \$3,578,883, representing 12.55% of the total, and health and sanitation at \$3,173,282, representing 11.13% of the total.

LOWER PAXTON TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2019

Township governmental funds (continued):

General fund budget

A schedule showing the Township's budget compared to amounts actually paid and received is provided as required supplementary information. There were no revisions to the budget by the Board of Supervisors during 2019. Transfers into the general fund did not occur as budgeted and transfers out of the general fund occurred at lower levels than budgeted due to expenditures for work performed being covered by recent bond issuances and grants. Interfund transfers are shown as other financing sources and uses on the statement of revenues and expenditures.

Revenue variances:

Tax collection:

- 2019 real estate transfer tax distributions were \$8,851, or 0.6%, less than budgeted while real estate tax revenues were \$21,050, or 0.4%, less than budgeted.
- Local services tax distributions were \$66,603, or 5.8%, less than budgeted.
- Earned income tax (EIT) revenues have been difficult to budget over the past several years. At the end of 2019, the Township had recorded \$7,388,829 from EIT, \$711,171, or 8.8%, less than budgeted, and \$193,944, 2.6%, less than 2018, due to reducing the time period of the EIT Receivable from 120 days of collections into the following year to 60 days. Without that adjustment, EIT was actually 3.5% higher than in 2018

Expense variances:

Police:

- Overall 2019 expenditures were \$11,176,045 against a budget of \$10,947,047, representing 2.09% over budget for the year.

Public works:

- Overall 2019 expenditures were \$3,469,077 against a budget of \$3,869,020 representing 10.43% under budget for the year.

Health and sanitation:

- Overall 2019 expenditures were \$3,173,282 against a budget of \$2,882,291, representing 10.10% over budget for the year.

LOWER PAXTON TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2019

Capital assets:

Lower Paxton Township's total capital assets stood at \$187,139,141 as of December 31, 2019. GASB Statement No. 34 requires that all capital assets, including infrastructure, be valued and reported within the governmental activities column of the government-wide financial statements. The Township's capital assets for 2019 are as follows and are detailed in Note 5 to the financial statements:

	2019		2018 (restated)	
	Governmental activities	Business-type activities	Governmental activities	Business-type activities
Land	\$ 3,235,494	\$ 1,540,192	\$ 3,144,494	\$ 1,540,192
Intangibles, not depreciated	421,850	2,740,869	421,850	2,740,869
Construction in progress	1,838,901			
Buildings	12,463,251	11,364,555	12,463,251	11,190,455
Land Improvements	7,485,766		7,485,766	
Machinery and equipment	4,717,836	1,341,833	4,093,700	1,203,287
Vehicles	9,387,550		9,725,613	
Infrastructure	48,271,142	179,385,505	70,061,505	159,726,132
Furniture		19,299		19,299
Sewer capacity costs		21,144,628		21,144,628
Accumulated depreciations	(52,791,135)	(65,428,395)	(57,826,273)	(61,025,430)
Net capital assets	<u>\$ 35,030,655</u>	<u>\$ 152,108,486</u>	<u>\$ 49,569,906</u>	<u>\$ 136,539,432</u>

LOWER PAXTON TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2019

Debt administration:

The Township's long-term debt activity for 2019 is as follows and is detailed in Note 6 to the financial statements:

Type	Beginning balance	Additions	Deletions	Ending balance
General obligation bonds:				
Series of 2009D	\$ 42,465,000		\$(42,465,000)	\$ -
Series of 2010A	975,000		(395,000)	580,000
Series of 2012A	2,825,000		(5,000)	2,820,000
Series of 2013	7,275,000		(1,610,000)	5,665,000
Series of 2013A	3,085,000		(235,000)	2,850,000
Series of 2014	27,785,000		(745,000)	27,040,000
Series of 2015	13,600,000		(60,000)	13,540,000
Series of 2016	26,520,000		(655,000)	25,865,000
Series of 2019		\$ 52,040,000		52,040,000
Total general obligation bonds	124,530,000	52,040,000	(46,170,000)	130,400,000
Loans:				
PennVest	7,472,292		(451,840)	7,020,452
PA Infrastructure Bank	276,412		(77,384)	199,028
Total loans	7,748,704		(529,224)	7,219,480
Total long-term debt activity	\$ 132,278,704	\$ 52,040,000	\$ (46,699,224)	\$ 137,619,480
Governmental activities	\$ 16,135,456	\$ 3,573,000	\$ (1,107,384)	\$ 18,601,072
Business-type activities	116,143,248	48,467,000	(45,591,840)	119,018,408
Total long-term debt activity	\$ 132,278,704	\$ 52,040,000	\$ (46,699,224)	\$ 137,619,480

LOWER PAXTON TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2019

Debt administration (continued):

At the end of 2019, the Township-wide long-term liabilities, including compensated absences, capital lease obligations, bond premiums, net postemployment liability (other than pensions), net pension liability and SWAP liability amounted to \$163,144,179. A detailed discussion of long-term debt and maturities is included in the notes.

Economic factors and next year's budgets and rates:

In the 2020 budget, General Fund revenues and expenditures are projected to increase by 5% from that recorded in 2019.

In the 2020 General Fund budget, there is \$75,225 budgeted to be transferred to the General Improvement Fund for anticipated capital projects. The remainder of the \$1,029,500 General Improvement Fund budget is to be funded from bond proceeds and intergovernmental revenues from other sources. If there was any projected use of the unassigned fund balance to fund capital projects from the General Fund, it could have an impact on future years' fund balances in the General Fund, although the effect on the government-wide statement of net position would also indicate a corresponding increase in net investment in capital assets through additions to property, plant and equipment.

The budgets of both enterprise funds include a slight increase in user fees for 2020 to offset increased operating costs and provide for capital expansion within their respective budgets. The Friendship Center will again receive \$100,000 originally pledged by the Township at the time of project origination, as well as \$25,000 from the Township for the Friendship Center's Senior Center for older residents, and \$166,013 from the Township to help cover the Friendship Center's 2020 debt payments. The Township Authority will continue to finance all sewer operations and capital expenditures through its user fees.

Request for information:

This financial report is designed to provide citizens, investors and creditors with a general overview of the Township's finances. Separate financial statements are available for the Lower Paxton Township Authority from the Township Manager. If you have questions about this report or need additional information, contact the Finance Department at the Lower Paxton Township Municipal Center, 425 Prince Street, Harrisburg, PA 17109 or call (717) 657-5600.

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LOWER PAXTON TOWNSHIP

STATEMENT OF NET POSITION - DECEMBER 31, 2019

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	Governmental activities	Business-type activities	Total
Liabilities:			
Accounts payable	\$ 412,650	\$ 1,463,136	\$ 1,875,786
Current portion of long-term debt subject to subsidy agreements:			
Bonds payable		2,875,000	2,875,000
Note payable		466,201	466,201
Current portion of long-term debt:			
Bonds payable	1,305,000	355,000	1,660,000
Note payable	78,646		78,646
Capital lease obligations	173,176	46,604	219,780
Developers escrow	697,073	237,186	934,259
Unearned revenue	10,000		10,000
Accrued:			
Interest	122,806	1,087,143	1,209,949
Expenses and withholdings	463,827	40,488	504,315
Due to:			
Other funds	365,050	1,337,598	1,702,648
The Township		1,506,694	1,506,694
Total current liabilities	3,628,228	9,415,050	13,043,278
Noncurrent liabilities:			
Long-term debt, subject to subsidy agreements, net of current portion:			
Bonds payable		107,000,000	107,000,000
Note payable		6,554,251	6,554,251
Long-term debt, net of current portion:			
Bonds payable	17,097,044	1,767,956	18,865,000
Note payable	120,382		120,382
Capital lease obligations	193,536	116,476	310,012
Bond premium	848,662	8,488,833	9,337,495
Compensated absences	1,984,273		1,984,273
OPEB liability	6,183,067		6,183,067
Pension liability	8,640,412		8,640,412
SWAP liability	4,149,287		4,149,287
Total noncurrent liabilities	39,216,663	123,927,516	163,144,179
Total liabilities	42,844,891	133,342,566	176,187,457
Deferred inflows of resources, pensions	6,329,765		6,329,765
Net position:			
Net investment in capital assets	15,245,593	33,148,260	48,393,853
Restricted for program purposes	4,025,795	11,786,103	15,811,898
Unrestricted	(16,099,436)	15,380,371	(719,065)
Total net position	3,171,952	60,314,734	63,486,686
Total liabilities, deferred inflows of resources and net position	\$ 52,346,608	\$ 193,657,300	\$ 246,003,908

See notes to financial statements.

LOWER PAXTON TOWNSHIP

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

Functions/programs	Program revenues			Net (expense) revenue and changes in net position			
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Business-type activities	Total
Governmental activities:							
General government	\$ 2,155,196	\$ 1,151,804	\$ 1,038,457	\$ 35,065	\$ 35,065	\$ 35,065	\$ 35,065
Police department	11,481,603	257,293	18,204	(11,206,106)	(11,206,106)	(11,206,106)	(11,206,106)
Highway and streets	627,279			(627,279)	(627,279)	(627,279)	(627,279)
Fire and ambulance	1,454,617		296,793	(1,157,824)	(1,157,824)	(1,157,824)	(1,157,824)
Community development	905,128			(905,128)	(905,128)	(905,128)	(905,128)
Health and sanitation	3,128,822	4,763,836	219,025	1,854,039	1,854,039	1,854,039	1,854,039
Public works	3,742,032	38,956		(2,037,844)	(2,037,844)	(2,037,844)	(2,037,844)
Parks and recreation	1,148,302	591,475	32,500	(524,327)	(524,327)	(524,327)	(524,327)
Unallocated depreciation	1,495,690			(1,495,690)	(1,495,690)	(1,495,690)	(1,495,690)
Interest on long-term debt	509,660			(509,660)	(509,660)	(509,660)	(509,660)
Total governmental activities	26,648,329	6,803,364	1,604,979	1,665,232	(16,574,754)	(16,574,754)	(16,574,754)
Business-type activities:							
Friendship Community Center	2,422,443	2,008,326					
Lower Paxton Township Authority	19,553,118	19,923,361					
Total business-type activities	21,975,561	21,931,687			(43,874)	(43,874)	(43,874)
Total government	\$ 48,623,890	\$ 28,735,051	\$ 1,604,979	\$ 1,665,232	(16,574,754)	(43,874)	(16,618,628)

(continued)

LOWER PAXTON TOWNSHIP

**STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED DECEMBER 31, 2019**

Functions/programs	Program revenues			Net (expense) revenue and changes in net position			
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Business-type activities	Total
General revenues:							
Taxes:							
Real estate:							
General levy				\$ 6,274,780			\$ 6,274,780
Transfer tax				1,525,046			1,525,046
Earned income tax				7,388,829			7,388,829
Local service tax				1,083,397			1,083,397
Interest revenue				93,937	\$ 1,102,127		1,196,064
Net loss on investments				(2,511,185)			(2,511,185)
Rental income				77,380			77,380
Miscellaneous				61,135			61,135
Total general revenues				13,993,319	1,102,127		15,095,446
Transfers				(125,000)	125,000		-
Gain on disposal of capital asset				45,000	40,642		85,642
Bond issuance costs					(524,388)		(524,388)
Contributions:							
Township				(17,716,916)	17,716,916		-
Developer				96,750	1,058,101		1,154,851
Total transfers and other				(17,700,166)	18,416,271		716,105
Change in net position				(20,281,601)	19,474,524		(807,077)
Net position:							
Beginning of year (restated)				23,453,553	40,840,210		64,293,763
End of year				\$ 3,171,952	\$ 60,314,734		\$ 63,486,686

See notes to financial statements.

LOWER PAXTON TOWNSHIP

BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	Major funds				
	General fund	General improvement fund	Fire equipment fund	Nonmajor funds	Total governmental funds
ASSETS					
Assets:					
Cash and cash equivalents	\$ 1,812,387	\$ 158,826	\$ 42,202		\$ 2,013,415
Receivables:					
Accounts	333,828	25,075			358,903
Taxes	2,178,177				2,178,177
Due from:					
Other funds	1,506,694				1,506,694
Other governments					
Fire companies	98,681				98,681
Other assets	491,041				491,041
Restricted assets:					
Cash and equivalents	724,080	715,712	2,001,543	\$ 426,387	3,867,722
Investments				883,527	883,527
Total assets	<u>\$ 7,144,888</u>	<u>\$ 899,613</u>	<u>\$ 2,043,745</u>	<u>\$ 1,309,914</u>	<u>\$ 11,398,160</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 378,917	\$ 32,359		\$ 1,374	\$ 412,650
Due to other funds		365,050			365,050
Accrued expenses and withholdings	463,827				463,827
Unearned revenue	10,000				10,000
Developers escrow	697,073				697,073
Total liabilities	<u>1,549,817</u>	<u>397,409</u>		<u>1,374</u>	<u>1,948,600</u>
Deferred inflows of resources, unavailable revenue, property taxes	148,662				148,662
Fund balances:					
Nonspendable	589,722				589,722
Restricted		715,712	\$ 2,001,543	1,308,540	4,025,795
Unassigned	4,856,687	(213,508)	42,202		4,685,381
Total fund balances	<u>5,446,409</u>	<u>502,204</u>	<u>2,043,745</u>	<u>1,308,540</u>	<u>9,300,898</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,144,888</u>	<u>\$ 899,613</u>	<u>\$ 2,043,745</u>	<u>\$ 1,309,914</u>	<u>\$ 11,398,160</u>

See notes to financial statements.

LOWER PAXTON TOWNSHIP

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF
NET POSITION
YEAR ENDED DECEMBER 31, 2019

Total fund balances, governmental funds		\$ 9,300,898
Total net assets reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Those assets consist of:		
Non-depreciable assets	\$ 5,496,245	
Depreciable assets, net of accumulated depreciation of \$52,791,135	<u>29,534,410</u>	
Total capital assets		35,030,655
Some of the Township's taxes will be collected after year end but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as unavailable revenue, property taxes in the funds.		
		148,662
Long-term liabilities applicable to the Township's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. All liabilities, both current and long-term are reported in the statement of net position.		
Balances at December 31, 2019 are:		
Compensated absences	(1,984,273)	
Accrued interest on bonds and loan	(122,806)	
Deferred charges on refundings	31,384	
Bond (premium) discount	(848,662)	
Capital lease payable	(366,712)	
Bonds payable	(18,402,044)	
Note payable	(199,028)	
Deferred outflows of resources, OPEB	305,014	
Deferred outflows of resources, pensions	2,565,103	
Deferred inflows of resources, pensions	(3,313,473)	
Net pension liability	(8,640,412)	
Total OPEB liability	(6,183,067)	
SWAP liability	<u>(4,149,287)</u>	
		<u>(41,308,263)</u>
Net position, governmental activities		<u><u>\$ 3,171,952</u></u>

See notes to financial statements.

LOWER PAXTON TOWNSHIP

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2019

	Major funds			Nonmajor	Total governmental funds
	General	General improvement fund	Fire equipment fund		
Revenues:					
Taxes	\$ 15,958,322		\$ 304,500	\$ 95,315	\$ 16,358,137
Licenses and permits	2,359,647				2,359,647
Fines and forfeitures	257,293				257,293
Interest and rents	146,872	\$ 197	5,902	18,346	171,317
Net investment gain				131,525	131,525
Intergovernmental	1,353,454	111,544		1,637,437	3,102,435
Charges for services	4,321,699				4,321,699
Contributions and donations	32,500	96,750			129,250
Miscellaneous income	61,135				61,135
Total revenue	24,490,922	208,491	310,402	1,882,623	26,892,438
Expenditures:					
General government	2,089,733				2,089,733
Police department	11,176,045	495,536			11,671,581
Fire and ambulance	1,152,804		1,846,621	48,740	3,048,165
Community development	908,427				908,427
Health and sanitation	3,173,282				3,173,282
Highways and streets		83,750		1,461,930	1,545,680
Public works	3,469,077	109,806			3,578,883
Parks and recreation	798,597	91,000			889,597
Debt service:					
Principal	1,107,384				1,107,384
Interest	509,583				509,583
Total expenditures	24,384,932	780,092	1,846,621	1,510,670	28,522,315
Excess (deficiency) of revenues over expenditures	105,990	(571,601)	(1,536,219)	371,953	(1,629,877)
Other financing sources (uses):					
Operating transfers:					
In		361,374			361,374
Out	(486,374)				(486,374)
Township contributions	(2,282,330)				(2,282,330)
Proceeds from long term debt		846,000	3,118,500		3,964,500
Gain on sale of assets			45,000		45,000
Total other financing sources (uses)	(2,768,704)	1,207,374	3,163,500		1,602,170
Net changes in fund balances	(2,662,714)	635,773	1,627,281	371,953	(27,707)
Fund balances:					
Beginning of year	8,109,123	(133,569)	416,464	936,587	9,328,605
End of year	\$ 5,446,409	\$ 502,204	\$ 2,043,745	\$ 1,308,540	\$ 9,300,898

See notes to financial statements.

LOWER PAXTON TOWNSHIP

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

Net change in fund balances, governmental funds		\$ (27,707)
<p>The change in net position reported for governmental activities in the statement of activities is different because:</p>		
<p>Governmental funds report capital outlay 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. This is the amount by which depreciation (\$2,888,320) and net deletions (\$15,434,586) exceeded capital outlays \$3,783,655 in the current period.</p>		
		(14,539,251)
<p>The issuance and repayment of debt principal and payments for other long-term obligations are expenditures in the governmental funds but reduce the liabilities in the statement of net position:</p>		
<p>Net repayments (borrowings):</p>		
Bonds payable	\$ (3,964,500)	
Loans payable	1,107,384	
Capital leases	<u>193,493</u>	
Net adjustment		(2,663,623)
<p>Under the modified accrual basis of accounting used in governmental funds, revenues are not reported until they become available. In the statement of activities, however, revenues are recorded regardless of when financial resources are available. This is the change in unavailable real estate tax revenue from December 31, 2018 to December 31, 2019.</p>		
		(86,085)
<p>Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment combines the net changes in compensated absences, accrued interest, deferred inflows and outflows of resources, bond (premium) discount, pension expense and OPEB expense:</p>		
Compensated absences	(67,472)	
Accrued interest on bonds	(77)	
Deferred charges on refunding	(3,639,514)	
Bond (premium) discount	43,600	
Pension expense	3,630,633	
OPEB expense	(289,395)	
SWAP liability	<u>(2,642,710)</u>	
		<u>(2,964,935)</u>
Change in net position of governmental activities		<u>\$ (20,281,601)</u>

See notes to financial statements.

LOWER PAXTON TOWNSHIP

STATEMENT OF NET POSITION – PROPRIETARY FUNDS (CONTINUED)
DECEMBER 31, 2019

LIABILITIES AND NET POSITION

	<u>Lower Paxton Township Authority</u>	<u>Friendship Community Center</u>	<u>Total</u>
Current liabilities:			
Accounts payable	\$ 1,402,801	\$ 60,335	\$ 1,463,136
Current portion of long-term debt, subsidy agreements with the Township	3,341,201		3,341,201
Current portion of long-term debt:			
Bonds payable		355,000	355,000
Capital lease obligations	46,604		46,604
Developers escrow	237,186		237,186
Accrued:			
Interest	1,073,135	14,008	1,087,143
Expenses and withholdings		40,488	40,488
Due to:			
Other governments	1,337,598		1,337,598
The Township	1,506,694		1,506,694
Total current liabilities	<u>8,945,219</u>	<u>469,831</u>	<u>9,415,050</u>
Noncurrent liabilities:			
Long-term debt, subsidy agreements with the Township, net of current portion	113,554,251		113,554,251
Long-term debt, net of current portion:			
Bonds payable		1,767,956	1,767,956
Capital lease obligations	116,476		116,476
Bond premium	8,425,109	63,724	8,488,833
Total noncurrent liabilities:	<u>122,095,836</u>	<u>1,831,680</u>	<u>123,927,516</u>
Total liabilities	<u>131,041,055</u>	<u>2,301,511</u>	<u>133,342,566</u>
Net position:			
Net investment in capital assets	29,579,010	3,569,250	33,148,260
Restricted	11,786,103		11,786,103
Unrestricted	15,110,339	270,032	15,380,371
Total net position	<u>56,475,452</u>	<u>3,839,282</u>	<u>60,314,734</u>
Total liabilities and net position	<u>\$ 187,516,507</u>	<u>\$ 6,140,793</u>	<u>\$ 193,657,300</u>

See notes to financial statements.

LOWER PAXTON TOWNSHIP

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2019

	Lower Paxton Township Authority	Friendship Community Center	Total
Operating revenues:			
Rentals and fees	\$ 19,182,835		\$ 19,182,835
Contributions		\$ 12,137	12,137
Administration		220,233	220,233
Programming		513,971	513,971
Facilities		1,260,867	1,260,867
Miscellaneous	13,107	1,118	14,225
Total operating revenues	19,195,942	2,008,326	21,204,268
Operating expenses:			
Cost of sales and service	5,782,788		5,782,788
Other, operating	448,151		448,151
Administration	4,356,448	1,253,093	5,609,541
Programming		410,190	410,190
Facilities		389,315	389,315
Depreciation and amortization	3,966,567	324,748	4,291,315
Total operating expenses	14,553,954	2,377,346	16,931,300
Operating income	4,641,988	(369,020)	4,272,968
Nonoperating revenues (expenses):			
Interest income	1,100,869	1,258	1,102,127
Tapping fees	727,419		727,419
Interest and amortization, net	(4,999,164)	(45,097)	(5,044,261)
Contributions:			
Developer	1,058,101		1,058,101
Township	15,434,586	2,282,330	17,716,916
Gain on sale of assets	40,354	288	40,642
Bond issue costs	(524,388)		(524,388)
Total nonoperating revenues (expenses)	12,837,777	2,238,779	15,076,556
Change before operating transfers	17,479,765	1,869,759	19,349,524
Transfers in, net		125,000	125,000
Change in net position	17,479,765	1,994,759	19,474,524
Net position:			
Beginning of year (restated)	38,995,687	1,844,523	40,840,210
End of year	\$ 56,475,452	\$ 3,839,282	\$ 60,314,734

See notes to financial statements.

LOWER PAXTON TOWNSHIP

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2019

	Lower Paxton Township Authority	Friendship Community Center	Total
Cash flows from operating activities:			
Receipts from customers and users	\$ 17,971,185	\$ 1,652,015	\$ 19,623,200
Payments to:			
Suppliers	(5,572,260)	(2,050,185)	(7,622,445)
Lower Paxton Township	(2,555,855)		(2,555,855)
Net cash provided by operating activities	9,843,070	(398,170)	9,444,900
Cash flow from noncapital financing activities, internal transactions		643,302	643,302
Cash flows from capital and related financing activities:			
Purchase of capital assets	(3,015,512)	(209,099)	(3,224,611)
Proceeds from sale of capital assets	55,820	288	56,108
Tapping fees	727,419		727,419
Proceeds from:			
Issuance of long-term debt under subsidy agreements	53,300,509		53,300,509
Issuance of bonds		365,050	365,050
Principal payments on:			
Subsidy agreements	(45,246,840)		(45,246,840)
Bonds		(345,000)	(345,000)
Capital lease payments	(77,073)	(3,569)	(80,642)
Bond issue costs	(524,388)		(524,388)
Interest payments	(5,418,137)	(54,060)	(5,472,197)
Net cash used in capital and related financing activities	(198,202)	(246,390)	(444,592)
Cash flows from investing activities:			
Sale of investments	3,442,678		3,442,678
Interest income	1,100,869	1,258	1,102,127
Net cash provided by investing activities	4,543,547	1,258	4,544,805
Net increase in cash and cash equivalents	14,188,415	-	14,188,415
Cash:			
Beginning of year	19,518,123	807	19,518,930
End of year	\$ 33,706,538	\$ 807	\$ 33,707,345
Presented in financial statements as:			
Cash and cash equivalents	\$ 21,920,435	\$ 807	\$ 21,921,242
Restricted cash	11,786,103		11,786,103
	\$ 33,706,538	\$ 807	\$ 33,707,345

(continued)

LOWER PAXTON TOWNSHIP

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2019

	Business type activities, enterprise funds		
	Lower Paxton Township Authority	Friendship Community Center	Total
Reconciliation of operating income (loss) to net cash provided by operating activities, operating income	\$ 4,641,988	\$ (369,020)	\$ 4,272,968
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation/amortization expense	3,966,567	324,748	4,291,315
Noncash expense	78,717		78,717
(Increase) decrease in:			
Accounts receivable	(1,422,929)	8,739	(1,414,190)
Due from other governments	83,250	(365,050)	(281,800)
Due from other funds			
Prepaid expenses	(1,636)		(1,636)
Increase (decrease) in:			
Accounts payable	174,420	(5,429)	168,991
Accrued liabilities	934,745	7,842	942,587
Due to other governments	1,337,598		1,337,598
Developers escrow	50,350		50,350
Net cash provided by (used in) operating activities	\$ 9,843,070	\$ (398,170)	\$ 9,444,900
Supplemental disclosure of noncash transactions:			
Capital lease additions	\$ 158,536		\$ 158,536
Contributions:			
Developer	1,058,101		1,058,101
Township	15,434,586	\$ 2,282,330	17,716,916
Amortization of:			
Bond premiums	(229,822)	(7,738)	(237,560)
Deferred refundings	73,933	8,398	82,331

See notes to financial statements.

LOWER PAXTON TOWNSHIP

STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
DECEMBER 31, 2019

	<u>Pension trust funds</u>
Assets:	
Cash	\$ 523,565
Investments	<u>48,662,318</u>
Total assets	<u>\$ 49,185,883</u>
Liabilities, accounts payable	\$ 26,240
Net position, restricted for pensions	<u>49,159,643</u>
Total liabilities and net position	<u>\$ 49,185,883</u>

See notes to financial statements.

LOWER PAXTON TOWNSHIP

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2019

	<u>Pension trust funds</u>
Additions:	
Contributions:	
Employee	\$ 422,338
Employer	1,097,441
Employer, commonwealth funding	<u>1,013,859</u>
Total contributions	<u>2,533,638</u>
Investment income:	
Interest and dividends	506,256
Net appreciation in fair value of investments	<u>7,281,476</u>
Net investment gain	<u>7,787,732</u>
Total additions	<u>10,321,370</u>
Deductions:	
Retirement benefits	2,489,466
Refunds to terminated employees	15,294
Administrative	<u>133,683</u>
Total deductions	<u>2,638,443</u>
Net increase	7,682,927
Net position restricted for pensions:	
Beginning of year	<u>41,476,716</u>
End of year	<u>\$ 49,159,643</u>

See notes to financial statements.

LOWER PAXTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2019

1. Nature of organization and summary of significant accounting policies:

Lower Paxton Township (the Township) was incorporated in 1767. It is a second class township under the provisions of the Commonwealth of Pennsylvania's Second Class Township Code, P.L. 103, No. 69 as amended by P.L. 350, No. 60. The Township is governed by a board of supervisors and provides or secures the following services as authorized by the Township Code: public safety, public works, culture, recreation and community development. The accompanying financial statements were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units, as prescribed by the Governmental Accounting Standards Board (GASB).

A summary of the Township's significant accounting policies is as follows:

Reporting entity:

Consistent with the guidance contained in GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, the criteria used by the Township to evaluate the possible inclusion of related entities within its reporting entity are financial accountability and the nature and significance of the relationship. In determining financial accountability in a given case, the Township reviews the applicability of the following criteria.

The Township is financially accountable for:

- Organizations that make up the legal Township entity.
- Legally separate organizations if the Township officials appoint a voting majority of the organization's governing body and the Township is able to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Township as defined below:
- Impose Its Will - If the Township can significantly influence the programs, projects or activities of, or the level of services performed or provided by, the organization.
- Financial Benefit or Burden - Exists if the Township (1) is entitled to the organization's resources or (2) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide support to, the organization or (3) is obligated in some manner for the debt of the organization.
- Organizations that are fiscally dependent on the Township. Fiscal dependency is established if the organization is unable to adopt its budget, levy taxes or set rates or charges, or issue bonded debt without approval by the Township.

LOWER PAXTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2019

1. Nature of organization and summary of significant accounting policies (continued):

Blended component unit:

The Lower Paxton Township Authority (the Authority) is an operating authority responsible for acquiring, holding, constructing, improving, maintaining, operating, owning and leasing, either in the capacity of lessor or lessee, sewers, sewer systems or parts thereof. The majority of the Authority's board members are also members of the Township's board of supervisors. The Authority is considered a component unit due to the Township's ability to impose its will on the Authority as well as the financial benefit or burden.

The separate financial statements of the Authority can be obtained from the Township manager. The Authority operates on a calendar year ending December 31.

Government-wide and fund financial statements:

The government-wide financial statements (i.e., statement of net position and the statement of activities) report information on all the non-fiduciary activities of the government as a whole. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support.

The statement of activities demonstrates the degree to which direct expenses of a given function or segment are effected 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.

Separate financial statements are provided for governmental funds, the 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.

LOWER PAXTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2019

1. Nature of organization and summary of significant accounting policies (continued):

Measurement focus, basis of accounting and financial statement presentation:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and agency fund financial statements. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the 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.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as another financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability rather than an expenditure.

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 collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Licenses, operating grants, capital grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when the Township receives cash.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of "available spendable resources". Governmental funds operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in current assets. Accordingly, they are said to present a summary of sources and uses of available spendable resources during the period.

Because of their spending measurement focus, expenditure recognition for governmental fund types exclude amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

LOWER PAXTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2019

1. Nature of organization and summary of significant accounting policies (continued):

Measurement focus basis of accounting and financial statement presentation:

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended rather than as fund assets. The proceeds of long-term debt are recorded as an other financing source rather than a fund liability. However, debt service expenditures, as well as expenditures related to compensated absences and claims for judgments, are recorded only when payment is due.

The Township reports the following major governmental funds:

- The General Fund is the primary 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 General Improvement Fund is used to account for capital improvement projects throughout the Township.
- The Fire Equipment Fund is used to account for capital purchases related to fire equipment.

The Township non-major funds include the State Highway Aid and Fireman's Length of Service Award Program (LOSAP) funds.

The Township's proprietary funds are presented using the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when the related goods or services are delivered. In the financial statements, the proprietary funds are presented using the economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheet. The proprietary fund types operating statement presents increases (revenues) and decreases (expenses) in total net position.

Proprietary funds operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the funds. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Amounts paid to acquire capital assets in the proprietary funds are capitalized as assets in the fund financial statements, rather than reported as an expenditure.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as they are needed for their intended purposes.

LOWER PAXTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2019

1. Nature of organization and summary of significant accounting policies (continued):

Measurement focus basis of accounting and financial statement presentation:

The Township reports the following major proprietary funds:

- The Lower Paxton Township Authority is used to account for the fiscal activities of providing sewer services.
- The Friendship Community Center is used to account for the fiscal activities of the community center.

Fiduciary funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. The Township's fiduciary funds consist of the Pension Trust Funds. The Pension Trust Funds are accounted for in essentially the same manner as the proprietary funds since capital maintenance is critical. The Pension Trust Funds' financial statements are prepared using the accrual basis of accounting.

Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Agency funds are custodial in nature and do not involve measurement of results of operations.

Additionally, the Township reports the following fiduciary fund types:

- The Pension Trust Funds account for the revenue (i.e., member contributions, Township contributions and net investment income) and the expenses (i.e., contributions refunded, retirement allowances, and death benefits paid) of the Police and Non Uniformed Municipal Employees Pension Trust Funds.

Assets, liabilities and net position or fund balances:

Cash and cash equivalents:

For purposes of the accompanying statement of cash flows, the Township considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

LOWER PAXTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2019

1. Nature of organization and summary of significant accounting policies (continued):

Assets, liabilities and net position or fund balances:

Receivables and payables:

Interfund receivables and payables:

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Sewer receivables:

Receivables are stated at the amount management expects to collect from outstanding balances. Unbilled sewer rentals receivable relate to services performed at December 31 and not billed until the following January. All receivables are shown net of an allowance for doubtful accounts.

Investments, external investment pools, certificates of deposit:

The Township invests its funds in various instruments, including external investment pools and certificates of deposit with federally-insured financial institutions. The Township's investments in external investment pools, as discussed in Note 2, are valued at amortized cost, which approximates fair value, and are classified as cash and cash equivalents on the balance sheet. The Township invests in both negotiable and non-negotiable certificates of deposit (CD) in federally insured financial institutions. Negotiable CD's are valued at fair value while non-negotiable CD's are valued at cost because they are considered non-participating contracts for which redemption terms do not consider market values. The remainder of the Township's investments are reported at either fair value or net asset value as discussed in Note 2.

Restricted assets:

Restricted assets represent cash and investment balances from developers' escrow, forfeiture funds, unspent bond proceeds, fire equipment funds and the length of service awards program for fire fighters. At December 31, 2019, the restricted cash balance was \$3,867,722 and the restricted investment balance was \$883,527.

Restricted assets for the Authority represent cash and investment balances from developers' escrow and unspent bond proceeds. At December 31, 2019, the restricted cash balance was \$11,786,103.

LOWER PAXTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2019

1. Nature of organization and summary of significant accounting policies (continued):

Assets, liabilities and net position or fund balances:

Capital assets:

Capital assets are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Capital purchases with initial, individual costs that equal or exceed \$5,000 and estimated useful lives of over one year are recorded as capital assets. In addition, capital assets purchased with long-term debt may be capitalized regardless of the thresholds established. Capital assets are recorded at historical costs or estimated historical costs if purchased or constructed. Contributed capital assets are recorded at acquisition value based on acquisition costs provided by developers at the date of contribution.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized. Major outlay of capital assets and improvements are capitalized as projects are completed. Interest incurred during the construction phase of the capital asset of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment and infrastructure assets are depreciated using the straight line method over the following intended useful lives:

<u>Assets</u>	<u>Years</u>
Intangibles	3 to 60 years
Infrastructure	20 to 50 years
Buildings	50 years
Land improvements	20 years
Machinery, equipment and vehicles	5 to 15 years
Sewer system, deferred capacity	15 to 60 years

Compensated absences:

Township policy permits employees to accumulate a limited amount of earned, but unused sick, vacation and comp time, but employees are not paid out for accumulated comp time. These benefits are payable to employees upon separation of service. All leave pay is accrued when incurred in the government-wide financial statements. There is no accrual related to the Proprietary Funds. A liability for these amounts is computed in compliance with GASB 16, *Accounting for Compensated Absences*.

LOWER PAXTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2019

1. Nature of organization and summary of significant accounting policies (continued):

Assets, liabilities and net position or fund balances:

Long-term obligations:

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Sewer capacity costs:

The Authority participated in the construction of various facilities. This participation gave the Authority reserved rights to use a percentage of the facilities. Consequently, an asset is recorded based upon construction costs paid net of accumulated amortization of those costs, which is determined on the straight-line method over the estimated useful life of the capacity purchased.

Unearned revenues:

Revenues that are received but not earned are recorded as unearned revenue in the Township's financial statements. In the Township's governmental funds, unearned revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Township has a legal claim to the resources, the liability for unearned revenue is removed from the governmental funds' balance sheet, and revenue is recognized.

Tax revenues:

Real estate and delinquent per capita taxes are recorded at gross amounts collected, with expenses and commissions paid recorded as expenditures under general government. Real estate transfer, earned income, local services and delinquent real estate taxes are recorded at the net amount received from the collecting agency after deduction for fees and expenses

LOWER PAXTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2019

1. Nature of organization and summary of significant accounting policies (continued):

Assets, liabilities and net position or fund balances:

Net position/fund balances:

The following classifications describe the relative strength of the spending constraints:

- Nonspendable Fund Balance - Amounts that are not in a spendable form (such as Inventory) or are required to be maintained intact.
- Restricted Fund Balance - Amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed Fund Balance - Amounts constrained to specific purposes by the Township itself, using its highest level of decision-making authority (i.e. Township Supervisors). To be reported as committed, amounts cannot be used for any other purpose unless the Township takes the same level action to remove or change the constraint. This formal action is a Board approved Resolution.
- Assigned Fund Balance - Amounts the Township intends to be used for a specific purpose, but are neither restricted nor committed. Assignments of fund balance can be created by the Township Manager pursuant to authorization established by the Board of Supervisors.
- Unassigned Fund Balance - Amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available, it is the Township's policy to use restricted resources first. When expenditures are incurred for purposes of which unrestricted resources are available, and amounts in any of the unrestricted classifications could be used, it is the Township's policy to spend committed resources first, followed by assigned amounts and then unassigned amounts.

The government-wide and business-type activities financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- Net Investment in Capital Assets - This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

LOWER PAXTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2019

1. Nature of organization and summary of significant accounting policies (continued):

Assets, liabilities and net position or fund balances:

Net position/fund balances:

- Restricted Net Position - This category presents external restrictions imposed by creditors, granters, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position - This category represents net position of the Township, not restricted for any project or other purpose.

Interfund transactions:

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions except quasi-external transactions and reimbursements are reported as transfers.

Accounting estimates:

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual amounts may differ from those estimates.

Deferred outflows/inflows of resources:

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Township has two items that qualify for reporting in this category: deferred outflows related to pensions and deferred outflows on refunding bonds. Deferred outflows related to pensions are described further in Note 9. The components of deferred outflows are amortized into pension expense for the non-uniform and police pension plan over the remaining service life of participants, beginning the year in which the deferred amount occurs (current year). A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

LOWER PAXTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2019

1. Nature of organization and summary of significant accounting policies (continued):

Assets, liabilities and net position or fund balances:

Deferred outflows/inflows of resources:

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Township has two items that qualify for reporting in this category: deferred inflows related to pensions and unavailable tax revenue. Deferred inflows related to pensions are further described in Note 8. The annual difference between the projected and actual earnings on investments is amortized over a five-year closed period beginning the year in which the difference occurs (current year). Unavailable tax revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Adoption of GASB statements:

GASB issued Statement No. 88, *Certain Disclosures related to Debt, Including Direct Borrowings and Direct Placements*. This Statement was issued to improve the information that is disclosed in the notes to the governmental financial statements related to debt, including direct borrowings and direct placements. The new pronouncement is included in the current year disclosures.

Pending GASB statements:

In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement is to better meet the information needs of the financial statement users by improving accounting and financial reporting for leases by governments. The provisions of GASB Statement No. 87 are effective for the Township's December 31, 2022 financial statements.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This Statement is to enhance the relevance and comparability of information about capital assets and cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. The provisions of GASB Statement No. 89 are effective for the Township's December 31, 2021 financial statements.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. This Statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice. The provisions of GASB Statement No. 91 are effective for the Township's December 31, 2022 financial statements.

LOWER PAXTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2019

1. Nature of organization and summary of significant accounting policies (continued):

Assets, liabilities and net position or fund balances:

Pending GASB statements:

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. This Statement is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The provisions of GASB Statement No. 92 are effective for the Township's December 31, 2022 financial statements.

The effect of implementation of these statements has not yet been determined.

Budgets and budgetary accounting:

Legal requirements:

Commonwealth of Pennsylvania statutes require that Township Governments establish budgetary systems and adopt annual operating budgets. The Township's annual budget includes the General Fund, State Highway Aid, Fire Equipment, Firemen's LOSAP and General Improvement and is based on estimates of revenues and expenditures approved by the Township Board of Supervisors. The Township adopted the 2019 budget on a modified accrual basis of accounting. The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

Township budget process:

1. At least 30 days prior to January 1, the Township manager submits to the board of supervisors a proposed operating budget for the fiscal year commencing January 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public meeting is conducted to obtain citizen comments on the proposed budget. Prior to December 31, the budget is adopted through passage of a resolution by the board of supervisors.
3. The board of supervisors is authorized to transfer unencumbered monies from one Township account to another, but no monies shall be transferred from the fund allocated for the payment of debts or from any funds raised by a special tax levy for a particular purpose. Transfers of unencumbered monies shall not be made during the first three months of the fiscal year. The board of supervisors may, at any time by resolution, make supplemental appropriations.

LOWER PAXTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2019

1. Nature of organization and summary of significant accounting policies (continued):

Budgets and budgetary accounting:

Legal requirements:

Township budget process:

4. Appropriations lapse at the close of the fiscal year to the extent that they have not been expended. Encumbrances are not reported; however, fund balances are assigned in amounts equal to the subsequent year's anticipated budget deficit, if any. None of the assigned fund balance resulted from an anticipated budget deficit. The Township prepares its budget on a modified accrual basis of accounting.

Level of control:

The Township maintains budgetary control at the individual fund level.

2. Deposits and related risks:

Custodial credit risk:

For deposits, custodial credit risk is the risk that in the event of the failure of the counterparty, the Township will not be able to recover the value of its deposits or collateral securities that are in the possession of an outside party. At December 31, 2019, the Township's cash balance consisted of \$24,880,676 and \$11,484,665, in financial institutions and Pennsylvania investments accounts, respectively. Its bank balance was \$40,112,017. Of the bank balance, \$1,000,000 was covered by the Federal Deposit Insurance Corporation, and \$28,186,099 was subject to custodial credit risk as it was collateralized under Act 72 (Act) of the 1971 Session of the Pennsylvania General Assembly, in which financial institutions were granted the authority to secure deposits of public bodies by pledging a pool of assets, as defined by the Act, to cover all public funds deposited in excess of federal depository insurance limits. The remaining balance was invested in external investment pools of which the Township does not have a formal investment policy related to custodial credit risk.

The Township uses an external investment pool to ensure safety and maximize efficiency, liquidity and yield for Township funds. The external investment pool is valued at amortized cost, which approximates fair value. The amortized cost method involves valuing a security at its cost on the date of purchase and recording a constant amortization or accretion to maturity of any discount or premium. The fair value of the securities, held by the external investment pool, are evaluated on at least a weekly basis using prices supplied from an independent pricing service. These values are compared to the amortized cost of the securities. At December 31, 2019, the Township had external investment funds totaling \$11,478,231 and \$6,434, invested in the Pennsylvania Local Government Investment Trust (PLGIT) and Pennsylvania Treasurer's INVEST Program for Local Governments and Nonprofits (INVEST), respectively.

LOWER PAXTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

2. Deposits and related risks (continued):

Custodial credit risk:

At December 31, 2019, the Township had \$22,445 of funds held in Wells Fargo money markets that relate to the Fireman's LOSAP fund.

At December 31, 2019, the Township's business-type activities had \$985,009 of debt investments and maturities within its operating fund accounts. These investments consisted of certificates of deposit with maturity dates of less than one year.

Reconciliation to the financial statements:

Collateral held by the pledging bank under Act 72 but not in the Township's name	\$ 28,186,099
Wells Fargo, money market	22,445
PLGIT investments, money market	11,478,231
PA INVEST, money market	6,434
Insured by Federal Deposit Insurance Corporation	1,000,000
Deposits in transit	10,004
Outstanding checks	(594,541)
Petty cash	3,375
	<hr/>
Total cash deposits	<u>\$ 40,112,047</u>
Reconciliation to financial statements, cash:	
Governmental activities:	
Unrestricted	\$ 2,013,415
Restricted	3,867,722
Business-type activities:	
Unrestricted	21,921,242
Restricted	11,786,103
Fiduciary funds	523,565
	<hr/>
Total cash and cash equivalents	<u>\$ 40,112,047</u>

Interest rate risk:

The Authority and pension funds' investment policies do not limit investment maturities as a means of managing their exposure to fair value losses arising from increasing interest rates.

LOWER PAXTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2019

2. Deposits and related risks (continued):

Credit risk:

The Township does not have a formal policy that limits investments to ratings issued by nationally recognized statistical rating organizations for the governmental activities or the Pension Trust Funds. As of December 31, 2019, investments in fixed income investments were rated AAA, AA, A, BAA and NR respectively, by Moody's and 100% of the governmental fund investments were not rated by Moody's.

Concentration of credit risk:

The Township does not have a formal policy that places limit on the amount or percent that may be invested in any one issuer for the Governmental Funds or Pension Trust Funds. At December 31, 2018, the Township did not have any investments subject to concentration of credit risk.

3. Investments:

The Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs and Level 3 inputs are significant unobservable inputs.

The Township's investments in mutual funds, bond mutual funds and negotiable certificates of deposit are valued using quoted market prices (Level 1 inputs).

Mutual funds: Valued at the closing price of the mutual fund.

Common stock: Valued at the closing price of the stock per share.

Fixed income securities: Valued at the closing price of the underlying securities.

Exchange traded funds: Valued at the closing price of the underlying securities.

Governmental bonds: Valued at the closing price of the underlying securities.

Treasury notes: Valued at the price of the note plus accrued interest to date.

Corporate bonds: Valued at the closing price of the underlying securities.

Other investments: Valued at the closing prices reported on the active markets on which the individual securities are sold.

LOWER PAXTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

3. Investments (continued):

The Township's governmental activities have the following investments related to its Fireman's LOSAP fund. All investments are deemed to be level 1 investments.

<u>Investment type</u>	<u>Fair value</u>
Mutual funds:	
Equity funds	\$ 553,110
Corporate bonds	248,061
Fixed income funds	<u>82,356</u>
Total	<u>\$ 883,527</u>

LOWER PAXTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

3. Investments (continued):

The Township's non-uniform pension trust fund has the following recurring fair value measurements at December 31, 2019:

	Level 1 Investments		Total investments
	Wells Fargo	City National Rochdale	
Mutual funds:			
Emerging markets	\$ 270,657		\$ 270,657
International	1,014,677		1,014,677
Fixed income	1,857,981	\$ 685,198	2,543,179
Equity	494,465		494,465
Bond	2,665,770		2,665,770
Small cap	429,361		429,361
Mid cap	717,868		717,868
Large cap	672,645		672,645
Growth	170,819		170,819
Closed-end		166,017	166,017
Common stock		710,408	710,408
Exchange traded funds		28,944	28,944
Corporate bonds		203,409	203,409
Total investments at fair value level (level 1)	<u>\$ 8,294,243</u>	<u>\$ 1,793,976</u>	10,088,219
Cash held in investment accounts	\$ 224,070	\$ 42,918	266,988
Investments measured at the net asset value, pooled separate accounts			10,145,322
Total investments, non-uniform pension fund			\$ 20,500,529

LOWER PAXTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

3. Investments (continued):

The Township's police pension trust fund has the following recurring fair value measurements at December 31, 2019:

	Level 1 Investments		Total investments
	Wells Fargo	City National Rochdale	
Mutual funds:			
Emerging markets	\$ 184,675		\$ 184,675
International	701,030		701,030
Fixed income	1,284,447	\$ 2,548,826	3,833,273
Equity	350,075		350,075
Bond	1,845,166		1,845,166
Small cap	290,599		290,599
Mid cap	496,017		496,017
Large cap	461,660		461,660
Growth	113,017		113,017
Closed-end		592,925	592,925
Common stock		2,656,195	2,656,195
Exchange traded funds		96,930	96,930
Governmental bonds		264,738	264,738
Treasury notes		45,058	45,058
Corporate bonds		322,285	322,285
Other		128,023	128,023
Total investments at fair value level (level 1)	<u>\$ 5,726,686</u>	<u>\$ 6,654,980</u>	12,381,666
Cash held in investment accounts	\$ 159,111	\$ 170,994	330,105
Investments measured at the net asset value, pooled separate accounts			<u>15,450,018</u>
Total investments, police pension fund			<u>\$ 28,161,789</u>

LOWER PAXTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2019

3. Investments (continued):

Pooled Separate Accounts. This investment represents an investment where multiple plans share in a pooled fund on a participation unit basis. The plan's interest in the account is the cumulative record of the number of participation units credited to the account and the number of units allocated or withdrawn from the account. The participation unit is adjusted periodically to reflect investment results under the separate account. The Township does not have any unfunded commitments related to these investments. There is no limit on redemption frequency, there is no required redemption notice period and there are no redemption restrictions.

4. Real estate taxes:

Real estate taxes attach as an enforceable lien on property on January 1. Taxes are billed on March 1, payable under the following terms: 2% discount, March 1 based on the assessed value listed as of the prior December 31 for the real property located in the Township through April 30; face amount, May 1 through June 30 and 10% penalty after June 30. The County bills these taxes which are collected by the County and remitted to the Township. Real estate taxes levied for 2019 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during 2019 and expected to be collected within the first 60 days of 2020 are recognized as revenue in 2019. Net receivables estimated to be collectible subsequent to March 1 are reflected in deferred revenue. Prior years levies are recorded using these same principles, and remaining receivables are annually reevaluated as to collectability.

The rate of real estate taxation in 2019 was 1.554 mills for general purposes, 0.355 mills for fire protection and 0.041 mills for library funding purposes on a total Township assessed valuation of \$3,153,445,900.

LOWER PAXTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

5. Capital assets:

A summary of changes in the governmental activities capital assets for the year ended December 31, 2019 is as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>
Capital assets, not being depreciated:				
Land	\$ 3,144,494	\$ 91,000		\$ 3,235,494
Intangibles	421,850			421,850
Construction in progress		1,838,901		1,838,901
Total capital assets, not being depreciated	<u>3,566,344</u>	<u>1,929,901</u>		<u>5,496,245</u>
Capital assets being depreciated (cost):				
Buildings	12,463,251			12,463,251
Land improvements	7,485,766			7,485,766
Machinery and equipment	4,093,700	671,410	\$ (47,274)	4,717,836
Vehicles	9,725,613	263,943	(602,006)	9,387,550
Infrastructure	70,061,505	918,401	(22,708,764)	48,271,142
Total capital assets, being depreciated	<u>103,829,835</u>	<u>1,853,754</u>	<u>(23,358,044)</u>	<u>82,325,545</u>
Accumulated depreciation:				
Buildings	(3,212,243)	(263,840)		(3,476,083)
Land improvements	(4,416,795)	(290,663)		(4,707,458)
Machinery and equipment	(2,359,141)	(301,529)	47,274	(2,613,396)
Vehicles	(6,010,984)	(536,598)	602,006	(5,945,576)
Infrastructure	(41,827,110)	(1,495,690)	7,274,178	(36,048,622)
Total accumulated depreciation	<u>(57,826,273)</u>	<u>(2,888,320)</u>	<u>7,923,458</u>	<u>(52,791,135)</u>
Total capital assets, being depreciated, net	<u>46,003,562</u>	<u>(1,034,566)</u>	<u>(15,434,586)</u>	<u>29,534,410</u>
Governmental activities, capital assets, net	<u>\$ 49,569,906</u>	<u>\$ 895,335</u>	<u>\$(15,434,586)</u>	<u>\$ 35,030,655</u>

On January 1, 2019, the Township transferred capital assets related to the stormwater system to the Authority. The net value of assets transferred was \$15,434,586.

LOWER PAXTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

5. Capital assets (continued):

Depreciation expense was charged to functions/programs of the Township for 2019 as follows:

Governmental activities:

General government	\$ 204,651
Police department	191,260
Fire and ambulance	245,353
Public works	473,119
Parks and recreation	278,247
Infrastructure, unallocated	<u>1,495,690</u>
Total depreciation expense, governmental activities	<u><u>\$ 2,888,320</u></u>

LOWER PAXTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

5. Capital assets (continued):

A summary of changes in the business-type activities capital assets for the year ended December 31, 2019 is as follows:

	Beginning balance	Additions	Reductions	Ending balance
Lower Paxton Township Authority:				
Capital assets, not being depreciated:				
Land	\$ 1,540,192			\$ 1,540,192
Intangibles	2,740,869			2,740,869
Total capital assets, not being depreciated	4,281,061			4,281,061
Capital assets, being depreciated:				
Buildings	1,116,145			1,116,145
Machinery and equipment	680,015	\$ 158,536	\$ (54,990)	783,561
Furniture	19,299			19,299
Sewer system	159,877,306	2,875,755		162,753,061
Stormwater system		16,632,444		16,632,444
Total capital assets, being depreciated	161,692,765	19,666,735	(54,990)	181,304,510
Accumulated depreciation:				
Buildings	(450,194)	(27,904)		(478,098)
Machinery and equipment	(386,032)	(90,588)	39,524	(437,096)
Furniture	(19,299)			(19,299)
Sewer system	(48,807,662)	(2,903,239)		(51,710,901)
Stormwater system		(563,761)		(563,761)
Total accumulated depreciation	(49,663,187)	(3,585,492)	39,524	(53,209,155)
Net capital assets being depreciated	112,029,578	16,081,243	(15,466)	128,095,355
Net property, plant and equipment	116,310,639	16,081,243	(15,466)	132,376,416
Sewer capacity costs	21,144,628			21,144,628
Less, accumulated amortization	(6,781,648)	(381,076)		(7,162,724)
Net sewer capacity costs	14,362,980	(381,076)		13,981,904
Net capital assets, Authority	130,673,619	15,700,167	(15,466)	146,358,320
Friendship Community Center:				
Capital assets, being depreciated:				
Buildings	10,074,310	174,099		10,248,409
Machinery and equipment	523,272	35,000		558,272
Total capital assets, being depreciated	10,597,582	209,099		10,806,681
Accumulated depreciation:				
Buildings	(4,342,778)	(296,247)		(4,639,025)
Machinery and equipment	(388,990)	(28,500)		(417,490)
Total accumulated depreciation	(4,731,768)	(324,747)		(5,056,515)
Net capital assets, Friendship Community Center	5,865,814	(115,648)		5,750,166
Net capital assets, business type activities	\$ 136,539,433	\$ 15,584,519	\$ (15,466)	\$ 152,108,486

LOWER PAXTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

6. Long-term liabilities:

The Township's long-term liabilities consist of debt in the form of general obligation bonds and loans and capital leases obligations

Long-term debt:

The Township issues long-term debt to refinance existing debt, finance Township improvements, including the Friendship Community Center, and finance Lower Paxton Township Authority improvements. All debt incurred on behalf of the Authority is subject to subsidy agreements whereby the Authority is bound to pay its share of Township debt as summarized below. The amount due to the Township from the Authority under the aforementioned subsidy agreements totaled \$116,895,452 at December 31, 2019.

The following is a summary of Township debt obligations at December 31, 2019:

	<u>Original borrowing</u>	<u>Year of issue/maturity</u>	<u>Interest rates to maturity</u>	<u>Annual principal payments to maturity</u>	<u>Outstanding at December 31, 2019</u>
General obligation bonds:					
Series of 2010A	\$ 4,355,000	2010/2020	1.50% - 4.00%	\$280,000 to \$300,000	\$ 580,000
Series of 2012A	2,855,000	2012/2025	2.00% - 4.00%	\$5,000 to \$845,000	2,820,000
Series of 2013	7,965,000	2013/2022	0.60% - 2.00%	\$1,815,000 to \$1,955,000	5,665,000
Series of 2013A	4,060,000	2013/2027	0.55% - 2.65%	\$170,000 - \$830,000	2,850,000
Series of 2014	23,350,000	2014/2044	1.75% - 5.00%	\$765,000 to \$1,450,000	27,040,000
Series of 2015	14,005,000	2015/2029	2.00% - 4.00%	\$5,000 to \$2,125,000	13,540,000
Series of 2016	23,840,000	2016/2046	2.00% - 5.00%	\$655,000 to \$1,355,000	25,865,000
Series of 2019	52,040,000	2019/2044	3.00% - 4.00%	\$495,000 to \$4,975,000	<u>52,040,000</u>
Total general obligation bonds					<u>130,400,000</u>
Loans:					
PennVest loan payable	10,901,017				7,020,452
PA Infrastructure Bank	750,000				<u>199,028</u>
Total loans					<u>7,219,480</u>
Total long-term debt					<u>\$ 137,619,480</u>

LOWER PAXTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

6. Long-term liabilities (continued):

Long-term debt:

The Township utilizes bond issue and loan proceeds for both governmental and business-type activities, which include loaning debt proceeds to the Authority through subsidy agreements. The following is a breakdown of Township debt between governmental activities and business-type activities:

Total governmental activities:	
General obligation bonds	\$ 18,402,044
Loan	<u>199,028</u>
Total long-term debt, governmental activities	<u>18,601,072</u>
Business-type activities:	
Lower Patxon Township, subsidy agreements with Lower Patxon Township Authority:	
General obligation bonds	109,875,000
Loan	<u>7,020,452</u>
Total Lower Patxon Township, subsidy agreements with Lower Paxton Township Authority	116,895,452
Friendship Community Center, General obligation bonds	<u>2,122,956</u>
Total long-term debt, business-type activities	<u>119,018,408</u>
Total long-term debt	<u><u>\$ 137,619,480</u></u>

LOWER PAXTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

6. Long-term liabilities (continued):

Long-term debt:

Changes in the Township's long-term debt for the year ended December 31, 2019 are as follows:

Type	Beginning balance	Additions	Deletions	Ending balance
General obligation bonds:				
Series of 2009D	\$ 42,465,000		\$ (42,465,000)	\$ -
Series of 2010A	975,000		(395,000)	580,000
Series of 2012A	2,825,000		(5,000)	2,820,000
Series of 2013	7,275,000		(1,610,000)	5,665,000
Series of 2013A	3,085,000		(235,000)	2,850,000
Series of 2014	27,785,000		(745,000)	27,040,000
Series of 2015	13,600,000		(60,000)	13,540,000
Series of 2016	26,520,000		(655,000)	25,865,000
Series of 2019		\$ 52,040,000		52,040,000
Total general obligation bonds	124,530,000	52,040,000	(46,170,000)	130,400,000
Loans:				
PennVest	7,472,292		(451,840)	7,020,452
PA Infrastructure Bank	276,412		(77,384)	199,028
Total loans	7,748,704		(529,224)	7,219,480
Total long-term debt activity	\$ 132,278,704	\$ 52,040,000	\$ (46,699,224)	\$ 137,619,480

In August 2019, The Township issued an additional PennVest loan on behalf of the Authority with a total drawdown amount of \$13,354,113 for sewer remediation projects. The Authority is responsible for debt payments under a subsidy agreement. At December 31, 2019, no funds have been drawn on this loan.

LOWER PAXTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

6. Long-term liabilities (continued):

Long-term debt:

Annual Township debt service requirements on the governmental activities obligations are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 1,383,646	\$ 612,559	\$ 1,996,205
2021	1,419,930	576,325	1,996,255
2022	1,520,452	536,979	2,057,431
2023	1,515,000	496,828	2,011,828
2024	1,560,000	446,978	2,006,978
2025-2029	6,720,044	1,476,969	8,197,013
2030-2034	3,802,000	516,884	4,318,884
2035-2039	590,000	40,806	630,806
2040-2044	90,000	9,600	99,600
	<u>\$ 18,601,072</u>	<u>\$ 4,713,928</u>	<u>\$ 23,315,000</u>

Annual Township debt service requirements on the business-type activities obligations are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 3,696,201	\$ 4,523,579	\$ 8,219,780
2021	3,811,019	4,463,685	8,274,704
2022	3,946,307	4,349,975	8,296,282
2023	4,082,082	4,217,847	8,299,929
2024	4,238,358	4,059,620	8,297,978
2025-2029	22,769,576	18,094,147	40,863,723
2030-2034	26,604,865	13,649,174	40,254,039
2035-2039	32,485,000	7,702,022	40,187,022
2040-2044	14,745,000	2,506,975	17,251,975
2045-2046	2,640,000	133,750	2,773,750
	<u>\$ 119,018,408</u>	<u>\$ 63,700,774</u>	<u>\$ 182,719,182</u>

LOWER PAXTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

6. Long-term liabilities (continued):

Capital leases:

Governmental activities:

In 2015, the Township entered into multiple capital leases to finance the purchase of one Wildcat Trammel Screen and one Vermeer Compost Turner. The terms of the leases were five years with payments that began in April 2015 and ended in April 2019.

In 2017, the Township entered into multiple capital leases to finance the purchase of a Ford F-550 Dump Truck, John Deere Loader Backhoe and a Volvo L90H Wheel Loader. The term of the leases are three and five years with payments beginning in March 2017 and going through March 2021.

In 2018, the Township entered into multiple capital leases to finance the purchase of a Mack Truck, Takeuchi skid loader and TYMCO Street Sweeper. The term of the leases are three and four years with payments beginning in November 2018 and going through March 2022.

In 2019, the Township entered into a capital lease to finance the purchase of a Ford Explorer. The term of the lease is five years with payments beginning in May 2019 and going through May 2023.

The assets (recorded as vehicles, machinery and equipment) acquired through the capital leases are as follows:

Assets:	
Leasehold assets	\$ 612,427
Less accumulated depreciation	<u>(93,190)</u>
Total	<u>\$ 519,237</u>

Business-type activities:

In 2017, the Township entered into multiple capital leases to finance the purchase of Friendship Community Center equipment. The term of the leases are three years with payments starting in January 2017 and continuing through September 2019.

In 2018, the Authority entered into a capital lease to finance the purchase of a Takeuchi Vertical Track Loader. The lease has a term of five years with payments starting October 2019 and continuing through October 2023.

LOWER PAXTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

6. Long-term liabilities (continued):

Capital leases:

Business-type activities:

The assets (recorded as machinery and equipment) acquired through the capital leases are as follows:

Assets:		
Leasehold	\$ 240,153	
Less accumulated depreciation		<u>(31,719)</u>
 Total		 <u><u>\$ 208,434</u></u>

Future minimum lease payments under the agreements together with present value of the net minimum lease payments are as follows:

Year ending December 31,	Governmental activities	Business-type activities
2020	\$ 188,221	\$ 52,478
2021	118,595	52,478
2022	80,815	52,477
2023	<u>7,398</u>	<u>18,587</u>
 Total minimum lease payments	 395,029	 176,020
Less:		
Amount representing interest	28,317	12,940
Present value of minimum lease payments, current portion	<u>173,176</u>	<u>46,604</u>
 Total present value of net minimum lease payments, noncurrent	 <u><u>\$ 193,536</u></u>	 <u><u>\$ 116,476</u></u>

LOWER PAXTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2019

7. Defeased debt:

In prior years, the Township defeased the Governmental and Friendship Community Center General Obligation Bonds, Series of 2010A by placing the proceeds of new issues in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Township financial statements. There has been no substitution of essentially risk-free monetary assets.

At December 31, 2019, the principal amount outstanding relative to defeased debt was \$155,000, all of which relates to the Township and Friendship Community Center.

8. Pension plans:

The Township has two single employer defined benefit pension plans, one covering non-uniformed employees including Authority Unit employees and the other covering uniformed police. Employees become eligible for participation in the non-uniformed pension plan upon employment and become fully vested after nine years of service in the unless the employee is a participant in the Authority Unit in which vesting occurs 30% after three years of service, increasing by 10% each year until becoming fully vested after ten years. Employees become eligible for participation in the police pension plan upon employment and become fully vested after twelve years of service. The non-uniformed pension plan was established and is controlled through Township ordinances. The police pension plan was established by municipal ordinance with the Authority for municipal contributions required by Act 205, of the Pennsylvania legislature. The Board of Supervisors established and may amend benefit terms through labor agreements negotiated by the Township. Both plans are reported as pension trust funds in the statement of fiduciary net position and changes therein. The plans do not issue stand-alone financial reports.

Non-uniform pension plan:

Plan membership:

At December 31, 2019, participants in the non-uniform plan consisted of the following:

Participants:	
Retirees and beneficiaries currently receiving benefits	38
Terminated employees entitled to benefits but not yet receiving them	8
Active employees	85

LOWER PAXTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

8. Pension plans (continued):

Non-uniform pension plan:

Plan benefits:

The benefits provided by the non-uniform plan is based upon average monthly compensation, age and length of service. A summary of plan benefits is as follows:

Normal retirement age	Township Unit, except Public Works, hired on or after January 1, 2013 and Public Works employees hired on or after January 1, 2012; 65 with 10 years of service Township Unit, except Public Works employees hired before January 1, 2012 - 65 with 10 years of service or 60 with 15 years of service; Authority Unit - 65 with 10 years of service.
Average compensation period	36 months
Early retirement	Township Unit, except Public Works, hired on or after January 1, 2013 and Public Works employees hired on or after January 1, 2012 - 60 with 15 years of service; Township Unit, except Public Works employees hired before January 1, 2012 - 55 years old/10 years service.
Vesting	Township Unit - 100% after completion of 9 years of service; Authority Unit - 30% after 3 years, increasing 10% each year up to 10 years and 100%.
Normal forms of benefits	Life
Normal benefits	2% of final monthly average compensation per year of service up to a maximum of 27 years.
Early benefit	Accrued benefit at date of actual retirement actuarially reduced for commencement before normal retirement. Employees (other than Authority) who terminate more than 15 years prior to normal retirement may elect instead the greater of a refund of contributions plus interest or the actuarial equivalent of the deferred monthly benefit of a lump sum of \$25,000 or less.
Disability benefit	Authority Unit - Accrued benefit at date of disablement, actuarially reduced for commencement prior to normal retirement.
Death benefit	<u>Before vesting</u> - refund of contributions plus interest, if any. <u>After vesting, before retirement</u> - monthly benefit equal to the survivor portion of an actuarially reduced joint and 50% survivor benefit and reduction for commencement prior to normal retirement, payable at early retirement. <u>After retirement</u> - form of benefit payment in force at time of death.
Cost of living adjustment	None
Service increment	None

LOWER PAXTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2019

8. Pension plans (continued):

Non-uniform pension plan:

Contributions:

The Township's non-uniformed employees (except for former Authority employees who are required to contribute 2.40% and who receive a different level of benefits) are required to contribute 3.50% of annual base compensation, but only for the first 27 years of service. The Township is required to contribute the remaining amount necessary to fund the plan using the entry age normal cost method. The Township funds its contributions with general fund cash and foreign casualty insurance premium taxes obtained from the Commonwealth of Pennsylvania.

Act 205 of 1984, the Municipal Pension Plan Funding Standard and Recovery Act, initiated actuarial funding requirements for municipal pension plans. Under Act 205 provisions, a municipal budget must provide for the full payment of the minimum municipal obligation (MMO) to each employee pension fund of the municipality. Act 189 of 1990 amended Act 205 and redefined the calculation used to determine the MMO to employee pension funds. The MMO is now defined as the total financial requirements to the pension fund, less funding adjustments and estimated contributions. The actuarially determined contribution for the MMO to the Pension Trust Fund was \$757,954 which was funded by the Township through a State Aid amount of \$409,640 and Township contributions of \$348,314. Employee contributions in 2019 totaled \$156,778.

LOWER PAXTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

8. Pension plans (continued):

Non-uniform pension plan:

Net pension liability:

The components and changes in the Township's net pension liability for the non-uniform defined benefit plan for the year ended December 31, 2019 were as follows:

	Increase (decrease)		
	Total pension liability (a)	Plan fiduciary net position (b)	Net pension liability (a) - (b)
Balances at December 31, 2018	\$ 21,869,454	\$ 17,378,501	\$ 4,490,953
Service cost	535,173		535,173
Interest cost	1,489,190		1,489,190
Differences between expected and actual experience	(541,352)		(541,352)
Change in assumptions	603,643		603,643
Contributions:			
Employer		757,954	(757,954)
Employee		156,778	(156,778)
Net investment income		3,265,845	(3,265,845)
Benefit payments, including refunds of member contributions	(823,121)	(823,121)	-
Administrative expense		(7,944)	7,944
Net changes	1,263,533	3,349,512	(2,085,979)
Balances at December 31, 2019	\$ 23,132,987	\$ 20,728,013	\$ 2,404,974

At December 31, 2019, the plan fiduciary net position as a percentage of the total liability was 89.6%.

LOWER PAXTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

8. Pension plans (continued):

Non-uniform pension plan:

Net pension liability:

At December 31, 2019, the Township reported deferred outflows of resources and deferred inflows of resources related to the non-uniform pension plan from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience		\$ 1,209,057
Change in assumptions	\$ 1,230,939	
Net difference between projected and actual investment earnings	1,240,042	\$ 2,143,239
Total	\$ 2,470,981	\$ 3,352,296

The total pension expense recognized in 2019 for the Non-uniform pension plan was \$669,041. The deferred outflows of resources and the deferred inflows of resources will be recognized in pension expense as follows:

<u>Year ended December 31,</u>	
2020	\$ (240,623)
2021	(281,724)
2022	(29,841)
2023	(381,793)
2024	38,291
Thereafter	14,375
Total	\$ (881,315)

LOWER PAXTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

8. Pension plans (continued):

Non-uniform pension plan:

Actuarial methods and assumptions:

The Township's non-uniform net pension liability was measured as of January 1, 2019 and rolled forward to the reporting date using the following significant actuarial assumptions applied to all periods included in the measurement:

Inflation	2.75 %
Salary increases, including inflation	4.75 %
Expected long-term rate of return	6.75 %, applied to all periods

Mortality rates were based on the RP-2014 Mortality Table with 50% of the Blue Collar adjustment and rates set forward five years for disabled members. Mortality improvement based on the Long-Range Demographic Assumptions for the 2015 SSA's Trustee Report.

The long-term expected rate of return on the non-uniform pension 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 inflation and investments expenses not funded through the MMO) 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 the arithmetic real rates of return for each major asset class included in the target asset allocation as of December 31, 2019 are summarized in the following table:

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-term expected rate of return</u>
Equity	0.00 - 60.00 %	5.00 - 7.00 %
Fixed income	0.00 - 50.00 %	1.00 - 3.00 %
Cash	0.00 %	0.00 - 1.00 %

LOWER PAXTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

8. Pension plans (continued):

Non-uniform pension plan:

Discount rate:

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made equal to the Minimum Municipal Obligation. Based on those assumptions, the pension plan's fiduciary 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 of the net pension liability in the discount rate:

The following shows the effect of a 1% change in the discount rate on net pension liability:

	1% Decrease, 5.75%	Current discount rate 6.75%	1% Increase, 7.75%
Non-uniform net pension liability	5,187,573	2,404,974	64,855

Rate of return:

For the year ended December 31, 2019, the annual money-weighted rate of return on pension plan investments was 18.95%. The money-weighted rate of return expresses investment performance, net of investment expenses, not funded through the MMO.

Police pension plan:

Plan membership:

At December 31, 2019, participants in the police plan consisted of the following:

Participants:	
Retirees and beneficiaries currently receiving benefits	48
Terminated employees entitled to benefits but not yet receiving them	1
Active employees	57

LOWER PAXTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

8. Pension plans (continued):

Police pension plan:

Plan benefits:

The benefits provided by the police plan is based upon average monthly compensation, age and length of service. A summary of plan benefits is as follows:

Normal retirement age	50 with 25 years of service.
Average compensation period	36 months
Early retirement	N/A
Vesting	100% after completion of 12 years of service
Normal forms of benefits	Life
Normal benefits	Benefit equal to 50% of final monthly average salary plus service increment, if any.
Early benefit	N/A
Disability benefit	50% of the participant's final monthly average salary at disablement/retirement, but no less than 50% of the member's salary at time disability incurred, offset by social security disability benefits for same injury.
Death benefit	<u>Before vesting eligibility</u> - refund of contributions with interest. <u>After vesting eligibility</u> - refund of contributions, plus interest or if married 50% of the participant's accrued benefit at the date of death, commencing at participant's normal retirement date. <u>After retirement eligibility</u> - 50% of the pension the participant was receiving or was entitled to receive. Survivor benefits - payable for life for spouse, if no spouse or spouse later dies, benefit to children until 18 or 23, if in school.
Cost of living adjustment	Effective on 1st anniversary of retirement will receive the lesser of 2% or the increase in CPI in monthly benefits, until a maximum of 2% increase is reached.
Service increment	\$20 for each completed year of service in excess of 25 years up to a maximum of \$100.

Contributions:

When plan contributions are required, the Township police employees are required to contribute up to 5% of annual base compensation. The Township is required to contribute the remaining amount necessary to fund the plan using the entry age normal cost method. The Township funds its contributions with general fund cash and foreign casualty insurance premium taxes obtained from the Commonwealth of Pennsylvania.

LOWER PAXTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

8. Pension plans (continued):

Police pension plan:

Contributions:

The Township police pension plan is also subject to Act 205. The actuarially determined contribution for the MMO to the Pension Trust Fund was \$1,353,346 which was funded by the Township through a State Aid amount of \$604,219 and Township contributions of \$749,127. Employee contributions in 2019 totaled \$265,560.

Net pension liability:

The components and changes in the Township's net pension liability for the police pension plan for the year ended December 31, 2019 were as follows:

	Increase (decrease)		
	Total pension liability (a)	Plan fiduciary net position (b)	Net pension liability (a) - (b)
Balances at December 31, 2018	\$ 31,878,307	\$ 24,098,215	\$ 7,780,092
Service cost	846,050		846,050
Interest cost	2,246,098		2,246,098
Differences between expected and actual experience	408,630		408,630
Change in assumptions	969,624		969,624
Contributions:			
Employer		1,353,346	(1,353,346)
Employee		265,560	(265,560)
Net investment income		4,404,499	(4,404,499)
Benefit payments, including refunds of member contributions	(1,681,639)	(1,681,639)	-
Administrative expense		(8,349)	8,349
Net changes	2,788,763	4,333,417	(1,544,654)
Balances at December 31, 2019	\$ 34,667,070	\$ 28,431,632	\$ 6,235,438

At December 31, 2019, the plan fiduciary net position as a percentage of the total liability was 82.0%.

LOWER PAXTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

8. Pension plans (continued):

Police pension plan:

Net pension liability:

At December 31, 2019, the Township reported deferred outflows of resources and deferred inflows of resources related to the police pension plan from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 347,640	\$ 115,730
Change in assumptions	1,102,254	
Net difference between projected and actual investment earnings	1,660,520	2,861,739
Total	\$ 3,110,414	\$ 2,977,469

The total pension expense recognized in 2019 for the police pension plan was \$1,436,622. The deferred outflows of resources and the deferred inflows of resources will be recognized in pension expense as follows:

<u>Year ended December 31,</u>	
2020	\$ (53,916)
2021	(78,017)
2022	238,188
2023	(323,014)
2024	205,710
Thereafter	143,994
Total	\$ 132,945

LOWER PAXTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

8. Pension plans (continued):

Non-uniform pension plan:

Actuarial methods and assumptions:

The Township's police net pension liability was measured as of January 1, 2019 and rolled forward to the reporting date using the following significant actuarial assumptions applied to all periods included in the measurement:

Inflation	2.75 %
Salary increases, including inflation	5.50 %
Expected long-term rate of return	6.75 %, applied to all periods

Mortality rates were based on the RP-2014 Mortality Table with 50% of the Blue Collar adjustment and rates set forward five years for disabled members. Mortality improvement based on the Long-Range Demographic Assumptions for the 2015 SSA's Trustee Report.

The long-term expected rate of return on the police pension 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 inflation and investments expenses not funded through the MMO) 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 the arithmetic real rates of return for each major asset class included in the target asset allocation as of December 31, 2019 are summarized in the following table:

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-term expected rate of return</u>
Equity	0.00 - 60.00 %	5.00 - 7.00 %
Fixed income	0.00 - 50.00 %	1.00 - 3.00 %
Cash	0.00 %	0.00 - 1.00 %

LOWER PAXTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

8. Pension plans (continued):

Police pension plan:

Discount rate:

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made equal to the Minimum Municipal Obligation. Based on those assumptions, the pension plan's fiduciary 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 of the net pension liability in the discount rate:

The following shows the effect of a 1% change in the discount rate on net pension liability:

	1% Decrease, 5.75%	Current discount rate 6.75%	1% Increase, 7.75%
Police net pension liability	10,763,473	6,235,438	2,469,588

Rate of return:

For the year ended December 31, 2019, the annual money-weighted rate of return on pension plan investments was 18.54%. The money-weighted rate of return expresses investment performance, net of investment expenses, not funded through the MMO.

9. Post-employment benefit plan:

Plan description:

Plan administration:

The Township administers a single-employer defined benefit postemployment benefit (OPES) plan (the Plan) that is used to provide health-related benefits for its police officers through its group health insurance plan. Plan provisions are established based on labor agreements negotiated by the Township. The Plan is unfunded, and no financial report is prepared.

LOWER PAXTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

9. Post-employment benefit plan (continued):

Plan description:

Plan membership:

As of December 31, 2019, the Plan's membership consisted of the following:

Active participants	58
Retired participants	<u>18</u>
Total	<u><u>76</u></u>

Benefits provided:

All police officers retiring with a normal or disability retirement under the pension plan are eligible for other post-employment benefits. Normal retirement eligibility is the age of 50 and completion of 25 years of service. Disability retirement eligibility is considered total and permanent disablement that occurs in the line of duty. The retiree must decide at the time of retirement to elect either a 60-month period of husband/wife benefits or 108-month period of retiree only.

Benefits include the same medical coverage enjoyed by active members and currently include medical, prescription drug, dental, and vision coverage. Coverage is suspended if the retiree is eligible for comparable coverage cost-free from another source. After the period of coverage ceases, retirees may purchase any of the benefits covered at the effective group rates. The Township pays the first 10% of any increase in annual cost. Thereafter, the Township and the retiree share equally for any annual increases exceeding 10%.

Contributions:

The contribution requirements of plan members and the Township are established and may be amended by the Board of Supervisors. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75. The plan is funded on a pay-as-you-go basis, i.e. premiums are paid annually to fund the healthcare benefits provided to current retirees, primary through annual appropriations from the General Fund. Retiree contribution rates and amounts vary based on the benefits selected.

LOWER PAXTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

9. Post-employment benefit plan (continued):

Total OPEB liability:

The Township's total OPEB liability of \$6,183,067 was measured as of December 31, 2019, and was determined by an actuarial valuation as of January 1, 2019. The actuary utilized update procedures to roll forward the total OPEB liability in the January 1, 2019 actuarial valuation to the December 31, 2019 measurement date.

The actuarial assumptions used in the January 1, 2019 valuation were based on past experience under the plan and reasonable future expectations which represents the best estimate of anticipated experience under the plan. A recent actuarial experience study was not performed.

Changes in the Township's total OPEB liability for the plan as of December 31, 2019 was as follows:

	<u>Total OPEB liability</u>
Balance at January 1, 2019	<u>\$ 5,588,658</u>
Changes for the year:	
Service cost	298,604
Interest	228,507
Benefit payments	(275,372)
Changes in assumptions	(205,989)
Differences between expected and actual results	<u>548,659</u>
Net changes	<u>594,409</u>
Balance at December 31, 2019	<u><u>\$ 6,183,067</u></u>

LOWER PAXTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

9. Post-employment benefit plan (continued):

Total OPEB liability:

At December 31, 2019, the Township reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Differences between expected and actual experience	\$ 488,367	
Change in assumptions		<u>\$ 183,353</u>
Total	<u>\$ 488,367</u>	<u>\$ 183,353</u>

The deferred outflows of resources and the deferred inflows of resources will be recognized in OPEB expense as follows:

<u>Year ended December 31,</u>	
2020	\$ 37,656
2021	37,656
2022	37,656
2023	37,656
2024	37,656
Thereafter	<u>116,734</u>
Total	<u>\$ 305,014</u>

LOWER PAXTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

9. Post-employment benefit plan (continued):

Total OPEB liability:

Actuarial assumptions and other inputs:

The total OPEB liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Discount rate	3.75%
Dental/vision trend rate	3.00%
Medical trend rate	7.50% for 2019, decreasing to 5.00% by 2028

The discount rate was based on the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality rates were assumed based on the RP-2014 Combined Heath Mortality Table with 50% of Blue Collar Adjustment and rates set forward five years for disabled lives. Mortality improvement rates were derived from the Long-Range Demographic Assumptions for the 2015 Social Security Administration's Trustee Report.

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates:

The following presents the total OPEB liability of the Township, as well as what the Township's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one-percentage point lower or higher than the current discount rate:

	1% decrease	Current rate	1% increase
	<u>1.40%</u>	<u>2.40%</u>	<u>3.40%</u>
Township total OPEB liability	\$ 5,559,523	\$ 6,183,067	\$ 6,906,549

LOWER PAXTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

9. Post-employment benefit plan (continued):

Total OPEB liability:

Sensitivity of the total OPEB liability to changes in the discount rate:

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

	1% decrease <u>2.75%</u>	Current rate <u>3.75%</u>	1% increase <u>4.75%</u>
Township total OPEB liability	\$ 6,675,317	\$ 6,183,067	\$ 5,730,475

OPEB expense:

For the year ended December 31, 2019, the Township recognized OPEB expense of \$564,767.

10. Risk management:

The Township is a member of a risk sharing pool, the Susquehanna Municipal Trust, to provide workers' compensation coverage. The 2019 contribution for this coverage was \$361,408.

The Trust has a self-insured retention per occurrence of \$1,000,000. Claims that exceed the self-insured retention are satisfied by a stop-loss insurance carrier, Midwest Employers Casualty. There are 77 municipal entities participating in the pool. Each member owns a portion of the pool based upon the total contributions deposited by each member over the preceding 12 months. If there is a deficit in the pooled funds, each member is assessed a ratio based upon the total contributions. As of December 31, 2019, there have been no adjustments in the Trust's class code rates. The Township's premium does adjust each year according to independently audited payroll totals in each class code.

The Township participates in the Pennsylvania Municipal Health Insurance Cooperative to provide medical benefits to employees. Under this program, the Township pays varying amounts of reasonable and customary healthcare expenses. For 2019, the Township paid premiums of \$3,675,301. For the year ended December 31, 2019, the Township was limited in liability for claims to \$35,000 per enrollee and a maximum claims liability of \$2,949,063. Actual claims paid for the year ended December 31, 2019 were \$2,799,403. A portion of the unused premiums will be used for cost recovery of other members' coverages and the remainder will be refunded in two increments in 2020.

LOWER PAXTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

14. Fund balance classifications:

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Township is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Fund	Fund balance classifications			Total fund balance
	Nonspendable	Restricted	Unassigned	
General fund:				
Other assets	\$ 491,041			\$ 491,041
Paxtonia Fire Company mortgage	98,681			98,681
Available for any purpose			\$ 4,856,687	4,856,687
General improvement fund, township improvements		\$ 715,712	(213,508)	502,204
Fire protection services		2,001,543	42,202	2,043,745
Non-major funds:				
State highway aid		402,565		402,565
Firemen's LOSAP		905,975		905,975
	<u>\$ 589,722</u>	<u>\$ 4,025,795</u>	<u>\$ 4,685,381</u>	<u>\$ 9,300,898</u>

The restriction of net position included in the business-type activities of \$11,786,103 is for bond proceeds received that have not yet been spent on capital improvements.

LOWER PAXTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

14. Fund balance classifications (continued):

The restrictions of net position included in the fiduciary funds are as follows:

<u>Fiduciary funds</u>	
Non-uniform pension trust fund, amounts restricted for payment of non-uniform pension benefits.	\$ 20,728,012
Police pension trust fund, amounts restricted for payment of police pension benefits.	<u>28,431,631</u>
Total fiduciary funds, net position	<u><u>\$ 49,159,643</u></u>

15. Due from fire companies:

Paxtonia Fire Company:

The Township had entered into a loan agreement with Paxtonia Fire Company. The proceeds were used to purchase six tracts of land located on Johnson Street, Harrisburg. The agreement called for a loan of \$421,435 to be repaid in periodic payments by July 1, 2029. Payment terms require four annual payments of \$7,025, including interest at 3.00%, beginning July 1, 2009. The outstanding balance due from the Paxtonia Fire Company as of December 31, 2019 is \$98,681.

16. Commitments and contingencies:

In the normal course of business, there are various claims and suits pending against the Township and its elected officials. Management is of the opinion that these matters will not have a material adverse effect on the Township's financial position at December 31, 2019.

The Authority has entered into agreements for repairs and rehabilitation of its sewer system. There were nine construction contracts open as of December 31, 2019 which totaled \$18,369,390. Work totaling \$852,913 had been completed on these contracts as of year end.

17. Agreements:

The Authority has entered into agreements with downstream municipalities for the transmission and treatment of sewage. Charges for transmission and treatment are principally based upon a combination of the number of equivalent dwelling units and sewage transmitted.

LOWER PAXTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2019

17. Agreements (continued):

The Authority has entered into the Swatara Township Authority-Intermunicipal Agreement with the joint users of the Swatara Township Authority treatment plant. The Agreement covers the operating expenses of the Swatara Township Authority treatment plant and transmission facilities and the corresponding responsibilities of each user based on a pro rata share basis. Under this agreement, the Authority's operating costs amounted to \$1,203,601 for the year ended December 31, 2019.

The Authority, along with the Borough of Penbrook, the Borough of Paxtang, the Township of Swatara, the Township of Susquehanna and the Township of Lower Paxton (the Joint Municipalities) continue to negotiate with the City of Harrisburg and Capital Region Water (CRW) to finalize a new Intermunicipal Agreement, which sets the rate for treatment and transmission services provided to the Joint Municipalities, as well as the funding of the improvement projects for CRW facilities. Under the current agreement, the Authority's operating costs amounted to \$4,579,187.

The Authority is currently disputing the method of calculating certain 2015 through 2019 charges related to the services provided above. The disputed amount of \$1,337,598 is included as a liability, due to other governments, and in the operating costs noted above to CRW on the Authority's books as of December 31, 2019.

18. Legal agreements and restrictions regarding sanitary sewer operations:

In June 1995, the Pennsylvania Department of Environmental Protection (PADEP) entered into a Consent Decree and Settlement Agreement with the Authority, the Township and Swatara Township Authority, outlining certain steps that need to be met to abate the overload of the Beaver Creek Basin interceptor

On May 29, 2002, the parties, including the Developers as Intervenors, entered into a Second Consent Decree and new Settlement Agreement to supersede the first Consent Decree and Settlement Agreement of June 1995, the 1991 Spring Creek Consent Decree and to settle two Environmental Hearing Board appeals and a Commonwealth Court Petition. The Commonwealth Court approved the Second Consent Decree on June 13, 2002.

The Second Consent Decree incorporated the Township's Act 537 Plan and corrective action plans to eliminate the overflows and hydraulic overloads in the Beaver Creek, Paxton Creek and a portion of the Spring Creek Basin. The Township submitted, and PADEP approved, the First Amendment to the Second Consent Decree to address Paxton Creek beyond 2007. The First Amendment for Paxton Creek requires a 15-year mini-basin total sewer replacement/repair program through 2022 and provided for the replacement/enlargement of several interceptor sewers. In 2022, the Authority is required to evaluate the progress and success of the work to determine if any storage facilities will be needed to ensure future capacity. If they are required, it is anticipated that such facilities will be completed within three years of PADEP planning approval.

LOWER PAXTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2019

18. Legal agreements and restrictions regarding sanitary sewer operations (continued):

The PADEP approved the Second Amendment to the Second Consent Decree and Settlement Agreement on August 21, 2013 to eliminate the Wet Weather Treatment Facility in the Beaver Creek Basin as the chosen alternative and selecting a 15-year mini-basin total sewer replacement/repair program similar to Paxton Creek. The Beaver Creek new alternative requires sewer replacements through 2027. In 2027, the Authority is required to evaluate the progress and success of the work to determine if any storage facilities will be needed to ensure future capacity. If they are required, it is anticipated that such facilities will be completed within three years of PADEP planning approval. The Commonwealth Court approved the Second Amendment to the Second Consent Decree on September 18, 2013.

The Second Amendment to the Second Consent Decree and Settlement Agreement imposes a limitation on planning modules in the Beaver Creek Basin each year with a maximum of 200 equivalent dwelling units per year and a limitation of 168 connections each year, provided that the Authority is in compliance with the plan and schedule and shows a reduction in flows to the sewer system. The Settlement Agreement provides for the accumulation of unused planning module EDU's and connection permits. At the end of 2019, the total accumulated EDU's and connections permits is 923 EDU's and 390 connections, respectively. Paxton Creek is allocated 93 connections annually, and there are no restrictions on planning modules. The Authority is permitted to receive an increase of ten connections per year for each completed mini-basin project. In 2019, the Authority requested an additional 150 connections for completing 15 projects over the past ten years. On March 21, 2019, the Authority received approval of the additional 150 connections. The Spring Creek Basin is provided two connections annually, and there are no planning module restrictions.

The original cost estimate in 2002, as part of the original Consent Decree entered into in 2002, was \$80 Million in Beaver Creek, \$75 Million in Paxton Creek and \$25 Million in Spring Creek for a total of \$180 Million. In September 2016, the Authority Engineer presented an update to the program costs that have escalated to an estimated \$350 Million. The escalation in costs is associated with the increase in paving costs to re-build the Township streets following the total sewer replacements, new ADA ramps and inspection and program management costs that were not originally anticipated. The engineer presented a new alternative for an Extra Storage option in the Paxton Creek and Beaver Creek Basins, which would reduce the total cost to \$258 Million. The Board approved the Extra Storage option and authorized the submission to the PADEP for approval. On behalf of the Authority, GHD Engineering submitted the Phase 2 Long-Term Solution and Schedule for the Beaver Creek Basin to implement the Extra Storage option on June 29, 2017. The Authority received approval from the PADEP by letter dated August 23, 2017. The Paxton Creek Basin Extra Storage option was submitted to the PADEP as part of the proposed 3rd Paxton Creek corrective action plan by letter dated March 5, 2018. The Authority received approval from the PADEP by letter dated March 20, 2018.

LOWER PAXTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

18. Legal agreements and restrictions regarding sanitary sewer operations (continued):

A total of \$114 Million has been spent to date on the sewer replacement programs in the Beaver, Paxton and the Spring Creek 1 drainage basins. To complete the approved CAP's in the Beaver and Paxton Creek Basins, and the Spring Creek 2 Basin, the Consulting Engineer estimates that an additional \$107 Million is required to be financed, \$34 Million in Paxton Creek, \$62 Million in Beaver Creek and \$11 Million in the Spring Creek 2 Basin. This plan anticipates delaying storage in Paxton Creek until 2040 and an additional financing at that time to complete this project, which is not part of the \$107 Million estimate.

The Authority has also begun implementation of the Stormwater Management Program required under the Township's PADEP MS4 Permit. The PADEP issues the MS4 Permit to the Township as the regulatory authority under the Stormwater Management Act and the Pennsylvania Municipal Planning Code, as amended by Act 170 and Act 131. The PADEP MS4 Permit requires the Township to implement a Pollution Reduction Plan (PRP) to reduce sediment in the Chesapeake Bay and to comply with the TMDL for Paxton Creek. The Township entered into an Intergovernmental Cooperation Agreement (ICM) in 2019 with CRW and Susquehanna Township to develop and implement a Joint PRP. The Joint PRP was submitted to the PADEP in December 2019 for approval. The Authority reimburses the Township under the Management Agreement for all expenses incurred under the Stormwater Management Program. The Authority adopted a Capital Budget in 2019 which includes a five-year spending plan to comply with the MS4 permit/PRP plan with the PADEP. This five-year capital plan is estimated at \$16 Million, which includes an estimated cost of \$6 Million (Township Share) for the Joint PRP and \$10 Million for stormwater system pipe replacements over a five-year period.

19. Operating lease:

The Township has committed, under an operating lease, for certain vehicles. Future minimum operating lease commitments are as of December 31, 2019 are as follows:

<u>Year ending December 31</u>	
2020	\$ 51,405
2021	51,405
2022	51,405
2023	42,342
2024	<u>27,732</u>
	<u>\$ 224,289</u>

LOWER PAXTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

19. Operating lease (continued):

The Authority has committed, under an operating lease, for certain vehicles. Future minimum operating lease commitments are as of December 31, 2019 are as follows:

Year ending December 31	
2020	\$ 106,369
2021	106,369
2022	95,643
2023	72,929
2024	35,871
	\$ 417,181

At December 31, 2019, lease expense was \$51,232 and \$71,324 for the Township and Authority, respectively.

20. Derivative instruments:

Objectives and terms of the cash-settling swap:

On September 14, 2018 (trade date), the Township entered into a cash-settling swap agreement (the SWAP) to manage interest costs of the General Obligation Bonds, Series D of 2009 in the nominal amount of \$42,465,000. The final termination date of the swap is October 1, 2019, which does not exceed the maturity date of the 2009D Bonds. With the exception of a termination payment on or before the termination date, no scheduled periodic payments will be exchanged between the Township and the Royal Bank of Canada (RBC) (the Counterparty). The amount of the termination payment will be determined based on a floating rate option not to exceed 80% of the USD-LIBOR-BBA. The Township has the option to terminate the swap anytime between the trade date and the termination date.

The SWAP was amended by the Township on September 11, 2019 to change the mandatory early termination date from October 1, 2019 to October 1, 2023 and to amend the related amortization table. For RBC's consideration of the amendment, the Township was required to make a cash payment of \$1,843,000 to the counterparty which was funded by proceeds from the 2019 series General Obligation bond issue.

Cash-settling swap	Current notional	Related debt	Trade date	Termination date	Mandatory early termination	Counterparty
2018 SWAP	\$ 4,265,000	2009D bonds	September 14, 2018	October 1, 2048	October 1, 2023	RBC

LOWER PAXTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2019

20. Derivative instruments (continued):

Objectives and terms of the cash-settling swap:

The SWAP was deemed ineffective as of December 31, 2018. Accordingly, the Township recorded a liability for the SWAP as an investment derivative instrument and a loss on investment in the amount of \$1,506,577. In 2019, the SWAP investment decreased further resulting in an increase the liability for the SWAP investment to \$4,149,287 and a loss on investment of \$2,642,710.

The fair value of the swap was estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming the current forward rates implied by the yield curve correctly anticipate future interest rates. These payments are then discounted using the spot rates implied by the current yield curve for the hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

Credit risk:

As of December 31, 2019, the Township was not exposed to credit risk because the SWAP had a negative fair value. However, should interest rates change and the fair value of the SWAP becomes positive, the Township would be exposed to credit risk in the amount of the derivative's fair value. The Township executes its derivative risk with one counterparty that comprises 100% of its net exposure to credit risk. As of December 31, 2019, the Counterparty was rated Aa2/AA-/AA by Moody's, S&P and Fitch, respectively.

Interest rate risk:

Interest rate risk is the risk that a generally adverse move in interest rates will result in a loss to the Township. In the case of the SWAP, a general decrease in current market interest rates will increase the termination payment owed by the Township to the Counterparty on the termination date. This risk is mitigated by the anticipated new money bonds on or after the amended termination date. It is expected that a decrease in interest rates will cause the net interest costs of the new money bonds to decrease, such that any additional termination payment owed by the Township under the SWAP will be offset by decreased interest costs of the new money bonds.

Termination risk:

Termination risk is the risk that the SWAP may be terminated prior to the amended termination date while the value is in the favor of the Counterparty. Termination can result from any of several events including ratings downgrade of either party, covenant violations of either party, bankruptcy by either party, swap payment default by either party and other default events as defined by the SWAP documents. Any such termination may require the Township to make a significant termination payment to the Counterparty. The timeframe for this risk is approximately one year. The Township mitigates termination risk by limiting termination events and maintaining good financial management.

LOWER PAXTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2019

20. Derivative instruments (continued):

Tax risk:

Tax risk is the risk that changes to marginal income tax rates could eliminate the benefit of future tax-exempt debt issuances. In the Township's case, a reduction in the benefit of the tax-exemption of municipal bonds could significantly impact the net interest cost of the anticipated new money bonds on or before the amended termination date. This risk is somewhat mitigated by the relatively short amount of time to the anticipated new money issuance date on or before October 1, 2023.

Market access risk:

Market access risk is the risk that the Township is unable to access the debt market or secure future financing. This risk is subject to the overall general market conditions, the Township's credit ratings and potentially unforeseen events. This risk includes the possibility that an exogenous political or economic event could affect the Township's ability to issue tax-exempt debt in the future. The Township could be significantly impacted by this risk if a termination payment is owed on the termination date and the Township is unable to issue new bonds. This risk can be somewhat mitigated through the prudent management of the Township finances to maintain its current credit rating.

Cost of issuance risk:

Cost of issuance risk is the risk that higher than anticipated costs associated with issuing future bonds negatively impacts the Township. Any increase in the future cost of borrowing will negatively impact the potential costs associated with the new money bonds.

21. Prior period adjustment:

In the December 31, 2018 financial statements for the Authority, an amount of \$1,506,577 was recorded for a loss on a cash settling swap (SWAP) derivative instrument. This amount should not have been recorded on the Authority's financial statements as the SWAP agreement is with Lower Paxton Township and not the Authority. Additionally, developer contributions of sewer lines had not been recorded by the Authority from 2013 through 2018. The Township's and the Authority's net position has been restated to correct the aforementioned errors.

LOWER PAXTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

21. Prior period adjustment (continued):

The following schedule summarizes the restatement changes and the impact to net position as of January 1, 2019:

	Governmental activities	Business-type activities
Beginning net position, originally stated	\$ 24,960,130	\$ 36,786,795
Reclassification of SWAP loss and related liability recorded at December 31, 2018 from business-type activities to governmental activities	(1,506,577)	1,506,577
Addition of developer contributions, net of accumulated depreciation, not recorded in years 2013 through 2018		2,546,838
Beginning net position, restated	\$ 23,453,553	\$ 40,840,210

22. Subsequent events:

In December 2019, a novel strain of coronavirus (COVID-19) was reported to have surfaced in China. The World Health Organization has declared COVID-19 to constitute a "Public Health Emergency of International Concern" and characterized COVID-19 as a pandemic. The U.S. government has also implemented enhanced screenings, quarantine requirements and travel restrictions in connection with the COVID-19 outbreak. The spread of this virus has the potential to cause business disruption to the Township beginning in March 2020, due to state government-imposed shutdowns of businesses and other results of the illness. While the Township expects this matter may negatively impact its results, the extent of the impact of the COVID-19 on the Township's operational and financial performance will depend on future developments, including the duration and spread of the outbreak and related travel advisories and restrictions and the impact of the COVID-19 on overall demand for the Township's services, all of which are highly uncertain and cannot be predicted.

In July 2020, General Obligation Bonds, Series of 2020A and Series of 2020B were issued by the Township in the amounts of \$25,970,000 and \$8,665,000, respectively. Proceeds from the Series of 2020A bond will be used to pay the costs of issuing the bonds and fund various capital improvements to the wastewater collection and conveyance systems of the Authority. Proceeds from the Series of 2020B bond will be used to refund current general obligation bond Series of 2012A, Series of 2013 and Series of 2013A.

LOWER PAXTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

22. Subsequent events (continued):

In September 2020, the Township and the Authority entered into a subsidy agreement for the Authority's portion of the Series of 2020A and Series of 2020B general obligation bonds. Under the agreement, the Authority is bound to pay its share of Township debt related to the bond issues.

The Township has evaluated subsequent events through September 15, 2020, the date which the financial statements were available to be issued.

LOWER PAXTON TOWNSHIP

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND

(Required supplementary information)

YEAR ENDED DECEMBER 31, 2019

(See independent auditor's report on required supplemental information)

	Original budget	Final budget	Actual amounts	Variance with final budget positive (negative)
Revenues:				
Taxes	\$ 16,723,897	\$ 16,723,897	\$ 15,958,322	\$ 765,575
Licenses and permits	1,922,000	1,922,000	2,359,647	(437,647)
Fines and forfeitures	230,000	230,000	257,293	(27,293)
Interest and rents	116,159	116,159	146,872	(30,713)
Intergovernmental	1,337,500	1,337,500	1,353,454	(15,954)
Charges for services	3,382,296	3,382,296	4,321,699	(939,403)
Contributions and donations	128,650	128,650	32,500	96,150
Miscellaneous income	26,000	26,000	61,135	(35,135)
Total revenues	23,866,502	23,866,502	24,490,922	(624,420)
Expenditures:				
Current:				
General government	2,253,459	2,253,459	2,089,733	163,726
Police department	10,947,047	10,947,047	11,176,045	(228,998)
Fire and ambulance	1,199,750	1,199,750	1,152,804	46,946
Community development	730,944	730,944	908,427	(177,483)
Health and sanitation	2,882,291	2,882,291	3,173,282	(290,991)
Public works	3,869,020	3,869,020	3,469,077	399,943
Parks and recreation	920,614	920,614	798,597	122,017
Debt service:				
Principal	1,107,384	1,107,384	1,107,384	
Interest	509,581	509,581	509,583	(2)
Total expenditures	24,420,090	24,420,090	24,384,932	35,158
Excess (deficiency) of revenues over expenditures	(553,588)	(553,588)	105,990	(659,578)
Other financing sources (uses):				
Operating transfers:				
In	1,068,693	1,068,693		(1,068,693)
Out	(515,105)	(515,105)	(486,374)	28,731
Township contributions			(2,282,330)	(2,282,330)
Proceeds from sale of capital assets				
Capital lease proceeds				
Total other financing sources (uses)	553,588	553,588	(2,768,704)	(3,322,292)
Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures	\$ -	\$ -	\$ (2,662,714)	\$ (2,662,714)

LOWER PAXTON TOWNSHIP

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (NON-UNIFORM) –

LAST TEN YEARS

(Required supplementary information)

YEAR ENDED DECEMBER 31, 2019

(See independent auditor's report on required supplemental information)

	2019	2018	2017	2016	2015	2014
Total pension liability:						
Service cost	\$ 535,173	\$ 451,165	\$ 455,943	\$ 431,365	\$ 459,270	\$ 468,852
Interest	1,489,190	1,456,600	1,378,467	1,291,194	1,210,063	1,161,316
Changes of benefit terms			500,267			
Differences between expected and actual experience	(541,352)		(885,043)		(524,611)	
Changes of assumptions	603,643		1,127,497			
Benefit payments, including refunds of employee contributions	(823,121)	(778,275)	(650,761)	(564,472)	(481,740)	(375,414)
Net change in total pension liability	1,263,533	1,129,490	1,926,370	1,158,087	662,982	1,254,754
Total pension liability:						
Beginning of year	21,869,454	20,739,964	18,813,594	17,655,507	16,992,525	15,737,771
End of year (a)	\$ 23,132,987	\$ 21,869,454	\$ 20,739,964	\$ 18,813,594	\$ 17,655,507	\$ 16,992,525

(continued)

LOWER PAXTON TOWNSHIP

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (NON-UNIFORM) –
LAST TEN YEARS (CONTINUED)**
(Required supplementary information)
YEAR ENDED DECEMBER 31, 2019

(See independent auditor's report on required supplemental information)

	2019	2018	2017	2016	2015	2014
Plan fiduciary net position:						
Contributions:						
Employer	\$ 757,954	\$ 683,408	\$ 696,477	\$ 674,462	\$ 789,950	\$ 728,949
Employee	156,778	148,881	139,772	138,797	130,169	130,676
Net investment income (loss)	3,265,845	(741,030)	2,246,805	846,552	25,833	830,920
Benefit payments, including refunds of employee contributions	(823,121)	(778,275)	(650,761)	(564,472)	(481,740)	(375,414)
Administrative expense	(7,944)	(11,556)	(3,800)	(5,555)	(8,162)	(4,925)
Net change in plan fiduciary position	3,349,512	(698,572)	2,428,493	1,089,784	456,050	1,310,206
Total plan fiduciary net position:						
Beginning of year	17,378,501	18,077,073	15,648,580	14,558,796	14,102,746	12,792,540
End of year (b)	\$ 20,728,013	\$ 17,378,501	\$ 18,077,073	\$ 15,648,580	\$ 14,558,796	\$ 14,102,746
Township's net pension liability, end of year (a) - (b)	\$ 2,404,974	\$ 4,490,953	\$ 2,662,891	\$ 3,165,014	\$ 3,096,711	\$ 2,889,779
Plan fiduciary net position as a percentage of total pension liability	89.60%	79.46%	87.16%	83.18%	82.46%	82.99%
Covered employee payroll	\$ 5,214,405	\$ 4,916,287	\$ 4,895,449	\$ 4,753,121	\$ 4,476,046	\$ 4,636,453
Township net pension (asset) liability as a percentage of covered employee payroll	46.12%	91.35%	54.40%	66.59%	69.18%	62.33%

* The Township adopted GASB 67 on a prospective basis in 2014; therefore, only six years of information is available.

LOWER PAXTON TOWNSHIP

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (POLICE) -

LAST TEN YEARS

(Required supplementary information)
YEAR ENDED DECEMBER 31, 2019

(See independent auditor's report on required supplemental information)

	2019	2018	2017	2016	2015	2014
Total pension liability:						
Service cost	\$ 846,050	\$ 760,444	\$ 720,800	\$ 583,904	\$ 579,640	\$ 589,923
Interest	2,246,098	2,136,850	2,042,291	1,985,406	1,892,821	1,821,744
Changes of benefit terms	408,630		(109,753)		(314,057)	
Differences between expected and actual experience	969,624		515,076			
Changes of assumptions	(1,681,639)	(1,543,825)	(1,363,028)	(1,279,358)	(1,122,739)	(1,095,944)
Benefit payments, including refunds of employee contributions						
Net change in total pension liability	2,788,763	1,353,469	1,805,386	1,289,952	1,035,665	1,315,723
Total pension liability:						
Beginning of year	31,878,307	30,524,838	28,719,452	27,429,500	26,393,835	25,078,112
End of year (a)	\$ 34,667,070	\$ 31,878,307	\$ 30,524,838	\$ 28,719,452	\$ 27,429,500	\$ 26,393,835

(continued)

LOWER PAXTON TOWNSHIP

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (POLICE) –
LAST TEN YEARS (CONTINUED)**

(Required supplementary information)
YEAR ENDED DECEMBER 31, 2019

(See independent auditor's report on required supplemental information)

	2019	2018	2017	2016	2015	2014
Plan fiduciary net position:						
Contributions:						
Employer	\$ 1,353,346	\$ 1,181,408	\$ 1,163,830	\$ 1,165,107	\$ 1,063,399	\$ 868,304
Employee	265,560	254,312	241,314	230,727	228,477	225,150
Net investment income (loss)	4,404,499	(915,505)	3,077,444	1,136,341	165,482	1,294,725
Benefit payments, including refunds of employee contributions	(1,681,639)	(1,543,825)	(1,363,028)	(1,279,358)	(1,122,739)	(1,095,944)
Administrative expense	(8,349)	(8,936)	(2,900)	(3,397)	(6,965)	(6,519)
	4,333,417	(1,032,546)	3,116,660	1,249,420	327,654	1,285,716
Total plan fiduciary net position:						
Beginning of year	24,098,215	25,130,761	22,014,101	20,764,681	20,437,027	19,151,311
End of year (b)	\$ 28,431,632	\$ 24,098,215	\$ 25,130,761	\$ 22,014,101	\$ 20,764,681	\$ 20,437,027
Township's net pension liability, end of year (a) - (b)	\$ 6,235,438	\$ 7,780,092	\$ 5,394,077	\$ 6,705,351	\$ 6,664,819	\$ 5,956,808
Plan fiduciary net position as a percentage of total pension liability	82.01%	75.59%	82.33%	76.65%	75.70%	77.43%
Covered employee payroll						
Township net pension (asset) liability as a percentage of covered employee payroll	\$ 5,216,310	\$ 5,076,864	\$ 4,919,546	\$ 4,685,623	\$ 4,519,407	\$ 4,436,005
	119.54%	153.25%	109.65%	143.10%	147.47%	134.28%

* The Township adopted GASB 67 on a prospective basis in 2014; therefore, only six years of information is available.

LOWER PAXTON TOWNSHIP

SCHEDULE OF EMPLOYER CONTRIBUTIONS (NON-UNIFORM) – LAST TEN YEARS (Required supplementary information) YEAR ENDED DECEMBER 31, 2019 (See independent auditor's report on required supplemental information)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	\$ 757,954	\$ 683,408	\$ 696,477	\$ 674,462	\$ 789,950	\$ 728,949	\$ 708,378	\$ 525,113	\$ 478,621	\$ 332,172
Contributions in relation to the actuarially determined contribution	757,954	683,408	696,477	674,462	789,950	728,949	708,378	476,490	470,100	332,172
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,623	\$ 8,521	\$ -
Covered employee payroll	\$ 5,214,405	\$ 4,916,287	\$ 4,895,449	\$ 4,753,121	\$ 4,476,046	\$ 4,636,453	\$ 4,468,061	\$ 4,468,061	\$ 4,150,860	\$ 4,150,860
Contributions as a percentage of covered employee payroll	14.54%	13.90%	14.23%	14.19%	17.65%	15.72%	15.85%	10.66%	11.33%	8.00%

Notes to schedule:

Valuation date, January 1, 2017

Actuarially determined contribution rates are calculated as of January 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method
 Amortization method
 Remaining amortization period
 Asset valuation method
 Inflation
 Salary increases
 Investment rate of return
 Retirement age
 Mortality

Entry age normal
 Level dollar, closed
 Ten years (aggregate)
 Four-year smoothing
 2.75%
 4.75%, including inflation
 7.00%, net of investment expenses not funded through the MIMO and including inflation
 Normal retirement age, or attained age if currently eligible to retire.
 RP-2014 Mortality Table with 50% of the Blue Collar Adjustment, with rates set forward five years for disabled members. Mortality improvement rates derived from the long-range demographic assumptions for the 2015 Social Security Administration's Trustee Report

Benefit changes:

Effective October 6, 2009, a retirement window with an increased benefit was provided to participants who were age 55 and had at least ten years of service in 2009 or 2010.

Effective January 1, 2013, normal retirement age was changed to age 65 with ten years of service for public works participants hired on or after January 1, 2012 and all others hired on or after January 1, 2013. Employee contributions increased by 1% for public works effective January 1, 2013 and for all others January 1, 2014.

Effective January 1, 2017, compensation averaging period was reduced from final 60 months to (or five years for Authority employees) to 36 months

Changes to assumptions:

Effective January 1, 2011, interest rate was lowered from 7.5% to 7.25%, salary scale was lowered from 5.5% to 5.25%, mortality was updated to RP-2000 Combined Health Mortality Table with Blue Collar Adjustment and rates projected to improve with 75% of scale AA.

Effective January 1, 2017, interest rate was lowered from 7.25% to 7.00%, salary scale was lowered from 5.25% to 4.75%, mortality was updated to RP-2014 Mortality Table with 50% of the Blue Collar Adjustment, with rates set forward five years for disabled members. Mortality improvement rates derived from the long-range demographic assumptions for the 2015 Social Security Administration's Trustee Report

LOWER PAXTON TOWNSHIP

SCHEDULE OF EMPLOYER CONTRIBUTIONS (POLICE) - LAST TEN YEARS (Required supplementary information) YEAR ENDED DECEMBER 31, 2019 (See independent auditor's report on required supplemental information)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	\$ 1,353,346	\$ 1,181,408	\$ 1,163,830	\$ 1,165,107	\$ 1,063,399	\$ 868,304	\$ 856,605	\$ 601,358	\$ 591,877	\$ 562,471
Contributions in relation to the actuarially determined contribution	1,353,346	1,181,408	1,163,830	1,165,107	1,063,399	868,304	856,605	522,235	626,800	503,994
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 79,123	\$ (34,923)	\$ 58,477
Covered employee payroll	\$ 5,216,310	\$ 4,919,546	\$ 4,685,623	\$ 4,519,407	\$ 4,436,005	\$ 4,281,572	\$ 4,281,572	\$ 4,281,572	\$ 4,201,776	\$ 4,201,776
Contributions as a percentage of covered employee payroll	25.94%	23.27%	23.66%	24.87%	23.53%	19.57%	20.01%	12.20%	14.92%	11.99%

Notes to schedule:

Valuation date, January 1, 2017

Actuarially determined contribution rates are calculated as of January 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

- Actuarial cost method Entry age normal
- Amortization method Level dollar, closed
- Remaining amortization period Ten years (aggregate)
- Asset valuation method Four-year smoothing
- Inflation 2.75%
- Salary increases 5.5%, including inflation
- Investment rate of return 7.00%, net of investment expenses not funded through the MMO and including inflation
- Retirement age Later of age 52 or completion of 26 years of service, or attained age if currently beyond assumed retirement age.
- Mortality RP-2014 Mortality Table with 50% of the Blue Collar Adjustment, with rates set forward five years for disabled members. Mortality improvement rates derived from the long-range demographic assumptions for the 2015 Social Security Administration's Trustee Report

Benefit changes:

Effective January 1, 2013, the Killed-In-Service benefit was eliminated.

Changes to assumptions:

Effective January 1, 2011, interest rate was lowered from 7.5% to 7.25%, the mortality table was updated to RP-2000 Combined Health Mortality Table with Blue Collar Adjustment and rates projected to improve with 75% of scale AA and pre-retirement death benefits formerly valued with a load are now valued directly.

Effective January 1, 2017, interest rate was lowered from 7.25% to 7.00%, the consumer price index decreased from 3.00% to 2.75%, the mortality table was updated to RP-2014 Mortality Table with 50% of the Blue Collar Adjustment and projected mortality improvement based on the long-range demographic assumptions for the 2015 Social Security Trustee Report, disability updated to rates based on the Social Security Administration's 2010 projection of disability incidence and retirement assumption changed to rated of retirement.

LOWER PAXTON TOWNSHIP

SCHEDULE OF INVESTMENT RETURNS – LAST TEN FISCAL YEARS

(Required supplementary information)

YEAR ENDED DECEMBER 31, 2019

(See independent auditor's report on required supplemental information)

Annual money-weighted rate of return:	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Nonuniform pension plan	18.95%	-4.13%	14.47%	5.83%	0.18%	6.49%
Police pension plan	18.54%	-3.70%	14.17%	5.53%	0.82%	6.85%

*The Township adopted GASB 67 on a prospective basis in 2014; therefore, only six years of information is available.

LOWER PAXTON TOWNSHIP

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS –
LAST TEN YEARS

(Required supplementary information)

YEAR ENDED DECEMBER 31, 2019

(See independent auditor's report on required supplemental information)

	2019	2018
Total OPEB liability:		
Service cost	\$ 298,604	\$ 247,550
Interest	228,507	209,188
Changes in assumptions	(205,989)	
Differences between expected and actual experience	548,659	
Benefit payments, including refunds of employee contributions	(275,372)	(394,123)
Net change in total OPEB liability	594,409	62,615
Total OPEB liability:		
Beginning of year	5,588,658	5,526,043
End of year (a)	\$ 6,183,067	\$ 5,588,658
Covered payroll	5,076,864	4,685,623
Township total OPEB liability as a percentage of covered payroll	121.79%	119.27%

The Township adopted GASB 75 on a prospective basis in 2018; therefore, only two years of information is available.

The Township has not accumulated assets in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75 to pay OPEB benefits.

LOWER PAXTON TOWNSHIP

COMBINING BALANCE SHEET – NONMAJOR
GOVERNMENTAL FUNDS
DECEMBER 31, 2019

(See independent auditor's report on supplemental information)

	<u>State highway aid</u>	<u>Firemen's LOSAP</u>	<u>Total</u>
Assets:			
Restricted:			
Cash	\$ 403,939	\$ 22,448	\$ 426,387
Investments		883,527	883,527
Total assets	<u>\$ 403,939</u>	<u>\$ 905,975</u>	<u>\$ 1,309,914</u>
Liabilities, accounts payable	1,374		\$ 1,374
Fund balances, restricted	<u>402,565</u>	<u>905,975</u>	<u>1,308,540</u>
Total liabilities and fund balance	<u>\$ 403,939</u>	<u>\$ 905,975</u>	<u>\$ 1,309,914</u>

See notes to financial statements

LOWER PAXTON TOWNSHIP

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2019

(See independent auditor's report on supplemental information)

	State highway aid	Firemen's LOSAP	Total
Revenues:			
Taxes		\$ 95,315	\$ 95,315
Interest and rents	\$ 8,079	10,267	18,346
Net investment gain		131,525	131,525
Intergovernmental	1,637,437		1,637,437
Total revenues	1,645,516	237,107	1,882,623
Expenditures:			
Current:			
Fire and ambulance		48,740	48,740
Highways and streets	1,461,930		1,461,930
Total expenditures	1,461,930	48,740	1,510,670
Net changes in fund balances	183,586	188,367	371,953
Fund balances:			
Beginning of year	218,979	717,608	936,587
End of year	\$ 402,565	\$ 905,975	\$ 1,308,540

See notes to financial statements

LOWER PAXTON TOWNSHIP

COMBINING STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
DECEMBER 31, 2019

(See independent auditor's report on supplemental information)

	<u>Non-uniformed pension</u>	<u>Police pension</u>	<u>Total</u>
Assets:			
Cash	\$ 227,483	\$ 296,082	\$ 523,565
Investments	<u>20,500,529</u>	<u>28,161,789</u>	<u>48,662,318</u>
Total assets	<u>\$ 20,728,012</u>	<u>\$ 28,457,871</u>	<u>\$ 49,185,883</u>
Liabilities, accounts payable		\$ 26,240	\$ 26,240
Net position, restricted for pensions	<u>\$ 20,728,012</u>	<u>28,431,631</u>	<u>49,159,643</u>
Total liabilities and net position	<u>\$ 20,728,012</u>	<u>\$ 28,457,871</u>	<u>\$ 49,185,883</u>

See notes to financial statements.

LOWER PAXTON TOWNSHIP

COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION – FIDUCIARY FUNDS
DECEMBER 31, 2019

(See independent auditor's report on supplemental information)

	Non-uniformed pension	Police pension	Total
Additions:			
Contributions:			
Employee	\$ 156,778	\$ 265,560	\$ 422,338
Employer	348,314	749,127	1,097,441
Employer, commonwealth funding	409,640	604,219	1,013,859
	914,732	1,618,906	2,533,638
Investment income:			
Interest and dividends	220,163	286,093	506,256
Net appreciation in fair value of investments	3,094,400	4,187,076	7,281,476
	3,314,563	4,473,169	7,787,732
Net investment gain	3,314,563	4,473,169	7,787,732
Total additions	4,229,295	6,092,075	10,321,370
Deductions:			
Retirement benefits	812,049	1,677,417	2,489,466
Refunds to terminated employees	11,072	4,222	15,294
Administrative	56,663	77,020	133,683
	879,784	1,758,659	2,638,443
Total deductions	879,784	1,758,659	2,638,443
Net increase	3,349,511	4,333,416	7,682,927
Net position restricted for pensions:			
Beginning of year	17,378,501	24,098,215	41,476,716
End of year	\$ 20,728,012	\$ 28,431,631	\$ 49,159,643

See notes to financial statements.



Software License and Professional Services Agreement

This Software License and Professional Services Agreement (the “**Agreement**”), is entered into this ____ day of _____, 2020 (the “**Effective Date**”), by and between **turnKey Taxes, Inc.**, a Pennsylvania corporation, with a business address of 1936 Fifth Avenue, Pittsburgh, Pennsylvania 15219 (hereinafter “**turnKey**”) and **Lower Paxton Township**, a Pennsylvania municipality, with a business address of 425 Prince Street, Harrisburg, PA 17109 (“**Client**”). Client and turnKey may be referred to individually as a “party” and collectively as the “parties.”

RECITALS

- A. turnKey has developed and owns a certain software application known as turnKey Taxes which it provides as a remotely accessible service (the “**Software**”).
- B. turnKey has developed a unique expertise and experience in developing methods and approaches to analysis and collection of delinquent municipal taxes and other revenues, together with obtaining, cleaning, analyzing and organizing historical and current records relating to tax and other revenues, and converting such data into electronic forms (collectively, the “**Services**”).
- C. Client is a tax collecting governmental entity having unpaid taxes due and owing from taxpayers (the “**Delinquent Taxes**”). Client also possesses certain tax and other records in various forms and formats relating to the Delinquent Taxes, including, without limitation, tax registers, complete property, business and individual tax filing and payment history and utility payment data (the “**Tax Records**”).
- D. Client desires to license the Software from turnKey and to also engage turnKey to provide the Services and turnKey desires to license the Software and to provide such Services to Client based upon the terms and conditions of this Agreement.

TERMS AND CONSIDERATION

NOW THEREFORE, in consideration of the mutual promises and of the mutual agreements herein contained (including without limitation the Recitals above which are incorporated by reference) and intending to be legally bound hereby, Client and turnKey agree as follows:

1. **Servicing Arrangement.** Client agrees to retain turnKey and turnKey accepts such retention, as an independent contractor to perform the Services for the Term, as set forth herein or as mutually agreeable in writing by the parties.
2. **Relationship of Parties.** turnKey shall perform the Services under this Agreement as an independent contractor and not as an agent, servant or employee of the Client.
3. **Software License.**
 - A. **Grant of License.** Under the terms of this Agreement, and for the payment of the fees set forth herein, turnKey grants to Client a nonexclusive, non-transferrable, non-sublicensable license to access the Software for the Term (“**License**”).

turnKey Taxes, Inc. 1936 Fifth Avenue Pittsburgh, PA 15219

Call Center: 724-252-3114



- B. Customization of Software. turnKey shall customize the Software as it reasonably determines is needed in order to allow Client to access electronic Tax Records as held by turnKey.
- C. Maintenance of Software; Training. turnKey shall maintain the Software and shall exercise commercially reasonable efforts to promptly correct any failure of the Software to perform in a manner to allow Client to access its Tax Records in a manner that is satisfactory to Client.

4. **Obligations of turnKey.**

- A. turnKey will examine, scrub, validate, convert and maintain the Client's electronic tax records held by turnKey.
- B. turnKey will identify taxes and fees that have not been previously identified or collected by the current tax collector, delinquent tax collector or department of or for Client.
- C. turnKey will coordinate efforts with all relevant parties to collect Delinquent Taxes. turnKey will be directly involved in the collection efforts, sending the delinquent notices and receiving and depositing the payments. All payment records will be uploaded to the Software for access by Client.

5. **Obligations of Client.** Client will provide to turnKey all relevant or potentially relevant information necessary to assess and complete turnKey's obligations including, without limitation, Tax Records and to permit turnKey to:

- A. convert Tax Record and other data into a useable / normalized format for validation;
- B. import taxpayer demographic data;
- C. import relevant transactional data; and
- D. perform an analysis and generate comparison records that can be used to identify Delinquent Taxes.

All data and information provided by Client to turnKey will be considered Tax Records.

6. **Term and Termination.**

- A. Term. This Agreement shall have a term extending from the Effective Date for a period of (3) years (the "**Initial Term**"). The Agreement shall automatically renew at the end of the Initial Term for successive one (1) year periods (each and collectively with the Initial Term, the "**Term**") absent written notice of cancellation by either party no less than ninety (90) days prior to the end of any Term.
- B. Termination for Cause. Termination may be made for cause if either party materially breaches any term of this Agreement and said breaching party fails to cure such

turnKey Taxes, Inc. 1936 Fifth Avenue Pittsburgh, PA 15219

Call Center: 724-252-3114



material breach within thirty (30) days of receiving written notice thereof from the non-breaching party. Notwithstanding the foregoing, if the cure requires more than thirty (30) days and the breaching party commences such cure reasonably promptly within the thirty (30) days and completes the cure within a reasonable time thereafter, the breaching party shall not be in default of this Agreement.

- C. Effect of Termination. Within thirty (30) days following the expiration or termination of the Agreement, all electronic Tax Records held by turnKey will be delivered by turnKey to Client in an electronic format. For the purpose of clarity, termination or expiration of this Agreement does not and will not affect any fees, costs or reimbursements due and owing to turnKey which have accrued prior to termination or expiration.
7. Meetings. The Client and turnKey shall meet at least once every three (3) months to evaluate the progress, substance, and quality of the Services. Such meetings may be requested more frequently by turnKey on a commercially reasonable basis.
8. Compensation. During the Term:
- A. License Fee. Client shall pay one thousand (\$1,000) dollars per month for the License to the Software.
 - B. Services Fee. For the provision of the Services by turnKey, Client shall pay:
 - i. a fixed fee of one (\$1,000) dollars per month; and
 - ii. a sum in the amount of twenty (20%) percent of Delinquent Taxes that are identified by turnKey as taxes or fees that have not been previously collected by the current or any former tax collector or other official or agent of Client and actually collected by turnKey.
 - C. Deferment.
 - i. Payment of the License and Service Fees of two thousand (\$2,000) per month will be deferred for up to six months or until deposited revenues exceed the outstanding balance.
 - ii. Commissions earned by turnKey will not be paid by Client until the amounts identified have been collected by the delinquent collector and deposited in the Client's bank account.
 - D. Conversion Fees. If the Tax Records require conversion from paper or other manual records of Client, turnKey will charge a conversion fee based upon its then-current hourly rate.
 - E. Expenses. Mailing and other out of pocket costs of turnKey will be deducted from all Delinquent Taxes collected by turnKey.

For the avoidance of doubt, all fees paid to turnKey are in addition to any fees/costs that the Client may be obligated to pay any third-party tax collector (current or delinquent).

turnKey Taxes, Inc. 1936 Fifth Avenue Pittsburgh, PA 15219

Call Center: 724-252-3114



9. Intellectual Property.

- A. Tax Records. The Client shall be the owner of all right, title and interest in and to the Tax Records produced by Client or as developed by turnKey under this Agreement.
- B. Software. turnKey shall be the owner of all right, title and interest in and to the Software, including without limitations any modifications, customizations or configurations made pursuant to this Agreement.

10. Nondisclosure of Proprietary Information. The parties acknowledge that during the engagement each will have access to and become acquainted with various trade secrets, processes, information, records, and specifications owned or licensed thereby in connection with the operation of the Services and the License including, without limitation, business and product processes, methods, accounts, and procedures (“**Confidential Information**”). Each party agrees not to disclose any Confidential Information, directly or indirectly, or use any Confidential Information in any manner, either during the term of this Agreement or at any time thereafter, except as required by this Agreement. Each party will protect the Confidential Information from unauthorized use, access, or disclosure in the same manner as it protects its own confidential or proprietary information of a similar nature, and with no less than the greater of reasonable care and industry-standard care. Neither party shall not retain any copies of Confidential Information without the disclosing party’s prior written permission. Upon the expiration or earlier termination of this Agreement, or whenever requested by the disclosing party, the receiving party shall immediately deliver or destroy all requested files, records, documents, information and other items in its possession or under its control. The parties’ obligations of confidentiality and non-use shall not apply to any information that: (a) is publicly known at the time of disclosure; (b) becomes public knowledge without breach of this Agreement; (c) is known to the recipient at the time of the disclosure and not subject to any restriction; (d) is lawfully obtained without restriction from a third party not affiliated with any party; or (e) is independently developed by the recipient without access to the Confidential Information.

11. Use of Client Name. turnKey shall not at any time during the Term or otherwise represent itself as having any relationship with the Client as officer, employee, or agent; neither shall turnKey represent itself as being the Client.

12. Representations and Warranties.

- A. Mutual Representations and Warranties. Each Party represents and warrants to the other Party that:
 - i. it has the full right, power and authority to enter into, and to perform its obligations and grant the rights and licenses it grants or is required to grant under, this Agreement;
 - ii. the execution of this Agreement by its representative whose signature is set forth on this Agreement has been duly authorized by all necessary corporate or organizational action of such party; and



iii. when executed and delivered by both parties, this Agreement will constitute the legal, valid and binding obligation of such party, enforceable against such party in accordance with its terms.

B. Additional turnKey Representations and Warranties. turnKey further represents, warrants and covenants to Client that:

i. it is the legal and beneficial owner or licensee of the entire right, title and interest in and to the Software;

ii. it has the right, power and authority to grant and perform the License hereunder; and

iii. when used by Client in accordance with this Agreement, the Software as delivered by turnKey does or will not: infringe, misappropriate or otherwise violate any intellectual property right of any third party.

C. Performance Warranty and Limited Remedy. During the Term, turnKey warrants to client that the Software will perform substantially in accordance with its specifications. turnKey's sole obligation and Client's exclusive remedy in connection with the breach of a warranty provided under this section shall be for turnKey to repair non-conforming Software. turnKey will exert commercially reasonable efforts to maintain any Tax Records held by turnKey.

EXCEPT AS MAY BE CAUSED BY TURNKEY'S NEGLIGENCE OR WILFUL MISCONDUCT, TURNKEY HAS NO OBLIGATION OR LIABILITY FOR ANY LOSS, ALTERATION, DESTRUCTION, DAMAGE, CORRUPTION OR RECOVERY OF HOSTED TAX RECORDS.

13. Indemnifications.

A. General Indemnity by turnKey. turnKey will defend Client from any third party claim, including but not limited to claims by Client agents, employees and contractors, for (i) wrongful death of or bodily injury, to the extent caused by turnKey's negligence or intentional torts, or (ii) physical damage to tangible personal property, to the extent caused by turnKey's negligence or intentional torts, (iii) willful or reckless misrepresentations made by turnKey to third parties, (iv) breach of any of turnKey's representations, warranties, covenants or obligations under this Agreement; or (v) unauthorized use of Tax Records in breach of turnKey's confidentiality obligations herein, to the extent caused by turnKey's negligence or intentional torts, and will pay costs and damages awarded against Client in any such claim that are specifically attributable to turnKey's negligence or intentional torts or those costs and damages agreed to by turnKey in a monetary settlement of such claim.

B. General Indemnity by Client. Client will defend turnKey from any third party claim for or based upon: (i) wrongful death of or bodily injury, to the extent caused by Client's negligence or intentional torts, (ii) inaccurate or otherwise improper Tax



Records or any other materials or information provided by or on behalf of Client; (iii) breach of any of Client's representations, warranties, covenants or obligations under this Agreement; or (iv) physical damage to tangible personal property, to the extent caused by Client's negligence or intentional torts, and will pay costs and damages awarded against turnKey in any such claim that are specifically attributable to Client's negligence or intentional torts or those costs and damages agreed to by Client in a monetary settlement of such claim.

- C. Infringement Indemnity. Except to the extent that Client is obligated to indemnify turnKey under this section, turnKey shall indemnify and hold harmless Client, its officers, directors, employees, shareholders, legal representatives, agents, successors and assigns, from and against any damages, liabilities, costs and expenses (including reasonable attorneys' and professionals' fees and court costs) arising out of any third party claims arising from a claim that the Software infringes any U.S. patent, copyright, trade secret or trademark of a third party; provided however, that (i) Client shall have promptly provided turnKey with written notice thereof and reasonable cooperation, and assistance in connection therewith; and (ii) turnKey shall have sole control and authority with respect to the defense, settlement, or compromise thereof, so long as the turnKey does not admit fault on the part of Client without the Client's prior written approval. If any materials provided by turnKey become, or in turnKey opinion are likely to become, the subject of a claimed intellectual property infringement or other claim, turnKey may, at its option: (i) procure for Client the right to continue using the materials; or (ii) replace or modify the materials to be non-infringing, without incurring a material diminution in performance or function; or (iii) if neither of the foregoing is reasonably available, Client shall return all copies of the materials upon notice from turnKey, and turnKey shall provide Client with a pro-rata refund of the unearned fees paid by Client to turnKey in connection with any such returned materials.
- D. Limitations of Infringement Indemnity. In no event will turnKey have any obligations under this Agreement or any liability for any claim or action to the extent the claim or action is caused by, or results from: (i) the combination or use of Software or any other deliverables with non-turnKey software, services, Services or data, if such claim or action would have been avoided by the non-combined or exclusive use of the Software or other deliverables, (ii) modification of the Software or any other deliverables by anyone other than turnKey if such claim or action would have been avoided by use of the unmodified Software, (iii) the continued allegedly infringing activity after being notified thereof or after being provided modifications that would have avoided the alleged infringement, (iv) Client's use of the Software or any other deliverables in a manner not materially in accordance with this Agreement or related documentation, (v) any modification of the Software or other deliverables in compliance with Client's specifications (except to the extent such specifications were implemented at the direction of or acting on the advice of turnKey or were approved in writing by turnKey), or (vi) use of the Software other than in substantial compliance with this Agreement. For the avoidance of doubt, turnKey shall have no liability for any Tax Records or other information provided by Client.



- E. **Right to Defend.** As a condition to each party's indemnity obligations under this Agreement, the party claiming indemnification will provide the indemnifying party with prompt written notice of the claim, permit the indemnifying party to control the defense or settlement of the claim, so long as the indemnifying party does not admit fault on the part of the indemnified party without the indemnified party's prior written approval, and provide the indemnifying party with reasonable assistance in connection with such defense or settlement. The indemnified party may employ counsel at its own expense to assist it with respect to any such claim.

THIS SECTION CONSTITUTES EACH PARTY'S SOLE AND EXCLUSIVE OBLIGATION WITH RESPECT TO THIRD PARTY CLAIMS BROUGHT AGAINST THE OTHER PARTY.

NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, IN NO EVENT WILL EITHER PARTY BE LIABLE UNDER ANY CONTRACT, NEGLIGENCE, STRICT LIABILITY OR OTHER LEGAL OR EQUITABLE THEORY FOR COVER OR FOR INCIDENTAL, SPECIAL, CONSEQUENTIAL (INCLUDING LOSS OR CORRUPTION OF DATA OR LOSS OF REVENUE, SAVINGS OR PROFITS) OR EXEMPLARY DAMAGES, EVEN IF THE PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES; PROVIDED, HOWEVER, THAT FOR THE AVOIDANCE OF DOUBT, DAMAGES ARISING IN CONNECTION WITH OBLIGATIONS OF INDEMNIFICATION OR CONFIDENTIALITY HEREUNDER SHALL BE DEEMED TO BE DIRECT DAMAGES FOR WHICH RECOVERY SHALL NOT BE BARRED BY THIS PARAGRAPH. TURNKEY'S PRICING REFLECTS THIS ALLOCATION OF RISKS AND LIMITATION OF LIABILITY.

NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, NOTHING HEREIN SHALL LIMIT DAMAGES CAUSED BY (I) EITHER PARTY'S FRAUD, MISREPRESENTATION, WILLFUL MISCONDUCT, OR GROSS NEGLIGENCE; (II) A BREACH BY CUSTOMER OF ANY INTELLECTUAL PROPERTY RIGHT OF TURNKEY OR ANY LICENSE GRANTED BY TURNKEY HEREUNDER; OR (III) RELATED TO THE AMOUNTS PAYABLE BY EITHER PARTY PURSUANT TO THE INDEMNIFICATION OBLIGATIONS HEREIN. SUBJECT TO THE FOREGOING, THE AGGREGATE LIABILITY OF EACH PARTY AND ITS AFFILIATES AND ITS AND THEIR OFFICERS, DIRECTORS, EMPLOYEES OR OTHER REPRESENTATIVES, ARISING IN ANY WAY IN CONNECTION WITH THIS AGREEMENT—WHETHER UNDER CONTRACT LAW, TORT LAW, WARRANTY OR OTHERWISE—SHALL NOT EXCEED THE TOTAL AMOUNT PAID AND PAYABLE HEREUNDER.

14. **Waiver.** The failure of either party to this Agreement to object to or to take affirmative action with respect to any conduct of the other which violates the terms hereunder shall not be construed as a waiver thereof, or of any future breach or subsequent wrongful conduct.
15. **Amendment.** This Agreement may be validly amended only by the mutual agreement of the parties in a writing executed by them.



Cost Proposal

Lower Paxton Township
September 11, 2020

Return On Investment

Description	Investment
Lower Paxton Twp. Total EIT	\$8 million
Projected TKT identified revenue	10% (very conservative) = \$800k

Cost Schedule

Description	Investment
**Monthly License (\$1,000) & Services (\$1,000)	\$2,000.00
Identified/Deposited Revenue	20%

**** The combined License & Service fees will be deferred for up to 6 months or until revenue exceeds invoices withheld, whichever comes first.**

AMENDMENT NO. 2 TO THE AGREEMENT

THIS AMENDMENT is made and entered into this _____ day of _____, 20____ by and between the Lower Paxton Township, a Commonwealth of Pennsylvania municipal corporation, (hereinafter the "Community") and Property Registration Champions, LLC dba PROCHAMPS, a Florida limited liability company (hereinafter "PRC").

WITNESSETH

WHEREAS, the Community and PRC entered into an Agreement effective on November 21, 2017.

WHEREAS, Amendment No. 1 extended the Agreement to November 20, 2020

WHEREAS, the Agreement allows for three (3), one (1) year renewals of the Agreement with the consent of both Parties.

NOW THEREFORE, the parties agree that the Agreement is amended as follows:

1. The Agreement is hereby extended for the second (2nd) of three (3) additional one (1) year terms to terminate on November 20, 2021.

LOWER PAXTON TOWNSHIP, PENNSYLVANIA

**PROPERTY REGISTRATION
CHAMPIONS, LLC**

By: _____
Name, Title

By: 
David Mulberry, President/CIO

ATTEST:

ATTEST:

By: _____
Name, Title

By: 
Deanna Morris, Manager, Legal
Support Team

Lower Paxton Township Parks and Recreation Department

5000 Commons Drive
Harrisburg, PA 17112
(717) 657-5635

Memorandum

To: Township Board of Supervisors

From: Parks and Recreation Board
Neal Johnson, Chairman 

Date: September 3, 2020

Subject: Recommendation to accept field naming request at Koons Park

The Parks and Recreation Board has reviewed a request from the Linglestown Baseball Association to name the Pony Field along Balthaser Road at Koons Park as the "Gary Lowe Field" as presented at our August 5, 2020 board meeting. The baseball association has provided written documentation regarding Mr. Lowe's character and his service to the organization, and also showing the support of this idea by Mr. Lowe's family. This recognition would be in the form of a sign provided by the association and mounted at the field's backstop; the sign would require approval of the Parks & Recreation director before installation. We recommend approval of this request by the Board of Supervisors.

A copy of the Park Naming Policy and the written request are attached.

Thank you for your consideration. If you have any questions, please contact Terry Bauknight, the Parks and Recreation Manager.

cc: Brad Gotshall, Terry Bauknight

Lower Paxton Township

Park Naming Policy

Lower Paxton Township has, over the past 40 years, named a variety of parks and ballfields for individuals who have had a positive impact on the provision of recreation services or have died in military service for their country. The following standards and procedures are intended to provide for uniform application of such recognition.

Guidelines for the Selection of Names:

Parks and recreation areas may be named:

- For location, such as the name of an adjacent street or the subdivision.
- For a geologic, historical, botanical, horticultural or scientific feature inherent to the area.
- As a reference to health, fitness, fun, playability, etc.
- To honor a person, persons or organization who has made a substantial contribution to recreation and/or parks in Lower Paxton Township.
- To show gratitude to a person who, over a long period of time, has devoted outstanding amounts of time, talent and effort to the advancement of the Parks and Recreation Department.

Procedures:

- 1) Requests or proposals for naming a park, field, or other improvement shall be submitted to the Parks and Recreation Board in written form describing in detail the proposed name of the park or recreation area and the reason(s) for the request. The request may also include documentation of the individuals or organizations contributions to society.
- 2) The Parks and Recreation Board will consider the request at a public meeting, ^{8/5/20} then make a recommendation to accept or reject the request to the Board of Supervisors, who have the ultimate authority for naming Township parks and recreation facilities.
- 3) Implicit to the naming process is the intent of permanent recognition. Therefore, the process shall be careful and deliberate and, as much as possible, involve the evaluation criteria listed below.

Criteria:

The criteria to be considered regarding a candidate name:

- Fine moral character.
- Demonstrated leadership qualities.
- Nature of the individuals' contributions
- Initiative and/or involvement relating to a specific program or project of exceptional merit which has extensively and directly benefited the public.

Rules:

- Naming a park or recreation facility in memory of a deceased person cannot be considered until at least 12 months after the date of the persons' death.
- Proposed name(s) commemorating a deceased person(s) shall include consideration of the wishes of the family.
- In order to respect the historical tradition and community values which previous generations bestowed on these resources, no officially named park or park facility shall be renamed.

Recognition:

Recognition shall include site signage, including a permanent plaque, sign or marker naming the person honored, reason for such recognition, by whose authority, and the date of recognition. The decision concerning type, design and size of site signage shall rest with the Director of Parks and Recreation. All plaques, signs or markers shall blend with and compliment the park environment. The cost of naming the facility will be the responsibility of the Parks and Recreation Department, the applicant, or both by mutual consent.

Appeals:

Any person or organization whose application is denied by the Parks and Recreation Board may appeal the decision to the Board of Supervisors. The Board of Supervisors decision shall be binding.

**LOWER PAXTON TOWNSHIP
BOARD OF SUPERVISORS**

RESOLUTION 20-30

A RESOLUTION OF THE BOARD OF SUPERVISORS OF LOWER PAXTON TOWNSHIP, DAUPHIN COUNTY, PENNSYLVANIA, AUTHORIZING THE EXECUTION OF AGREEMENTS WITH THE DEPARTMENT OF TRANSPORTATION FOR ACCEPTANCE OF TRANSPORTATION IMPROVEMENT PROGRAM (TIP) FUNDS

WHEREAS, Lower Paxton Township has been awarded TIP funds under the Pennsylvania Department of Transportation's Transportation Improvement Program for replacement of the Red Top Road Bridge.

NOW THEREFORE, BE IT RESOLVED by the Board of Supervisors of Lower Paxton Township, Dauphin County, Pennsylvania, does hereby approve the acceptance of the TIP Funding.

NOW THEREFORE, BE IT FURTHER RESOLVED, that the Lower Paxton Township board of Supervisors does hereby authorize Bradley Gotshall, Township Manager, or his designee to execute the agreements within the Engineering and Construction Management System (ECMS), on behalf of Lower Paxton Township, Federal Aid Reimbursement Agreement and any supplements between Lower Paxton Township and the Department of Transportation and have the same delivered to the Commonwealth of Pennsylvania.

ADOPTED this 6th day of October 2020, by the Board of Supervisors of Lower Paxton Township, Dauphin County, Pennsylvania in lawful session duly assembled on the 6th day of October, 2020.

Attest:

Chris Judd, Secretary

Lowman S. Henry, Chairman

SEAL

LOWER PAXTON TOWNSHIP
Dauphin County, Pennsylvania

RESOLUTION 20-32

A RESOLUTION ACCEPTING THE DEDICATION OF
ADDITIONAL RIGHT OF WAY ALONG THE NORTHERN SIDE OF RED TOP ROAD

WHEREAS, the Final Subdivision Plan for Old Iron Estates Phase II, recorded in the Office of the Recorder of Deeds in and for Dauphin County on June 17, 2008 as Instrument No. 20080022631, offered an area of additional right of way along the northern side of Red Top Road from the intersection of Red Top and Nyes Road and proceeding east past the intersection of Red Top Road and Ryecroft Drive for dedication to Lower Paxton Township; and

WHEREAS, the above-referenced area offered for dedication to Lower Paxton Township is more fully described in plat attached hereto as Exhibit "A", and

WHEREAS, Lower Paxton Township desires to accept the dedication of the above-referenced area as more fully described in attached Exhibit "A".

NOW, THEREFORE, BE IT RESOLVED AND IT IS HEREBY RESOLVED by the Board of Supervisors of Lower Paxton Township that the right of way as described in attached Exhibit "A" is hereby accepted by Lower Paxton Township as additional right of way for Red Top Road.

ADOPTED as Resolution 20-32, this 6th day of October, 2020.

ATTEST:

BOARD OF SUPERVISORS
LOWER PAXTON TOWNSHIP

Secretary

By: _____
Chairman

**Legal Description
For
Dedicated Township Right-Of-Way
At
Lands of Nestor E. and Denise A. Sgouros, Husband and Wife**

ALL THAT CERTAIN tract of land situate north of T-407 in Lower Paxton Township, Commonwealth of Pennsylvania, as shown on a plan titled "Exhibit For Dedicated Township Right-Of-Way Nestor E. Sgouros & Denise A. Sgouros, Husband And Wife", prepared by Herbert, Rowland & Grubic, Inc., dated August, 2020, said tract of land being bounded and described as follows:

BEGINNING at a point on the northern legal right-of-way line of T-407 at lands now or formerly of Nestor E. and Edise A. Sgouros, Husband and Wife said point being known as Station 16 + 25.47, offset 17.83 feet left; **THENCE** along said legal right-of-way line the following six (6) courses:

1. On a curve to the left having a radius of 701.50 feet, an arc length of 43.51 feet and a chord bearing of South 62 degrees 46 minutes 50 seconds West, a distance of 43.51 feet to Station 15 + 82.56, offset 18.30 feet left;
2. South 61 degrees 00 minutes 13 seconds West, a distance of 79.69 feet to Station 15 + 02.94, offset 18.29 feet left;
3. On a curve to the right having a radius of 628.50 feet, an arc length of 175.76 feet and a chord bearing of South 69 degrees 00 minutes 54 seconds West, a distance of 175.19 feet to Station 13 + 21.93, offset 18.95 feet left;
4. South 76 degrees 59 minutes 36 second West, a distance of 236.08 feet to Station 10 + 85.42, offset 19.73 feet left;
5. On a curve to the right having a radius of 25.00 feet, an arc length of 50.84 feet and a chord bearing of North 44 degrees 44 minutes 42 seconds West, a distance of 42.52 feet to Station 10 + 37.33, offset 49.71 feet left;
6. On a curve to the right having a radius of 313.00 feet, an arc length of 1.73 feet and a chord bearing of North 13 degrees 05 minutes 11 seconds East, a distance of 1.73 feet to Station 10 + 37.33, offset 51.44 feet left to the previously dedicated right-of-way line of T-407 at lands now or formerly of Nestor E. Sgouros and Denise A. Sgouros, husband and wife;

THENCE along previously dedicated right-of-way line and through said lands of Sgouros the following six (6) courses:

1. On a curve to the left having a radius of 35.00 feet, an arc length of 44.02 and a chord bearing of South 66 degrees 58 minutes 43 seconds East, a distance of 41.17 feet to Station 10 + 97.69, offset 33.22 feet left;
2. North 76 degrees 59 minutes 36 seconds East, a distance of 224.39 feet to Station 13 + 21.92, offset 32.45 feet left;
3. On a curve to the left having a radius of 615.00 feet, an arc length of 171.99 feet and a chord bearing of North 69 degrees 00 minutes 54 seconds East, a distance of 171.43 feet to Station 15 + 02.94 feet, offset 31.97 feet left;

4. North 61 degrees 00 minutes 13 seconds East, a distance of 79.69 feet to Station 15 + 82.52, offset 31.80 feet left;
5. On a curve to the right having a radius of 715.00 feet, an arc length of 44.35 feet and a chord bearing of North 62 degrees 46 minutes 50 seconds East, a distance of 44.34 feet to Station 16 + 25.81, offset 31.33 feet left;
6. South 25 degrees 26 minutes 33 seconds East, a distance of 13.50 to the **POINT OF BEGINNING.**

Containing 7,690 Square Feet

LOWER PAXTON TOWNSHIP
Dauphin County, Pennsylvania

RESOLUTION 20-33

A RESOLUTION ACCEPTING THE DEDICATION OF
ADDITIONAL RIGHT OF WAY ALONG THE SOUTHERN SIDE OF RED TOP ROAD

WHEREAS, the Final Subdivision Plan for Hunt Club Phase I, recorded in the Office of the Recorder of Deeds in and for Dauphin County on October 5, 1988 in Plan Book R, Volume 4, page 31, offered an area of additional right of way along the southern side of Red Top Road between the intersection of Red Top and Nyes Road and the intersection of Red Top Road and Ryecroft Drive for dedication to Lower Paxton Township; and

WHEREAS, the above-referenced area offered for dedication to Lower Paxton Township is more fully described in plats attached hereto as Exhibit "A", and

WHEREAS, Lower Paxton Township desires to accept the dedication of the above-referenced area as more fully described in attached Exhibit "A".

NOW, THEREFORE, BE IT RESOLVED AND IT IS HEREBY RESOLVED by the Board of Supervisors of Lower Paxton Township that the right of way as described in attached Exhibit "A" is hereby accepted by Lower Paxton Township as additional right of way for Red Top Road.

ADOPTED as Resolution 20-33, this 6th day of October, 2020.

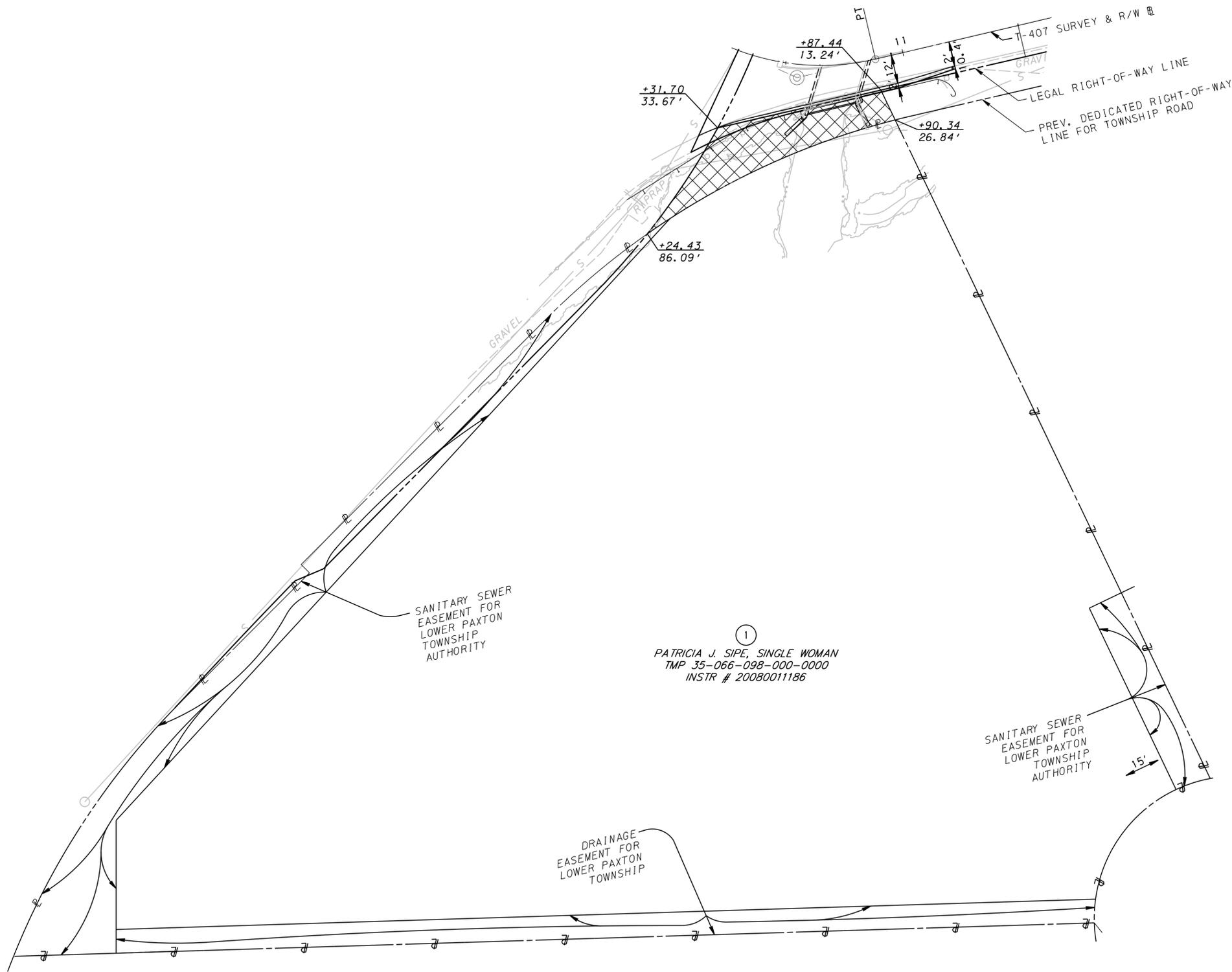
ATTEST:

BOARD OF SUPERVISORS
LOWER PAXTON TOWNSHIP

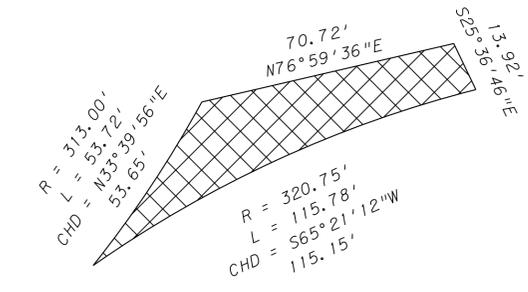
Secretary

By: _____
Chairman

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①
 PATRICIA J. SIPE, SINGLE WOMAN
 TMP 35-066-098-000-0000
 INSTR # 20080011186



PREV. DEDICATED
 RIGHT-OF-WAY FOR
 TOWNSHIP ROAD
 AREA = 1,662 SF



SCALE



369 East Park Drive
 Harrisburg, PA 17111
 (717) 564-1121
 Fax (717) 564-1158
 hrg@hrg-inc.com
 www.hrg-inc.com

**EXHIBIT FOR DEDICATED
 TOWNSHIP RIGHT-OF-WAY
 FOR PATRICIA J. SIPE, SINGLE WOMAN**

**RED TOP ROAD BRIDGE
 FOR LOWER PAXTON TOWNSHIP**

LOWER PAXTON TOWNSHIP DAUPHIN COUNTY PENNSYLVANIA

PROJ. MGR. - RJH
DESIGN - RRS
CADD - RRS
CHECKED - -
SCALE - 1"=50'
DATE - AUGUST 2020

SHEET NO. EXH-A
DRAWING NO. 1 OF 1
PROJECT R000184.0526

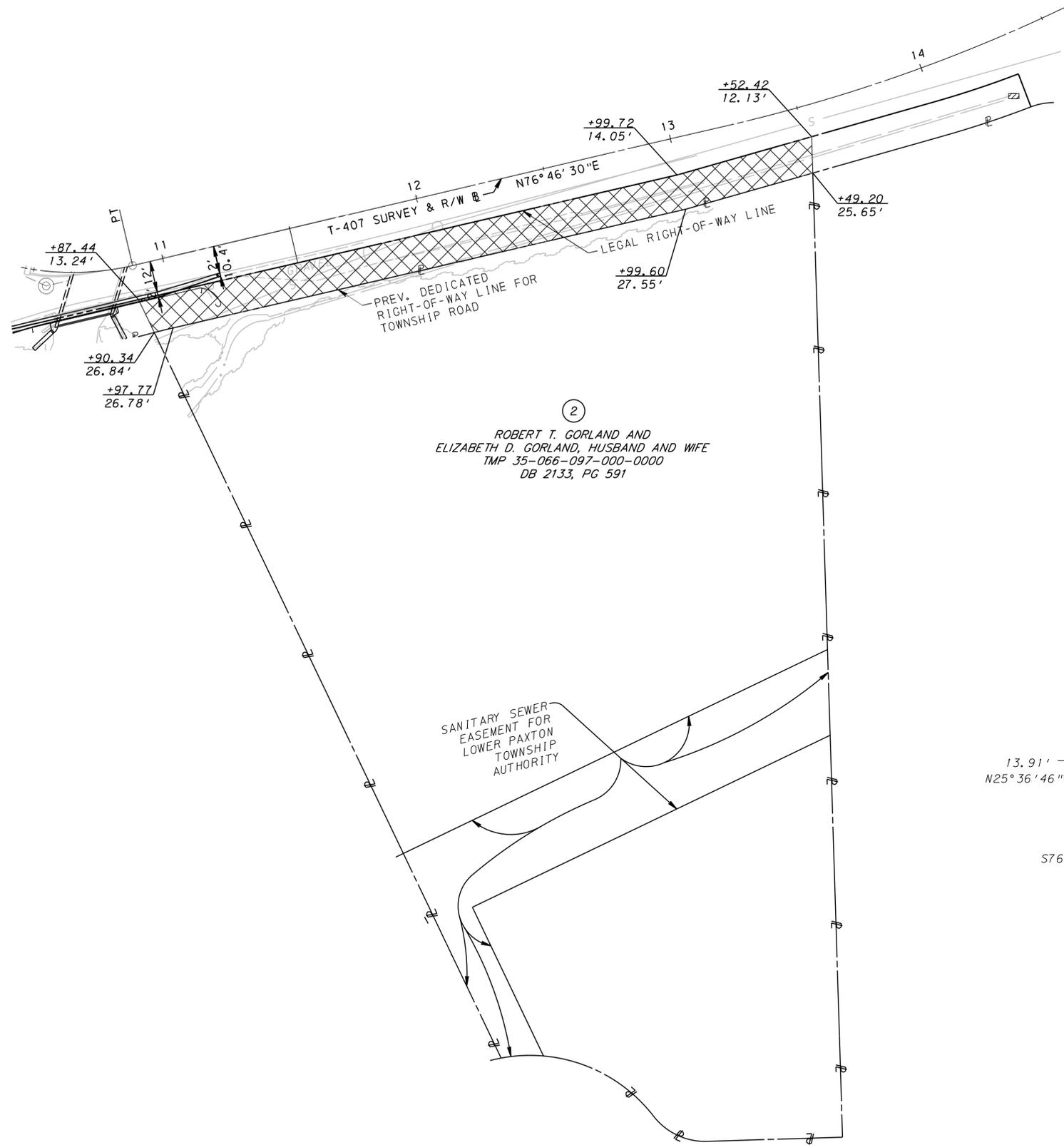
**Legal Description
For
Dedicated Township Right-Of-Way
At
Lands of Patricia J. Sipe, Single Woman**

ALL THAT CERTAIN tract of land situate south of T-407 in Lower Paxton Township, Dauphin County, Commonwealth of Pennsylvania, as shown on a plan titled “Exhibit For Dedicated Township Right-Of-Way For Patricia J. Sipe, Single Woman”, prepared by Herbert, Rowland & Grubic, Inc., dated August, 2020, said tract of land being bounded and described as follows:

BEGINNING at a point on the southern legal right-of-way line of T-407 at lands now or formerly of Patricia J. Sipe, single woman at a point known as Station 10 + 87.44, offset 13.24 feet right; **THENCE** South 25 degrees 36 minutes 46 seconds East, a distance of 13.92 feet to Station 10 + 90.34, offset 25.84 feet right to the previously dedicated right-of-way line of T-407; **THENCE** along said previously dedicated right-of-way line and through said lands of Sipe; **THENCE** on a curve to the left having a radius of 320.75 feet, an arc length of 115.78 feet and a chord bearing of South 65 degrees 21 minutes 12 seconds West, a distance of 115.15 feet to Station 10 + 24.43, offset 86.09 feet right to the legal right-of-way line of Nyes Road (S.R. 2019); **THENCE** along said legal right-of-way line of Nyes Road on a curve to the left having a radius of 313.00 feet, an arc length of 53.72 feet and a chord bearing of North 33 degrees 39 minutes 56 seconds East, a distance of 53.65 feet to Station 10 + 31.70, offset 33.67 feet right to the legal right-of-way line of T-407; **THENCE** along said legal right-of-way line North 76 degrees 59 minutes 36 seconds East, a distance of 70.72 feet to the **POINT OF BEGINNING**.

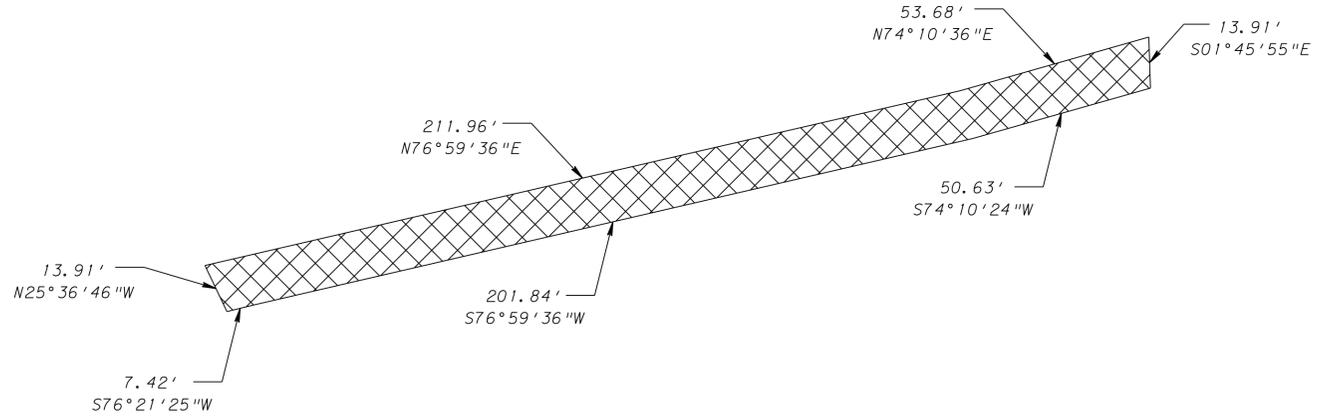
Containing 1,662 Square Feet

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②
 ROBERT T. GORLAND AND
 ELIZABETH D. GORLAND, HUSBAND AND WIFE
 TMP 35-066-097-000-0000
 DB 2133, PG 591

PREV. DEDICATED
 RIGHT-OF-WAY FOR
 TOWNSHIP ROAD
 AREA = 3,548 SF



SCALE



369 East Park Drive
 Harrisburg, PA 17111
 (717) 564-1121
 Fax (717) 564-1158
 hrg@hrg-inc.com
 www.hrg-inc.com

**EXHIBIT FOR DEDICATED TOWNSHIP
 RIGHT-OF-WAY FOR ROBERT T. GORLAND
 AND ELIZABETH D. GORLAND,
 HUSBAND AND WIFE**

**RED TOP ROAD BRIDGE
 FOR LOWER PAXTON TOWNSHIP**
 LOWER PAXTON TOWNSHIP DAUPHIN COUNTY PENNSYLVANIA

PROJ. MGR. - RJH
DESIGN - RRS
CADD - RRS
CHECKED - -
SCALE - 1"=50'
DATE - AUGUST 2020

SHEET NO. EXH-A
DRAWING NO. 1 OF 1
PROJECT R000184.0526

Legal Description
For
Dedicated Township Right-Of-Way
At
Lands of Robert T. and Elizabeth D. Gorland, Husband and Wife

ALL THAT CERTAIN tract of land situate south of T-407 in Lower Paxton Township, Dauphin County, Commonwealth of Pennsylvania, as shown on a plan titled “Exhibit For Dedicated Township Right-Of-Way For Robert T. Gorland And Elizabeth D. Gorland, Husband And Wife”, prepared by Herbert, Rowland & Grubic, Inc., dated August, 2020, said tract of land being bounded and described as follows:

BEGINNING at a point on the southern legal right-of-way line of T-407 at lands now or formerly of Robert T Gorland and Elizabeth D. Gorland said point being known as Station 10 + 87.44, offset 13.24 feet right; **THENCE** along said legal right-of-way line the following two (2) courses:

1. North 76 degrees 58 minutes 36 seconds East, a distance of 211.96 feet to Station 12 + 99.72, offset 14.05 feet right;
2. North 74 degrees 10 minutes 36 seconds East, a distance of 53.68 feet to Station 13 + 52.42, offset 12.13 feet right to lands of Gorland;

THENCE along said lands Gorland South 01 degrees 45 minutes 55 seconds East, a distance of 13.91 feet to Station 13 + 49.20, offset 25.65 feet right to the previously dedicated right-of-way line of T-407; **THENCE** through said lands of Gorland, along said previously dedicated right-of-way line the following four (4) courses:

1. South 74 degrees 10 minutes 24 seconds West, a distance of 50.63 feet to Station 12 + 99.60, offset 27.55 feet right;
2. South 76 degrees 59 minutes 36 seconds West, a distance of 201.84 feet to Station 10 + 97.77, offset 26.78 feet right;
3. South 76 degrees 21 minutes 25 seconds West, a distance of 7.42 feet to Station 10 + 97.77, offset 26.84 feet right;
4. North 25 degrees 36 minutes 46 seconds West, a distance of 13.91 feet to Station 10 + 97.77, offset 26.84 feet right to the **POINT OF BEGINNING**.

Containing 3,548 Square Feet



369 East Park Drive
Harrisburg, PA 17111
717.564.1121
www.hrg-inc.com

September 30, 2020

Bradley Gotshall, Manager
Lower Paxton Township
425 Prince Street
Harrisburg, Pennsylvania 17109

**Re: Contract Closeout Documents and Final Application for Payment
2019 Lower Paxton Township Drainage Improvements**

Dear Brad:

Enclosed are executed Contract Closeout Documents for the above referenced project consisting of Contractors Affidavit, Statement of Surety Company, and evidence of Completed Operations Insurance.

All outstanding work on the project has been completed and we have enclosed a Notice of Acceptability of Work. We have completed a review of Application for Payment, Final Application, which we received from Greenland Construction, Inc. Based upon our review of the application and our field observations, we recommend payment to the contractor in the amount of **\$1,500.00.**

Please review the Final Application for Payment along with the Contract Closeout Documents and, if acceptable, sign and date in the spaces provided for the Owner's Approval, keep two (2) copies for your files and return two (2) copies to HRG for distribution.

If you have any questions or require further information, please contact me.

Sincerely,

HERBERT, ROWLAND & GRUBIC, INC.

Jason R. Hinz, P.E.

Group Manager | Civil

JRH/LB

000184.0535

P:\0001\000184_0535\Admin\CA-CO\Contract Closeout\02 Final Completion\02 Owner\01 - Contract Closeout Recom To Owner_TEMPLATE.Docx

Enclosures: Final Application for Payment, Notice of Acceptability of Work, Contract Closeout Documents

c: Jeff Kline (via email)
Bill Weaver (via email)
Lee Thoman (via email)
Eric Fleisher (via email)



HRG
Engineering & Consulting
A/AM/NOVTE/OW/NO/COM/NTY

Contractor's Application for Payment No. 6

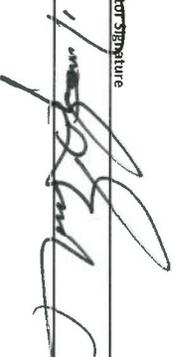
Application Period:	07-21-20 to 09-18-20	Application Date:	9/18/2020
To (Owner):	Lower Paxton Township	Via (Engineer):	Herbert, Rowland & Grubic, Inc.
Project:	2019 Lower Paxton Township Drainage Improvements	Contractor's Project No.:	2019 Lower Paxton Township Drainage Improvements
Owner's Contract No.:		Engineer's Project No.:	R000184.0535

**Application for Payment
Change Order Summary**

Approved Change Orders Number	Additions	Deductions
1		\$97,497.72
TOTALS		\$97,497.72
NET CHANGE BY CHANGE ORDERS		-\$97,497.72

1. ORIGINAL CONTRACT PRICE: \$887,952.00
2. Net change by Change Orders: -\$97,497.72
3. Current Contract Price (Line 1 ± 2): \$790,454.28
4. TOTAL COMPLETED AND STORED TO DATE (Column F total on Progress Estimates): \$790,454.28
5. RETAINAGE:
 - a. \$790,454.28 Work Completed
 - b. \$1,000.00 Punchlist
 - c. Total Retainage (Line 5.a + Line 5.b): \$791,454.28
6. AMOUNT ELIGIBLE TO DATE (Line 4 - Line 5.d): \$790,454.28
7. LESS PREVIOUS PAYMENTS (Line 6 from prior Application): \$788,954.28
8. AMOUNT DUE THIS APPLICATION: \$1,500.00
9. BALANCE TO FINISH, PLUS RETAINAGE (Column G total on Progress Estimates + Line 5.c above): \$1,500.00

Contractor's Certification
The undersigned Contractor certifies, to the best of its knowledge, the following:
All previous progress payments received from Owner on account of Work done under the Contract have been applied on account to discharge Contractor's legitimate obligations incurred in connection with the Work covered by prior Applications for Payment;
Title to all Work, materials and equipment incorporated in said Work, or otherwise listed in or covered by this Application for Payment, will pass to Owner at time of payment free and clear of all Liens, security interests, and encumbrances (except such as are covered by a bond acceptable to Owner indemnifying Owner against any such Liens, security interest, or encumbrances); and
All the Work covered by this Application for Payment is in accordance with the Contract Documents and is not defective.

Contractor Signature: 
Date: 9/18/20

Payment of: \$ 1,500.00 (Line 8 or other - attach explanation of the other amount)
is recommended by: Joann R. Henry (Engineer) 9/30/2020 (Date)
Payment of: \$ (Line 8 or other - attach explanation of the other amount)
is approved by: (Owner) (Date)
Approved by: Funding or Financing Entity (if applicable) (Date)

Progress Estimate - Unit Price Work

Contractor's Application

For (Contract): 2019 Lower Paxton Township Drainage Improvements Application Number: 6

Application Period: 07-21-20 to 09-18-20 Application Date: 9/18/2020

Bid Item No	Item Description	Item Quantity	Units	Unit Price	Total Value of Bid Item (\$)	Contract Information						Total Completed and Stored to Date (D + E)	% (F / B)	Balance to Finish (B - F)	
						Quantity Installed This Period	Quantity Previously Installed	Value of Work Installed This Period	Value of Work Installed to Date	Materials Presently Stored (not in C)					
Area 1 - Forest Hills Drive															
HRG20-100-001	MOBILIZATION	1	LS	\$58,000.00	\$58,000.00										
HRG20-100-002	MAINTENANCE AND PROTECTION OF TRAFFIC	1	LS	\$29,000.00	\$29,000.00										
HRG20-200-022	INLET FILTER BAG	14	EA	\$50.00	\$700.00										
HRG20-300-002	TYPE C CONCRETE INLET TOP UNIT AND GRATE	5	EA	\$900.00	\$4,500.00										
HRG20-300-015	STORM SEWER MANHOLE FRAME AND COVER	1	EA	\$2,100.00	\$2,100.00										
HRG20-300-016	STANDARD INLET BOX	2	EA	\$900.00	\$1,800.00										
HRG20-300-018	TYPE 4 INLET BOX	4	EA	\$2,000.00	\$8,000.00										
HRG20-300-034	CONNECT TO EXISTING DRAINAGE STRUCTURE	16	EA	\$250.00	\$4,000.00										
HRG20-300-049	18" SMOOTH LINED CORRUGATED POLYETHYLENE PIPE	444	LF	\$72.00	\$31,968.00										
HRG20-300-050	24" SMOOTH LINED CORRUGATED POLYETHYLENE PIPE	61	LF	\$90.00	\$5,490.00										
HRG20-300-051	30" SMOOTH LINED CORRUGATED POLYETHYLENE PIPE	915	LF	\$110.00	\$100,650.00										
HRG20-300-277	ABANDON EXISTING STORM SEWER BULKHEAD AND FILL WITH FLOWABLE	60	CY	\$205.00	\$12,300.00										
HRG20-300-328	ABANDON EXISTING STORM STRUCTURE	1	EA	\$350.00	\$350.00										
HRG20-400-008	2A SUBBASE, 6" DEPTH	1080	SY	\$11.00	\$11,880.00										
HRG20-400-087	SUPERPAVE ASPHALT MIXTURE DESIGN, HMA BASE COURSE, PG 64-22, 0.3 TO <3 MILLION ESALS, 9.5 MM MIX, 1 1/2" DEPTH, SR-1A	1080	SY	\$38.00	\$41,040.00										
HRG20-400-116	SUPERPAVE ASPHALT MIXTURE DESIGN, HMA WEARING COURSE, PG 64-22, 0.3 TO <3 MILLION ESALS, 9.5 MM MIX, 1 1/2" DEPTH, SR-1A	1285	SY	\$20.00	\$25,700.00										
HRG20-400-126	SUBGRADE REPAIR	80	CY	\$100.00	\$8,000.00										
HRG20-400-181	CONCRETE CURB	783	LF	\$70.00	\$54,810.00										
HRG20-500-001	TOPSOIL, SEEDING, SOIL SUPPLEMENTS, MULCH - FORMULA B	1	LS	\$4,100.00	\$4,100.00										
HRG20-800-025	SEAMINARY SEWER LATERAL ADJUSTMENT	50	LF	\$100.00	\$5,000.00										
HRG20-900-001	RESTORE LANDSCAPING - 2345 FOREST HILLS DRIVE	1	LS	\$4,800.00	\$4,800.00										
HRG20-900-002	RESTORE LANDSCAPING - 2343 FOREST HILLS DRIVE	1	LS	\$1,800.00	\$1,800.00										
HRG20-900-008	RESTORE LANDSCAPING - 2364 FOREST HILLS DRIVE	1	LS	\$7,200.00	\$7,200.00										
HRG20-900-009	RESTORE LANDSCAPING - 2362 FOREST HILLS DRIVE	1	LS	\$1,800.00	\$1,800.00										
HRG20-900-010	RESTORE LANDSCAPING - 2342 FOREST HILLS DRIVE	1	LS	\$2,100.00	\$2,100.00										
HRG20-900-011	RESTORE LANDSCAPING - 2336 FOREST HILLS DRIVE	1	LS	\$1,400.00	\$1,400.00										
Area 1 - Forest Hills Drive Sub-Total					\$428,888.00										
					\$374,374.03										
					\$374,374.03										
					87%										
					\$54,113.97										

Progress Estimate - Unit Price Work

Contractor's Application

For (Contract): 2019 Lower Paxton Township Drainage Improvements

Application Period: 07-21-20 to 09-18-20

Application Number: 5

Application Date: 9/18/2020

Bid Item No.	Item Description	Item Quantity	Units	Unit Price	Total Value of Bid Item (\$)	Contract Information							
						Quantity Installed This Period	Quantity Previously Installed	Value of Work Installed This Period	Value of Work Installed to Date	Materials Presently Stored (not in C)	Total Completed and Stored to Date (D + E)	% (F / B)	Balance to Finish (B - F)
Area 2 - Timber Line Court													
HRG20-200-022	INLET FILTER BAG	14	EA	\$50.00	\$700.00		9				\$700.00	64.3%	\$250.00
HRG20-300-002	TYPE C CONCRETE INLET TOP UNIT AND GRATE	3	EA	\$900.00	\$2,700.00		3				\$2,700.00	100.0%	
HRG20-300-004	TYPE C REHAB CONCRETE INLET TOP UNIT AND GRATE	2	EA	\$1,400.00	\$2,800.00		3				\$4,200.00	150.0%	-\$1,400.00
HRG20-300-008	TYPE M CONCRETE INLET TOP UNIT AND GRATE	3	EA	\$800.00	\$2,400.00		4				\$3,200.00	133.3%	-\$800.00
HRG20-300-016	STANDARD INLET BOX	3	EA	\$900.00	\$2,700.00		3				\$2,700.00	100.0%	
HRG20-300-018	TYPE A INLET BOX	3	EA	\$2,100.00	\$6,300.00		4				\$8,400.00	133.3%	-\$2,100.00
HRG20-300-034	CONNECT TO EXISTING DRAINAGE STRUCTURE	5	EA	\$250.00	\$1,250.00		8				\$2,000.00	160.0%	-\$750.00
HRG20-300-049	18" SMOOTH LINED CORRUGATED POLYETHYLENE PIPE	320	LF	\$74.00	\$23,680.00		325				\$24,050.00	101.6%	-\$370.00
HRG20-300-050	24" SMOOTH LINED CORRUGATED POLYETHYLENE PIPE	27	LF	\$92.00	\$2,484.00		30				\$2,760.00	111.1%	-\$276.00
HRG20-300-051	30" SMOOTH LINED CORRUGATED POLYETHYLENE PIPE	61	LF	\$112.00	\$6,832.00		60				\$6,720.00	98.4%	\$112.00
HRG20-300-278	ABANDON EXISTING STORM SEWER (BULKHEAD)	4	EA	\$400.00	\$1,600.00		4				\$1,600.00	100.0%	
HRG20-400-008	2A SUBBASE, 6" DEPTH	410	SY	\$11.00	\$4,510.00		240.01				\$2,640.11	58.5%	\$1,869.89
HRG20-400-087	SUPERPAVE ASPHALT MIXTURE DESIGN, HMA, BASE COURSE, PG 64-22, 0.3 TO <3 MILLION ESALS, 25.0 MM MAX, 5" DEPTH	410	SY	\$38.00	\$15,580.00		280.67				\$10,659.46	68.5%	\$4,914.54
HRG20-400-116	SUPERPAVE ASPHALT MIXTURE DESIGN, HMA WEARING COURSE, PG 64-22, 0.3 TO <3 MILLION ESALS, 9.5 MM MAX, 1 1/2" DEPTH, SRL-M	475	SY	\$20.00	\$9,500.00		405.77				\$8,115.40	85.4%	\$1,384.60
HRG20-400-181	CONCRETE CURB	90	LF	\$70.00	\$6,300.00		45				\$3,150.00	50.0%	\$3,150.00
HRG20-500-001	TOPSOIL, SEEDING, SOIL SUPPLEMENTS, MULCH - FORMULA B	1	LS	\$1,500.00	\$1,500.00		1				\$1,500.00	100.0%	
HRG20-900-003	RESTORE LANDSCAPING - 2356 TIMBER LINE COURT	1	LS	\$8,250.00	\$8,250.00		1				\$8,250.00	100.0%	
HRG20-900-004	RESTORE LANDSCAPING - 2340 FOREST HILLS DRIVE	1	LS	\$1,500.00	\$1,500.00		1				\$1,500.00	100.0%	
HRG20-900-005	RESTORE LANDSCAPING - 2346 TIMBER LINE COURT	1	LS	\$6,000.00	\$6,000.00		1				\$6,000.00	100.0%	
HRG20-900-006	RIPIRAP STABILIZATION - 2352 TIMBER LINE COURT	1	LS	\$6,000.00	\$6,000.00		1				\$6,000.00	100.0%	
					Area 2 - Timber Line Court Sub-Total						\$112,586.00		
											\$106,600.97	95%	\$5,985.03

Progress Estimate - Unit Price Work

Contractor's Application

Per (Contract): 2019 Lower Paxton Township Drainage Improvements

Application Period: 07-21-20 to 09-18-20

Application Number: 6

Application Date: 9/18/2020

Bid Item No.	Item Description	Item Quantity	Units	Unit Price	Total Value of Bid Item (\$)	Contract Information				Materials Presently Stored (not in C)	Total Completed and Stored to Date (D + E)	% (F / B)	Balance to Finish (B - F)	
						Quantity Installed This Period	Quantity Previously Installed	Value of Work Installed This Period	Value of Work Installed to Date					
Area 3 - Forest Hills Drive														
HRG20-200-022	INLET FILTER BAG	6	EA	\$50.00	\$300.00		6				\$300.00	100.0%		
HRG20-300-002	TYPE C CONCRETE INLET TOP UNIT AND GRATE	2	EA	\$900.00	\$1,800.00		2				\$1,800.00	100.0%		
HRG20-300-008	TYPE M CONCRETE INLET TOP UNIT AND GRATE	1	EA	\$800.00	\$800.00		1				\$800.00	100.0%		
HRG20-300-016	STANDARD INLET BOX	1	EA	\$900.00	\$900.00		1				\$900.00	100.0%		
HRG20-300-018	TYPE 4 INLET BOX	1	EA	\$3,000.00	\$3,000.00		1				\$3,000.00	100.0%		
HRG20-300-019	TYPE 5 INLET BOX	1	EA	\$4,000.00	\$4,000.00		1				\$4,000.00	100.0%		
HRG20-300-034	CONNECT TO EXISTING DRAINAGE STRUCTURE	2	EA	\$400.00	\$800.00		2				\$800.00	100.0%		
HRG20-300-049	18" SMOOTH LINED CORRUGATED POLYETHYLENE PIPE	418	LF	\$74.00	\$30,932.00		418				\$30,932.00	100.0%		
HRG20-300-278	ABANDON EXISTING STORM SEWER (BULKHEAD)	2	EA	\$400.00	\$800.00		2				\$800.00	100.0%		
HRG20-400-008	2A SUBBASE, 6" DEPTH	380	SY	\$11.00	\$4,180.00		238.34				\$2,621.74	62.7%	\$1,558.26	
HRG20-400-087	SUPERPAVE ASPHALT MIXTURE DESIGN, HMA BASE COURSE, PG 64-22, 0.3 TO <3 MILLION ESALS, 7.50 MM MAX, 5" DEPTH	380	SY	\$38.00	\$14,440.00		322.45				\$12,253.10	84.9%	\$2,186.90	
HRG20-400-116	SUPERPAVE ASPHALT MIXTURE DESIGN, HMA WEARING COURSE, PG 64-22, 0.3 TO <3 MILLION ESALS, 9.5 MM MAX, 1.12" DEPTH, SRC-M	425	SY	\$20.00	\$8,500.00		389.33				\$7,786.60	91.6%	\$713.40	
HRG20-400-181	CONCRETE CURB	46	LF	\$70.00	\$3,220.00		11				\$770.00	23.9%	\$2,450.00	
HRG20-500-001	TOPSOIL, SEEDING, SOIL SUPPLEMENTS, MULCH - FORMULA B	1	LS	\$1,500.00	\$1,500.00		1				\$1,500.00	100.0%		
HRG20-900-012	RESTORE LANDSCAPING - 2380 FOREST HILLS DRIVE	1	LS	\$3,200.00	\$3,200.00		1				\$3,200.00	100.0%		
					Area 3 - Forest Hills Drive Sub-Total						\$71,463.44	91%	\$6,908.56	

Progress Estimate - Unit Price Work

Contractor's Application

For (Contract): 2019 Lower Paxton Township Drainage Improvements

Application Number: 5

Application Period: 07-21-20 to 09-18-20

Application Date: 9/18/2020

Item		Contract Information											
Bid Item No.	Description	Item Quantity	Units	Unit Price	Total Value of Bid Item (\$)	Quantity Installed This Period	Quantity Previously Installed	Value of Work Installed This Period	Value of Work Installed to Date	Materials Presently Stored (foot in C)	Total Completed and Stored to Date (D + E)	% (F / B)	Balance to Finish (B - F)
Area 4 - Jessamy Court													
HRG20-200-022	INLET FILTER BAG	7	EA	\$50.00	\$350.00		7		\$350.00		\$350.00	100.0%	
HRG20-300-002	TYPE C CONCRETE INLET TOP UNIT AND GRATE	2	EA	\$900.00	\$1,800.00		1		\$900.00		\$900.00	50.0%	\$900.00
HRG20-300-008	TYPE M CONCRETE INLET TOP UNIT AND GRATE	1	EA	\$800.00	\$800.00		2		\$1,600.00		\$1,600.00	200.0%	-\$800.00
HRG20-300-016	STANDARD INLET BOX	1	EA	\$900.00	\$900.00		1		\$900.00		\$900.00	100.0%	
HRG20-300-018	TYPE A INLET BOX	2	EA	\$3,000.00	\$6,000.00		2		\$6,000.00		\$6,000.00	100.0%	
HRG20-300-034	CONNECT TO EXISTING DRAINAGE STRUCTURE	6	EA	\$400.00	\$2,400.00		6		\$2,400.00		\$2,400.00	100.0%	
HRG20-300-049	18" SMOOTH LINED CORRUGATED POLYETHYLENE PIPE	403	LF	\$74.00	\$29,822.00		409		\$30,266.00		\$30,266.00	101.5%	-\$444.00
HRG20-300-278	ABANDON EXISTING STORM SEWER (BULKHEAD)	2	EA	\$400.00	\$800.00		2		\$800.00		\$800.00	100.0%	
HRG20-300-328	ABANDON EXISTING STORM STRUCTURE	2	EA	\$350.00	\$700.00								\$700.00
HRG20-400-008	2A SUBBASE, 6" DEPTH	390	SY	\$11.00	\$4,290.00		235.56		\$2,591.16		\$2,591.16	60.4%	\$1,698.84
HRG20-400-087	SUPERPAVE ASPHALT MIXTURE DESIGN, HMA BASE COURSE, PG 64-22, 0.3 TO <3 MILLION ESALS, 25.0 MM MMX, 5" DEPTH	390	SY	\$36.00	\$14,820.00		320.66		\$12,185.08		\$12,185.08	82.2%	\$2,634.92
HRG20-400-116	SUPERPAVE ASPHALT MIXTURE DESIGN, HMA BASE COURSE, PG 64-22, 0.3 TO <3 MILLION ESALS, 9.5 MM MMX, 1.1/2" DEPTH, SRL-M	460	SY	\$20.00	\$9,200.00		393.67		\$7,873.40		\$7,873.40	85.6%	\$1,326.60
HRG20-400-181	CONCRETE CURB	70	LF	\$70.00	\$4,900.00		8		\$560.00		\$560.00	11.4%	\$4,340.00
HRG20-500-001	TOPSOIL, SEEDING, SOIL SUPPLEMENTS, MULCH - FORMULA B	1	LS	\$1,500.00	\$1,500.00		1		\$1,500.00		\$1,500.00	100.0%	
HRG20-900-013	RESTORE LANDSCAPING - 2370 JESSAMY COURT	1	LS	\$1,500.00	\$1,500.00		1		\$1,500.00		\$1,500.00	100.0%	
Area 4 - Jessamy Court Sub-Total						\$79,782.00	659,425.64	\$69,425.64			\$69,425.64	87%	\$10,356.36
Area 5 - Forest Hills Drive													
HRG20-200-022	INLET FILTER BAG	2	EA	\$50.00	\$100.00		2		\$100.00		\$100.00	100.0%	
HRG20-300-034	CONNECT TO EXISTING DRAINAGE STRUCTURE	2	EA	\$400.00	\$800.00		2		\$800.00		\$800.00	100.0%	
HRG20-300-049	18" SMOOTH LINED CORRUGATED POLYETHYLENE PIPE	30	LF	\$74.00	\$2,220.00		30		\$2,220.00		\$2,220.00	100.0%	
HRG20-400-008	2A SUBBASE, 6" DEPTH	30	SY	\$11.00	\$330.00		17.78		\$195.58		\$195.58	59.3%	\$134.42
HRG20-400-087	SUPERPAVE ASPHALT MIXTURE DESIGN, HMA BASE COURSE, PG 64-22, 0.3 TO <3 MILLION ESALS, 25.0 MM MMX, 5" DEPTH	30	SY	\$38.00	\$1,140.00		21		\$798.00		\$798.00	70.0%	\$342.00
HRG20-400-116	SUPERPAVE ASPHALT MIXTURE DESIGN, HMA WEARING COURSE, PG 64-22, 0.3 TO <3 MILLION ESALS, 9.5 MM MMX, 1.1/2" DEPTH, SRL-M	40	SY	\$20.00	\$800.00		27		\$540.00		\$540.00	67.5%	\$260.00
Area 5 - Forest Hills Drive Sub-Total						\$5,390.00	44,653.58	\$4,653.58			\$4,653.58	86%	\$736.42

Progress Estimate - Unit Price Work

Contractor's Application

For Contract: 2019 Lower Paxton Township Drainage Improvements

Application Number: 6

Application Period: 07/21/20 to 09/18/20

Application Date: 9/18/2020

Bid Item No.	Item Description	Item Quantity	Units	Unit Price	Total Value of Bid Item (\$)	Contract Information							
						Quantity Installed This Period	Quantity Previously Installed	Value of Work Installed This Period	Value of Work Installed to Date	Materials Presently Stored (not in C)	Total Completed and Stored to Date (D + E)	% (F / B)	Balance to Finish (B - F)
Area 6 - Forest Hills Drive													
HRG20-300-022	INLET FILTER BAG	5	EA	\$50.00	\$250.00		5		\$250.00		\$250.00	100.0%	
HRG20-300-002	TYPE C CONCRETE INLET TOP UNIT AND GRATE	1	EA	\$900.00	\$900.00		1		\$900.00		\$900.00	100.0%	
HRG20-300-018	TYPE A INLET BOX	1	EA	\$3,000.00	\$3,000.00		1		\$3,000.00		\$3,000.00	100.0%	
HRG20-300-034	CONNECT TO EXISTING DRAINAGE STRUCTURE	6	EA	\$400.00	\$2,400.00		6		\$2,400.00		\$2,400.00	100.0%	
HRG20-300-049	18" SMOOTH LINED CORRUGATED POLYETHYLENE PIPE	234	LF	\$74.00	\$17,316.00		231		\$17,094.00		\$17,094.00	98.7%	\$222.00
HRG20-400-008	2A SUBBASE, 6" DEPTH	156	SY	\$11.00	\$1,716.00		137.22		\$1,509.42		\$1,509.42	88.0%	\$206.58
HRG20-400-087	SUPERPAVE ASPHALT MIXTURE DESIGN, HMA BASE COURSE, PG 64-22, 0.3 TO <3 MILLION ESALS, 25.0 MM MIN, 5" DEPTH	156	SY	\$38.00	\$5,928.00		165.23		\$6,278.74		\$6,278.74	105.9%	-\$350.74
HRG20-400-116	SUPERPAVE ASPHALT MIXTURE DESIGN, HMA WEARING COURSE, PG 64-22, 0.3 TO <3 MILLION ESALS, 9.5 MM MIN, 1 1/2" DEPTH, SRL-M	180	SY	\$20.00	\$3,600.00		170.67		\$3,413.40		\$3,413.40	94.8%	\$186.60
HRG20-400-181	CONCRETE CURB	180	LF	\$70.00	\$12,600.00		14		\$980.00		\$980.00	7.8%	\$11,620.00
HRG20-500-001	TOPSOIL, SEEDING, SOIL SUPPLEMENTS, MULCH - FORMULA B	1	LS	\$1,000.00	\$1,000.00		1		\$1,000.00		\$1,000.00	100.0%	
					Area 6 - Forest Hills Drive Sub-Total	\$48,710.00			\$36,825.56			76%	\$11,884.44
Area 7 - Forest Hills Drive													
HRG20-200-022	INLET FILTER BAG	2	EA	\$50.00	\$100.00		2		\$100.00		\$100.00	100.0%	
HRG20-300-034	CONNECT TO EXISTING DRAINAGE STRUCTURE	2	EA	\$400.00	\$800.00		2		\$800.00		\$800.00	100.0%	
HRG20-300-049	18" SMOOTH LINED CORRUGATED POLYETHYLENE PIPE	30	LF	\$74.00	\$2,220.00		30		\$2,220.00		\$2,220.00	100.0%	
HRG20-400-008	2A SUBBASE, 6" DEPTH	30	SY	\$11.00	\$330.00		17.78		\$195.58		\$195.58	59.3%	\$134.42
HRG20-400-087	SUPERPAVE ASPHALT MIXTURE DESIGN, HMA BASE COURSE, PG 64-22, 0.3 TO <3 MILLION ESALS, 25.0 MM MIN, 5" DEPTH	30	SY	\$38.00	\$1,140.00		19.33		\$734.54		\$734.54	64.4%	\$405.46
HRG20-400-116	SUPERPAVE ASPHALT MIXTURE DESIGN, HMA WEARING COURSE, PG 64-22, 0.3 TO <3 MILLION ESALS, 9.5 MM MIN, 1 1/2" DEPTH, SRL-M	40	SY	\$20.00	\$800.00		25.78		\$515.60		\$515.60	64.5%	\$284.40
					Area 7 - Forest Hills Drive Sub-Total	\$5,390.00			\$4,565.72			85%	\$824.28

Progress Estimate - Unit Price Work

Contractor's Application

For (Contract): 2019 Lower Paxton Township Drainage Improvements

Application Number: 6

Application Period: 07-21-20 to 09-18-20

Application Date: 9/18/2020

Bid Item No.	Item Description	Item Quantity	Units	Unit Price	Total Value of Bid Item (\$)	Contract Information						Total Completed and Stored to Date (F + E)	% (F / B)	Balance to Finish (B - F)
						Quantity Installed This Period	Quantity Previously Installed	Value of Work Installed This Period	Value of Work Installed to Date	Materials Presently Stored (not in C)				
Area 8 - Continental Drive														
HRG20-200-022	INLET FILTER BAG	12	EA	\$50.00	\$600.00		9					\$450.00	75.0%	\$150.00
HRG20-300-002	TYPE C CONCRETE INLET TOP UNIT AND GRATE	6	EA	\$900.00	\$5,400.00		6					\$5,400.00	100.0%	\$0.00
HRG20-300-016	STANDARD INLET BOX	6	EA	\$900.00	\$5,400.00		5					\$4,500.00	83.3%	\$900.00
HRG20-300-034	CONNECT TO EXISTING DRAINAGE STRUCTURE	5	EA	\$400.00	\$2,000.00		6					\$2,400.00	120.0%	-\$400.00
HRG20-300-049	18" SMOOTH LINED CORRUGATED POLYETHYLENE PIPE	6	LF	\$74.00	\$444.00		5					\$370.00	83.3%	\$74.00
HRG20-400-008	2A SUBBASE, 6" DEPTH	40	SY	\$11.00	\$440.00		40					\$440.00	100.0%	\$0.00
HRG20-400-087	SUPERPAVE ASPHALT MIXTURE DESIGN, HMA BASE COURSE, PG 64-22, 0.3 TO <3 MILLION ESALS, 2.5 0 MM MIN, 5" DEPTH	40	SY	\$38.00	\$1,520.00		12.89					\$489.82	32.2%	\$1,030.18
HRG20-400-116	SUPERPAVE ASPHALT MIXTURE DESIGN, HMA WEARING COURSE, PG 64-22, 0.3 TO <3 MILLION ESALS, 9.5 MM MIN, 1.12" DEPTH, SRL-MI	50	SY	\$20.00	\$1,000.00		16.88					\$337.60	33.8%	\$662.40
HRG20-400-181	CONCRETE CURB	20	LF	\$70.00	\$1,400.00		62					\$4,340.00	310.0%	-\$2,940.00
HRG20-500-001	TOPSOIL, SEEDING, SOIL SUPPLEMENTS, MULCH - FORMULA B	1	LS	\$400.00	\$400.00		1					\$400.00	100.0%	\$0.00
HRG20-900-014	RESTORE LANDSCAPING - 4102 CONTINENTAL DRIVE	1	LS	\$800.00	\$800.00		1					\$800.00	100.0%	\$0.00
HRG20-900-015	RESTORE LANDSCAPING - 4108 CONTINENTAL DRIVE	1	LS	\$1,600.00	\$1,600.00		1					\$1,600.00	100.0%	\$0.00
					Area 8 - Continental Drive Sub-Total	\$21,004.00						\$21,527.42	102%	-\$523.42
Area 9 - Colonial Club Dr. - Goose Valley Rd.														
HRG20-100-001	MOBILIZATION	1	LS	\$11,000.00	\$11,000.00		1					\$11,000.00	100.0%	\$0.00
HRG20-100-002	MAINTENANCE AND PROTECTION OF TRAFFIC	1	LS	\$2,500.00	\$2,500.00		1					\$2,500.00	100.0%	\$0.00
HRG20-100-004	CLEARING AND GRUBBING	1	LS	\$2,200.00	\$2,200.00		1					\$2,200.00	100.0%	\$0.00
HRG20-100-028	ASPHTO H1 COARSE AGGREGATE	4	CY	\$100.00	\$400.00		2.22					\$222.00	55.5%	\$178.00
HRG20-200-002	ROCK CONSTRUCTION ENTRANCE	1	EA	\$2,000.00	\$2,000.00		1					\$2,000.00	100.0%	\$0.00
HRG20-200-007	COMPOST FILTER SOCK (12')	30	LF	\$11.00	\$330.00		36					\$396.00	120.0%	-\$66.00
HRG20-200-015	ROCK FILTER	1	EA	\$500.00	\$500.00		25					\$1,375.00	100.0%	\$500.00
HRG20-200-020	RIP-RAP APRON, R-7 ROCK	25	SY	\$55.00	\$1,375.00		2					\$100.00	100.0%	\$0.00
HRG20-200-022	INLET FILTER BAG	2	EA	\$50.00	\$100.00		2					\$100.00	100.0%	\$0.00
HRG20-200-026	EROSION CONTROL MAT	225	SY	\$11.00	\$2,475.00		60					\$660.00	46.2%	\$2,475.00
HRG20-200-027	EROSION CONTROL MULCH BLANKET	130	SY	\$10.00	\$1,300.00		1					\$2,600.00	100.0%	\$700.00
HRG20-200-030	BYPASS PUMPING	1	LS	\$2,600.00	\$2,600.00		1					\$1,600.00	100.0%	\$0.00
HRG20-300-008	TYPE IV CONCRETE INLET TOP UNIT AND GRATE	2	EA	\$800.00	\$1,600.00		2					\$1,600.00	100.0%	\$0.00
HRG20-300-016	STANDARD INLET BOX	2	EA	\$900.00	\$1,800.00		2					\$1,800.00	100.0%	\$0.00
HRG20-300-050	24" SMOOTH LINED CORRUGATED POLYETHYLENE PIPE	196	LF	\$125.00	\$24,500.00		197					\$24,625.00	100.5%	-\$125.00
HRG20-300-228	TYPE D-W ENDWALL, 24" PIPE OR EQUIVALENT PIPE SIZE	2	EA	\$4,000.00	\$8,000.00		2					\$8,000.00	100.0%	\$0.00
HRG20-400-008	2A SUBBASE, 6" DEPTH	70	SY	\$11.00	\$770.00		39.22					\$431.42	56.0%	\$338.58
HRG20-400-087	SUPERPAVE ASPHALT MIXTURE DESIGN, HMA BASE COURSE, PG 64-22, 0.3	70	SY	\$44.00	\$3,080.00		85					\$3,740.00	121.4%	-\$660.00
HRG20-400-117	SUPERPAVE ASPHALT MIXTURE DESIGN, HMA WEARING COURSE, PG 64-22,	70	SY	\$25.00	\$1,750.00		85					\$2,125.00	121.4%	-\$375.00
HRG20-400-193	PAVEMENT MARKINGS, 4" DOUBLE YELLOW, WATERBORNE	50	LF	\$7.00	\$350.00		29					\$203.00	58.0%	\$147.00
HRG20-400-194	PAVEMENT MARKINGS, 4" WHITE, WATERBORNE	100	LF	\$7.00	\$700.00		58					\$406.00	58.0%	\$294.00
HRG20-400-210	EXISTING TYPE 2.5 GUIDE RAIL HEIGHT TRANSITION TO TYPE 31.5 GUIDE	2	EA	\$3,500.00	\$7,000.00							\$7,000.00		\$0.00

Progress Estimate - Unit Price Work

Contractor's Application

For (Contract): **2019 Lower Paxton Township Drainage Improvements** Application Number: **6**

Application Period: **07-21-20 to 09-18-20** Application Date: **9/18/2020**

Item		Contract Information											
A		B	C	C	D	D	E	F					
Bid Item No.	Description	Item Quantity	Units	Unit Price	Total Value of Bid Item (\$)	Quantity Installed This Period	Quantity Previously Installed	Value of Work Installed This Period	Value of Work Installed to Date	Materials Presently Stored (foot in C)	Total Completed and Stored to Date (D + E)	% (F / B)	Balance to Finish (B - F)
HRG20-400-213	TYPE 31 STRONG POST GUIDE RAIL	25	LF	\$7,000.00	\$7,000.00		1	\$7,000.00	\$7,000.00		\$7,000.00	100.0%	\$2,500.00
HRG20-500-001	TOPSOIL, SEEDING, SOIL SUPPLEMENTS, MULCH - FORMULA B	1	LS	\$7,000.00	\$7,000.00		7	\$11,200.00	\$11,200.00		\$11,200.00	350.0%	-\$8,000.00
HRG20-500-015	SELECTIVE TREE REMOVAL	2	EA	\$1,600.00	\$3,200.00		4	\$3,400.00	\$3,400.00		\$3,400.00	80.0%	\$850.00
HRG20-500-016	SELECTIVE TREE REPLACEMENT	5	EA	\$850.00	\$4,250.00		180	\$6,300.00	\$1,500.00		\$6,300.00	90.0%	\$700.00
HRG20-600-006	COIR ROLL	200	LF	\$35.00	\$7,000.00		60	\$1,500.00	\$1,500.00		\$1,500.00	86.2%	\$200.00
HRG20-600-007	LIVE STAKE	68	EA	\$25.00	\$1,700.00		113.89	\$5,694.50	\$5,694.50		\$5,694.50	307.8%	-\$3,844.50
HRG20-600-009	RIP-RAP SLOPE PROTECTION, R-4 ROCK	37	SY	\$50.00	\$1,850.00								\$4,400.00
HRG20-900-007	SWALE	200	LF	\$22.00	\$4,400.00								
				Area 9 - Colonial Club Dr. - Goose Valley Rd. Sub-Total	\$108,230.00			\$101,017.92	\$101,017.92		\$101,017.92	93%	\$7,212.08
Change Order 1		1	LS	-\$97,497.72	-\$97,497.72				\$790,454.28		\$790,454.28	100.0%	-\$97,497.72
Totals					\$790,454.28			\$790,454.28	\$790,454.28		\$790,454.28	100.0%	-\$97,497.72

Job
Lower Paxton Storm Sewer

Contractor
Greenland Const., Inc.
8908 Clfd-Curwensville Hwy
P.O. Box 287
Clearfield, PA 16830

Customer
Lower Paxton Township

Job Number: LOWER_PAXT
Week Ending: 7/24/2020
Payroll # 53

Name	Class	Mar	Exemp.	Hours Worked This Job							Tot	Pay Rate	Gross Pay This Job All Jobs	-- Deductions --		Check #
				07/20 Mon	07/21 Tue	07/22 Wed	07/23 Thu	07/24 Fri	07/18 Sat	07/19 Sun				Fed. Fica Med State	Local Other Total	
Dorey Swisher				R: 10.000	0.000	0.000	0.000	0.000	0.000	0.000	10.000	62.810	628.10	419.45	22.95	75488
	Class 1 Operator											+0.000FR		142.30	0.00	
	Married	0	0	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	2295.20	33.28		1605.38
	Male											+0.000FR	40hrs	71.84	689.82	
Jeffrey Anderson				R: 10.000	0.000	0.000	0.000	0.000	0.000	0.000	10.000	60.810	608.10	380.41	22.15	75458
	Class 1 Operator											+0.000FR		137.34	0.00	
	Married	1	0	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	2215.20	32.12		1573.84
	WHITE Male											+0.000FR	40hrs	69.34	641.36	

	Hours	Pay
Regular	20.000	1,236.20
Overtime	0.000	0.00
	20.000	1,236.20

I, Andrea Greenland (name of signatory part), Asst. Corp. Sec. (title) do hereby state:

1] That I pay or supervise the payment of the persons employed by Greenland Const., Inc. on the Lower Paxton Storm Sewer that during the payroll period commencing on 7/18/2020 and ending 7/24/2020, all persons employed on said project have been paid the full weekly wages earned, that no rebates have been or will be made either directly or indirectly to or on behalf of said Greenland Const., Inc. (Subcontractor) from the full weekly wages earned by any person and that no deductions have been made either directly or indirectly from the full wages earned by any person, other than permissible deductions as defined in Regulations, Part 3 (29 CFR Subtitle A), issued by the Secretary of Labor under the Copeland Act, as amended (48 Stat. 948, 63 Stat. 108, 72 Stat. 967; 76 Stat. 357; 40 U.S.C. 276c), and described below:

2] That any payrolls otherwise under this contract required to be submitted for the above period are correct and complete; that the wage rates for laborers or mechanics contained therein are not less than the applicable wage rates contained in any wage determination incorporated into the contract; that the classifications set forth therein for each laborer or mechanic conform with the work he performed.

3] That any apprentices employed in the above period are duly registered in a bona fide apprenticeship program registered with a State apprenticeship agency recognized by the Bureau of Apprenticeship and Training, United States Department of Labor, or if no such recognized agency exists in a State, are registered with the Bureau of Apprenticeship and Training, United States Department of Labor.

4] That:
(a) WHERE FRINGE BENEFITS ARE PAID TO APPROVED PLANS, FUNDS, OR PROGRAMS
---In addition to the basic hourly wage rates paid to each laborer or mechanic listed in the above referenced payroll, payments of fringe benefits as listed in the contract have been or will be made to appropriate programs for the benefit of such employees, except as noted in Section 4(c) below.

(B) WHERE FRINGE BENEFITS ARE PAID IN CASH
XX---Each laborer or mechanic listed in the above referenced payroll has been paid, as indicated on the payroll, an amount not less than the sum of the applicable basic hourly wage rate plus the amount of the required fringe benefits as listed in the contract, except as noted in Section 4(c) below.

(c) EXCEPTION (CRAFT) EXPLANATION

REMARKS

Name and title Andrea Greenland Asst. Corp. Sec. signature

The Willful Falsification Of Any Of The Above Statements May Subject The Contractor Or SubContractor To Civil Or Criminal Prosecution. See Section 1001 Of Title 18 And Section 231 Of Title 31 Of The United States.

Job
Lower Paxton Storm Sewer

Contractor
Greenland Const., Inc.
8908 Clfd-Curwensville Hwy
P.O. Box 287
Clearfield, PA 16830

Customer
Lower Paxton Township

Job Number: LOWER_PAXT
Week Ending: 7/31/2020
Payroll # 54

Name	Class	Mar	Exemp.	Hours Worked This Job							Tot	Pay Rate	Gross Pay This Job All Jobs	Deductions		Check #	
				07/27 Mon	07/28 Tue	07/29 Wed	07/30 Thu	07/31 Fri	07/25 Sat	07/26 Sun				Fed. Fica	Local Other		
	Regular																
	Overtime																

I, Andrew Greenland (name of signatory part), Asst. Cop. Sec. (title) do hereby state:

1] That I pay or supervise the payment of the persons employed by Greenland Const., Inc. on the Lower Paxton Storm Sewer that during the payroll period commencing on 7/25/2020 and ending 7/31/2020, all persons employed on said project have been paid the full weekly wages earned, that no rebates have been or will be made either directly or indirectly to or on behalf of said Greenland Const., Inc. (Subcontractor) from the full weekly wages earned by any person and that no deductions have been made either directly or indirectly from the full wages earned by any person, other than permissible deductions as defined in Regulations, Part 3 (29 CFR Subtitle A), issued by the Secretary of Labor under the Copeland Act, as amended (48 Stat. 948, 63 Stat. 108, 72 Stat. 967; 76 Stat. 357; 40 U.S.C. 276c), and described below:

2] That any payrolls otherwise under this contract required to be submitted for the above period are correct and complete; that the wage rates for laborers or mechanics contained therein are not less than the applicable wage rates contained in any wage determination incorporated into the contract; that the classifications set forth therein for each laborer or mechanic conform with the work he performed.

3] That any apprentices employed in the above period are duly registered in a bona fide apprenticeship program registered with a State apprenticeship agency recognized by the Bureau of Apprenticeship and Training, United States Department of Labor, or if no such recognized agency exists in a State, are registered with the Bureau of Apprenticeship and Training, United States Department of Labor.

4] That:

(a) WHERE FRINGE BENEFITS ARE PAID TO APPROVED PLANS, FUNDS, OR PROGRAMS
 ---In addition to the basic hourly wage rates paid to each laborer or mechanic listed in the above referenced payroll, payments of fringe benefits as listed in the contract have been or will be made to appropriate programs for the benefit of such employees, except as noted in Section 4(c) below.

(B) WHERE FRINGE BENEFITS ARE PAID IN CASH
 XX---Each laborer or mechanic listed in the above referenced payroll has been paid, as indicated on the payroll, an amount not less than the sum of the applicable basic hourly wage rate plus the amount of the required fringe benefits as listed in the contract, except as noted in Section 4(c) below.

(c) EXCEPTION (CRAFT) EXPLANATION

REMARKS

Name and title Andrew Greenland Asst. Cop. Sec. signature [Signature]

The Willful Falsification Of Any Of The Above Statements May Subject The Contractor Or SubContractor To Civil Or Criminal Prosecution. See Section 1001 Of Title 18 And Section 231 Of Title 31 Of The United States.

Job
Lower Paxton Storm Sewer

Contractor
Greenland Const., Inc.
8908 Clfd-Curwensville Hwy
P.O. Box 287
Clearfield, PA 16830

Customer
Lower Paxton Township

Job Number: LOWER_PAXT
Week Ending: 8/28/2020
Payroll # 58

Name	Class Mar Exemp.	Hours Worked This Job								Pay Rate	Gross Pay This Job All Jobs	-- Deductions --		Check #
		08/24 Mon	08/25 Tue	08/26 Wed	08/27 Thu	08/28 Fri	08/22 Sat	08/23 Sun	Tot			Fed. Fica Med State	Local Other Total	
		Hours	Pay											
	Regular	0.000	0.00											
	Overtime	0.000	0.00											
		0.000	0.00											

I, Andrew Greenland (name of signatory part), Asst Corp Sec (title) do hereby state:

1] That I pay or supervise the payment of the persons employed by Greenland Const., Inc. on the Lower Paxton Storm Sewer that during the payroll period commencing on 8/22/2020 and ending 8/28/2020, all persons employed on said project have been paid the full weekly wages earned, that no rebates have been or will be made either directly or indirectly to or on behalf of said Greenland Const., Inc. (Subcontractor) from the full weekly wages earned by any person and that no deductions have been made either directly or indirectly from the full wages earned by any person, other than permissible deductions as defined in Regulations, Part 3 (29 CFR Subtitle A), issued by the Secretary of Labor under the Copeland Act, as amended (48 Stat. 948, 63 Stat. 108, 72 Stat. 967; 76 Stat. 357; 40 U.S.C. 276c), and described below:

2] That any payrolls otherwise under this contract required to be submitted for the above period are correct and complete; that the wage rates for laborers or mechanics contained therein are not less than the applicable wage rates contained in any wage determination incorporated into the contract; that the classifications set forth therein for each laborer or mechanic conform with the work he performed.

3] That any apprentices employed in the above period are duly registered in a bona fide apprenticeship program registered with a State apprenticeship agency recognized by the Bureau of Apprenticeship and Training, United States Department of Labor, or if no such recognized agency exists in a State, are registered with the Bureau of Apprenticeship and Training, United States Department of Labor.

4] That:

(a) WHERE FRINGE BENEFITS ARE PAID TO APPROVED PLANS, FUNDS, OR PROGRAMS

---In addition to the basic hourly wage rates paid to each laborer or mechanic listed in the above referenced payroll, payments of fringe benefits as listed in the contract have been or will be made to appropriate programs for the benefit of such employees, except as noted in Section 4(c) below.

(B) WHERE FRINGE BENEFITS ARE PAID IN CASH

XX---Each laborer or mechanic listed in the above referenced payroll has been paid, as indicated on the payroll, an amount not less than the sum of the applicable basic hourly wage rate plus the amount of the required fringe benefits as listed in the contract, except as noted in Section 4(c) below.

(c) EXCEPTION (CRAFT) EXPLANATION

EXCEPTION (CRAFT)	EXPLANATION

REMARKS

Name and title Andrew Greenland Asst Corp Sec signature [Signature]

The Willful Falsification Of Any Of The Above Statements May Subject The Contractor Or SubContractor To Civil Or Criminal Prosecution. See Section 1001 Of Title 18 And Section 231 Of Title 31 Of The United States.

Job
Lower Paxton Storm Sewer

Contractor
Greenland Const., Inc.
8908 Clfd-Curwensville Hwy
P.O. Box 287
Clearfield, PA 16830

Customer
Lower Paxton Township

Job Number: LOWER_PAXT
Week Ending: 9/4/2020
Payroll # 59

Name	Class Mar Exemp.	Hours Worked This Job								Pay Rate	Gross Pay This Job All Jobs	Deductions			Check #
		08/31 Mon	09/01 Tue	09/02 Wed	09/03 Thu	09/04 Fri	08/29 Sat	08/30 Sun	Tot			Fed. Fica Med State	Local Other Total	Net Pay	
	Regular	0.000	0.00												
	Overtime	0.000	0.00												
		0.000	0.00												

I, Andreas Greenland (name of signatory part), Asst. Sup. Sec. (title) do hereby state:

1] That I pay or supervise the payment of the persons employed by Greenland Const., Inc. on the Lower Paxton Storm Sewer that during the payroll period commencing on 8/29/2020 and ending 9/4/2020, all persons employed on said project have been paid the full weekly wages earned, that no rebates have been or will be made either directly or indirectly to or on behalf of said Greenland Const., Inc. (Subcontractor) from the full weekly wages earned by any person and that no deductions have been made either directly or indirectly from the full wages earned by any person, other than permissible deductions as defined in Regulations, Part 3 (29 CFR Subtitle A), issued by the Secretary of Labor under the Copeland Act, as amended (48 Stat. 948, 63 Stat. 108, 72 Stat. 967; 76 Stat. 357; 40 U.S.C. 276c), and described below:

2] That any payrolls otherwise under this contract required to be submitted for the above period are correct and complete; that the wage rates for laborers or mechanics contained therein are not less than the applicable wage rates contained in any wage determination incorporated into the contract; that the classifications set forth therein for each laborer or mechanic conform with the work he performed.

3] That any apprentices employed in the above period are duly registered in a bona fide apprenticeship program registered with a State apprenticeship agency recognized by the Bureau of Apprenticeship and Training, United States Department of Labor, or if no such recognized agency exists in a State, are registered with the Bureau of Apprenticeship and Training, United States Department of Labor.

4] That:

(a) WHERE FRINGE BENEFITS ARE PAID TO APPROVED PLANS, FUNDS, OR PROGRAMS

---In addition to the basic hourly wage rates paid to each laborer or mechanic listed in the above referenced payroll, payments of fringe benefits as listed in the contract have been or will be made to appropriate programs for the benefit of such employees, except as noted in Section 4(c) below.

(B) WHERE FRINGE BENEFITS ARE PAID IN CASH

XX---Each laborer or mechanic listed in the above referenced payroll has been paid, as indicated on the payroll, an amount not less than the sum of the applicable basic hourly wage rate plus the amount of the required fringe benefits as listed in the contract, except as noted in Section 4(c) below.

(c) EXCEPTION (CRAFT) EXPLANATION

REMARKS

Name and title Andreas Greenland Asst. Sup. Sec. signature [Signature]

The Willful Falsification Of Any Of The Above Statements May Subject The Contractor Or SubContractor To Civil Or Criminal Prosecution. See Section 1001 Of Title 18 And Section 231 Of Title 31 Of The United States.

Certified Payroll Register

Job
Lower Paxton Storm Sewer

Contractor
Greenland Const., Inc.
8908 Clfd-Curwensville Hwy
P.O. Box 287
Clearfield, PA 16830

Customer
Lower Paxton Township

Job Number: LOWER_PAXT
Week Ending: 9/11/2020
Payroll # 60

Name	Class	Exemp.	Hours Worked This Job							Pay Rate	Gross Pay This Job All Jobs	-- Deductions --			Check #	
			09/07 Mon	09/08 Tue	09/09 Wed	09/10 Thu	09/11 Fri	09/05 Sat	09/06 Sun			Tot	Fed. Fica	Local Other		Med State
	Regular		0.000	0.00												
	Overtime		0.000	0.00												
			0.000	0.00												

I, Andrew Greenland (name of signatory part), Asst. Prop. Sec. (title) do hereby state:

1] That I pay or supervise the payment of the persons employed by Greenland Const., Inc. on the Lower Paxton Storm Sewer that during the payroll period commencing on 9/5/2020 and ending 9/11/2020, all persons employed on said project have been paid the full weekly wages earned, that no rebates have been or will be made either directly or indirectly to or on behalf of said Greenland Const., Inc. (Subcontractor) from the full weekly wages earned by any person and that no deductions have been made either directly or indirectly from the full wages earned by any person, other than permissible deductions as defined in Regulations, Part 3 (29 CFR Subtitle A), issued by the Secretary of Labor under the Copeland Act, as amended (48 Stat. 948, 63 Stat. 108, 72 Stat. 967; 76 Stat. 357; 40 U.S.C. 276c), and described below:

2] That any payrolls otherwise under this contract required to be submitted for the above period are correct and complete; that the wage rates for laborers or mechanics contained therein are not less than the applicable wage rates contained in any wage determination incorporated into the contract; that the classifications set forth therein for each laborer or mechanic conform with the work he performed.

3] That any apprentices employed in the above period are duly registered in a bona fide apprenticeship program registered with a State apprenticeship agency recognized by the Bureau of Apprenticeship and Training, United States Department of Labor, or if no such recognized agency exists in a State, are registered with the Bureau of Apprenticeship and Training, United States Department of Labor.

4] That:

(a) WHERE FRINGE BENEFITS ARE PAID TO APPROVED PLANS, FUNDS, OR PROGRAMS

---In addition to the basic hourly wage rates paid to each laborer or mechanic listed in the above referenced payroll, payments of fringe benefits as listed in the contract have been or will be made to appropriate programs for the benefit of such employees, except as noted in Section 4(c) below.

(B) WHERE FRINGE BENEFITS ARE PAID IN CASH

XX---Each laborer or mechanic listed in the above referenced payroll has been paid, as indicated on the payroll, an amount not less than the sum of the applicable basic hourly wage rate plus the amount of the required fringe benefits as listed in the contract, except as noted in Section 4(c) below.

(c) EXCEPTION (CRAFT) EXPLANATION

REMARKS

Name and title Andrew Greenland Asst. Prop. Sec. signature [Signature]

The Willful Falsification Of Any Of The Above Statements May Subject The Contractor Or SubContractor To Civil Or Criminal Prosecution. See Section 1001 Of Title 18 And Section 231 Of Title 31 Of The United States.

DISTRIBUTION:
GREENLAND CONSTRUCTION, INC.
LOWER PAXTON TOWNSHIP
HERBERT, ROWLAND & GRUBIC, INC.

EXECUTED CLOSEOUT DOCUMENTS

2019 LOWER PAXTON TOWNSHIP DRAINAGE IMPROVEMENTS

LOWER PAXTON TOWNSHIP
DAUPHIN COUNTY, PENNSYLVANIA

SEPTEMBER 30TH, 2020

PROJECT No. 000184.0535



369 East Park Drive
Harrisburg, PA 17111
(717) 564-1121
FAX (717) 564-1158
www.hrg-inc.com

This is EXHIBIT E, consisting of two (2) pages, referred to in and part of the Agreement between Owner and Contractor dated June 10, 2019.



NOTICE OF ACCEPTABILITY OF WORK

PROJECT: 2019 Lower Paxton Township Drainage Improvements

OWNER: Lower Paxton Township

CONTRACTOR: Greenland Construction, Inc.

OWNER'S CONSTRUCTION CONTRACT IDENTIFICATION:

EFFECTIVE DATE OF THE CONSTRUCTION CONTRACT: June 10, 2019

ENGINEER: Herbert, Rowland & Grubic, Inc.

NOTICE DATE: September 30, 2020

To: Susquehanna Township
Owner

And To: Greenland Construction, Inc.
Contractor

From: Herbert, Rowland & Grubic, Inc.
Engineer

The Engineer hereby gives notice to the above Owner and Contractor that Engineer has recommended final payment of Contractor, and that the Work furnished and performed by Contractor under the above Construction Contract is acceptable, expressly subject to the provisions of the related Contract Documents, the Agreement between Owner and Contractor dated June 10, 2019, and the following terms and conditions of this Notice:

CONDITIONS OF NOTICE OF ACCEPTABILITY OF WORK

The Notice of Acceptability of Work ("Notice") is expressly made subject to the following terms and conditions to which all those who receive said Notice and rely thereon agree:

1. This Notice is given with the skill and care ordinarily used by members of the engineering profession practicing under similar conditions at the same time and in the same locality.
2. This Notice reflects and is an expression of the Engineer's professional opinion.
3. This Notice is given as to the best of Engineer's knowledge, information, and belief as of the Notice Date.
4. This Notice is based entirely on and expressly limited by the scope of services Engineer has been employed by Owner to perform or furnish during construction of the Project (including observation of the Contractor's work) under Engineer's Agreement with Owner, and applies only to facts that are within Engineer's knowledge or could reasonably have been ascertained by Engineer as a result of carrying out the responsibilities specifically assigned to Engineer under such Agreement.
5. This Notice is not a guarantee or warranty of Contractor's performance under the Construction Contract, an acceptance of Work that is not in accordance with the related Contract Documents, including but not limited to defective Work discovered after final inspection, nor an assumption of responsibility for any failure of Contractor to furnish and perform the Work thereunder in accordance with the Construction Contract Documents, or to otherwise comply with the Construction Contract Documents or the terms of any special guarantees specified therein.
6. This Notice does not relieve Contractor of any surviving obligations under the Construction Contract, and is subject to Owner's reservations of rights with respect to completion and final payment.

By:



Title:

Project Manager

Dated:

9/30/2020

CONSENT OF SURETY TO FINAL PAYMENT

To Owner: Lower Paxton Township Contractor: Greenland Construction, Inc.
Address: 425 Prince Street Contract No.: N/A
Harrisburg, PA 17109 2019 Lower Paxton Township Drainage
Contract Name: Improvements
Contract Date: June 10, 2019

In accordance with the provisions of the Contract between the Owner and the Contractor as indicated above, the

SURETY: Aegis Security Insurance Company
Address: 4507 N. Front Street, Suite 200
Harrisburg, PA 17110
_____, Surety,

as surety on the bond of

CONTRACTOR: Greenland Construction, Inc.
Address: 8908 Clearfield-Curwensville Hwy, P.O. Box 287
Clearfield, PA 16830
_____, Contractor,

after a careful examination of the books and records of said Contractor or after receipt of an affidavit from the said Contractor or after receipt of an affidavit from the said Contractor, which examination or affidavit satisfied this Surety Company that all claims for labor, materials, and equipment have been satisfactorily settled, hereby approves of the final payment to the said Contractor and by these presents witnesseth that the payment to the Contractor of the final construction cost invoices shall not relieve the Surety of any of its obligations to the Owner set forth in said Surety's Bonds.

IN WITNESS WHEREOF the said Surety Company has hereunto set its hand and seal _____ day of
this 25th
September, 2020.

Attested: Kimberly G. Rively Aegis Security Insurance Company
Kimberly G. Rively, Witness (Surety)
(SEAL) _____
(Signature of Authorized Representative)
Scott Mahorsky, Attorney-in-Fact
(Printed Name and Title)

NOTE: This statement, if executed by any person other than the President or Vice President of the Surety Company, must be accompanied by a certificate of same date showing authority conferred upon the person so signing to execute such instruments on behalf of the Surety Company represented.

Aegis Security Insurance Company

Statements of Admitted Assets, Liabilities and Capital and Surplus - Statutory Basis

	As of December 31,	
	2019	2018
Admitted Assets		
Bonds	\$ 110,817,083	\$ 87,336,929
Preferred stocks	462,673	423,205
Common stocks - unaffiliated	20,107,699	13,764,139
Cash and short-term investments	21,104,155	32,694,624
	152,491,610	134,218,897
Total cash and invested assets		
Accrued investment income	916,057	687,619
Premium receivable and agent balances due	41,490,596	29,481,656
Reinsurance recoverable on paid losses	8,844,359	5,929,670
Federal income tax receivable	-	1,783,345
Net admitted deferred tax asset	3,338,942	3,461,239
Other assets	98,244	-
Total assets	\$ 207,179,808	\$ 175,562,426
Liabilities, Capital and Surplus		
Liabilities:		
Losses and LAE	\$ 45,122,134	\$ 32,258,347
Reinsurance payable on paid loss and LAE	303,146	85,053
Unearned premiums	57,480,958	63,849,110
Commissions payable	6,562,490	22,276
Accounts payable and accrued expenses	2,830,169	539,448
Taxes, licenses and fees payable	2,038,141	1,551,966
Ceded reinsurance premiums payable	22,387,817	12,189,420
Funds held by company under reinsurance treaties	2,390,000	-
Amounts withheld for account of others	2,514,341	2,388,287
Payable for securities	9,929	10,098
Total liabilities	141,639,125	112,894,005
Capital and surplus:		
Common stock, par value \$1.40 per share; 5,000,000 authorized; 3,000,000 issued and outstanding	4,200,000	4,200,000
Paid-in surplus	20,266,827	20,266,827
Unassigned funds	41,073,856	38,201,594
Total capital and surplus	65,540,683	62,668,421
Total liabilities, capital and surplus	\$ 207,179,808	\$ 175,562,426



Herbert, Rowland & Grubic, Inc.
Engineering & Related Services

CONTRACTOR'S AFFIDAVIT OF RELEASE OF LIENS

To Owner: Lower Paxton Township Owner's Contract No.: N/A
 From Contractor: Greenland Construction, Inc. Contract Name: 2019 Lower Paxton Township Drainage Improvements
 Project: 2019 Lower Paxton Township Drainage Improvements Contract Date: June 10, 2019

Commonwealth of:
County of:

The undersigned, being duly sworn according to law, deposes and certifies that the cost of all labor, material, and equipment and outstanding claims and indebtedness of whatever nature arising out of the performance in Clearfield County, Pennsylvania have been paid and satisfied in full as of 09/25/2020
(County) (State) (Date)

and that there are no outstanding obligations or claims of any kind for the payment of which the Owner on the above named project might be liable, or subject to, in any lawful proceeding or in equity.

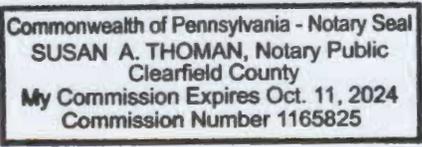
The undersigned is authorized by Contractor to execute this document on Contractor's behalf and has personal knowledge of the facts state herein.

This 25th day of September, 20 20

Contractor: Greenland Const., Inc.
 By: [Signature]
(Authorized signature)
Timothy D. Greenland
(printed name)
 Title: CEO/Treasurer

Subscribed and sworn to me this date: September 25, 2020

Notary Public: [Signature]
(signature)
Susan A. Thoman
(printed name)



Commission Expires: October 11, 2024

WAIVER OF TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US — BLANKET BASIS

COMMERCIAL UMBRELLA LIABILITY
CXL 456 10 13

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COMMERCIAL UMBRELLA LIABILITY COVERAGE PART

The following is added to Paragraph **M. Transfer Of Rights Of Recovery Against Others To Us** under **SECTION IV — CONDITIONS**:

We will waive any right of recovery we may have against a person or organization because of payments we make for “bodily injury” or “property damage” arising out of “your work” done under a written contract or written agreement and included in the “products-completed operations hazard”. This waiver applies only if, in that same written contract or agreement, you have agreed:

1. To waive any right of recovery against that person or organization; or
2. To include such person or organization as an additional insured on an “underlying policy”; or
3. To assume the liability of that person or organization and that written contract or agreement qualifies as an insured contract; and
4. The “underlying insurance” contains a substantially similar waiver of recovery rights.

This endorsement applies only if the “bodily injury” or “property damage” occurs subsequent to all parties’ execution of the written contract or written agreement.

ElitePac® General Liability Extension Endorsement

COMMERCIAL GENERAL LIABILITY
CG 73 00 01 16

SUMMARY OF COVERAGES (including index)

This is a summary of the various additional coverages and coverage modifications provided by this endorsement. No coverage is provided by this summary. Refer to the actual endorsement (Pages 3-through-8) for changes affecting your insurance protection.

DESCRIPTION	PAGE FOUND
Additional Insureds - Primary and Non-Contributory Provision	Page 7
Blanket Additional Insureds - As Required By Contract	Page 6
Broad Form Vendors Coverage	Page 6
Damage To Premises Rented To You (Including Fire, Lightning or Explosion)	Page 3
Electronic Data Liability (\$100,000)	Page 4
Employee Definition Amended	Page 8
Employees As Insureds Modified	Page 5
Employer's Liability Exclusion Amended (Not applicable in New York)	Page 3
Incidental Malpractice Exclusion modified	Page 7
Knowledge of Occurrence, Claim, Suit or Loss	Page 7
Liberalization Clause	Page 7
Mental Anguish Amendment (Not applicable to New York)	Page 8
Newly Formed or Acquired Organizations	Page 5
Non-Accumulation Of Limits (Not applicable in New York or Wisconsin)	Page 7
Non-Owned Aircraft	Page 3
Non-Owned Watercraft (under 60 feet)	Page 3
Not-for-profit Members - as additional insureds	Page 5
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ElitePac®
General Liability Extension Endorsement

COMMERCIAL GENERAL LIABILITY
CG 73 00 01 16

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies the insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

The **SECTIONS** of the Commercial General Liability Coverage Form identified in this endorsement will be amended as shown below. However, **if (a) two or more Coverage Parts of this policy, or (b) two or more forms or endorsements within the same Coverage Part apply to a loss**, only the broadest coverage of this policy will apply, unless specifically stated otherwise within the particular amendment covering that loss.

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by the endorsement.

COVERAGES - Amendments

SECTION I - COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY

EXCLUSIONS

Employer's Liability Amendment

(This provision is not applicable in the State of New York).

The following is added to Exclusion **e. Employer's Liability** under **COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY, 2. Exclusions**:

This exclusion also does not apply to any "temporary worker".

Non-Owned Aircraft, Auto or Watercraft

A. Paragraph **(2)** of Exclusion **g. Aircraft, Auto Or Watercraft** under **COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY, 2. Exclusions** is deleted in its entirety and replaced with the following:

(2) A watercraft you do not own that is:

- (a)** Less than 26 feet long and not being used to carry persons or property for a charge; or
- (b)** At least 26 feet, but less than 60 feet long, and not being used to carry persons or property for a charge. Any person is an insured who uses or is responsible for the use of such watercraft with your expressed or implied consent. However, if the insured has any other valid and collectible insurance for "bodily injury" or "property damage" that would be covered under this provision, or on any other basis, this coverage is then excess, and subject to Condition **4. Other Insurance, b. Excess Insurance** under **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**.

B. The following is added to Exclusion **g. Aircraft, Auto Or Watercraft** under **COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY, 2. Exclusions**:

This exclusion does not apply to:

- (6)** Any aircraft, not owned or operated by any insured, which is hired, chartered or loaned with a paid crew. However, if the insured has any other valid and collectible insurance for "bodily injury" or "property damage" that would be covered under this provision, or on any other basis, this coverage is then excess, and subject to Condition **4. Other Insurance, b. Excess Insurance** under **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**.

Damage To Premises Rented to You

A. The last paragraph of Paragraph **2. Exclusions** under **COVERAGE A BODILY INJURY AND PROPERTY DAMAGE** is deleted in its entirety and replaced with the following:

Exclusions **c. through n.** do not apply to damage by fire, lightning or explosion to premises rented to you or temporarily occupied by you with the permission of the owner. A separate limit of insurance applies to this coverage as described in **SECTION III - LIMITS OF INSURANCE**.

B. Paragraph 6. under **SECTION III - LIMITS OF INSURANCE** is deleted in its entirety and replaced with the following:

6. Subject to Paragraph 5. above, the most we will pay under **COVERAGE A** for damages because of "property damage" to any one premises, while rented to you, or in the case of damage caused by fire, lightning or explosion, while rented to you or temporarily occupied by you with permission of the owner, for all such damage caused by fire, lightning or explosion proximately caused by the same event, whether such damage results from fire, lightning or explosion or any combination of the three, is the amount shown in the Declarations for the Damage To Premises Rented To You Limit.

C. Paragraph a. of Definition 9. "Insured contract" under **SECTION V - DEFINITIONS** is deleted in its entirety and replaced with the following:

a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire, lightning or explosion to premises while rented to you or temporarily occupied by you with the permission of the owner is not an "insured contract";

Electronic Data Liability

A. Exclusion p. **Access or Disclosure Of Confidential Or Personal Information And Date-related Liability** under **COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY, 2. Exclusions** is deleted in its entirety and replaced by the following:

p. **Access or Disclosure Of Confidential Or Personal Information And Date-related Liability**

Damages arising out of:

- (1) Any access to or disclosure of any person's or organization's confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information or any other type of nonpublic information; or
- (2) The loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate "electronic data" that does not result from physical injury to tangible property.

This exclusion applies even if damages are claimed for notification costs, credit monitoring expenses, forensic expenses, public relations expenses or any other loss, cost or expense incurred by you or others arising out of that which is described in Paragraph (1) or (2) above.

B. The following paragraph is added to **SECTION III - LIMITS OF INSURANCE**:

Subject to 5. above, the most we will pay under **COVERAGE A** for "property damage" because of all loss of "electronic data" arising out of any one "occurrence" is a sub-limit of \$100,000.

SECTION I - COVERAGE C MEDICAL PAYMENTS EXCLUSIONS

Any Insured Amendment

Exclusion a. **Any Insured** under **COVERAGE C MEDICAL PAYMENTS, 2. Exclusions** is deleted in its entirety and replaced with the following:

a. **Any Insured**

To any insured.

This exclusion does not apply to:

- (1) "Not-for-profit members";
- (2) "Golfing facility" members who are not paid a fee, salary, or other compensation; or
- (3) "Volunteer workers".

This exclusion exception does not apply if **COVERAGE C MEDICAL PAYMENTS** is excluded by another endorsement to this Coverage Part.

Product Amendment

Exclusion f. **Products-Completed Operations Hazard** under **COVERAGE C MEDICAL PAYMENTS, 2. Exclusions** is deleted in its entirety and replaced with the following:

f. **Products-Completed Operations Hazard**

Included within the "products-completed operations hazard".

This exclusion does not apply to "your products" sold for use or consumption on your premises, while such products are still on your premises.

This exclusion exception, does not apply if **COVERAGE C MEDICAL PAYMENTS** is excluded by another endorsement to this Coverage Part.

SECTION I - SUPPLEMENTARY PAYMENTS - COVERAGES A AND B

Expenses For Bail Bonds And Loss Of Earnings

A. Subparagraph 1.b. under **SUPPLEMENTARY PAYMENTS - COVERAGES A AND B** is deleted in its entirety and replaced with the following:

b. Up to \$5,000 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.

B. Subparagraph 1.d. under **SUPPLEMENTARY PAYMENTS - COVERAGES A AND B** is deleted in its entirety and replaced with the following:

- d. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$1,000 a day because of time off from work.

SECTION II - WHO IS AN INSURED - Amendments

Not-for-Profit Organization Members

The following paragraph is added to **SECTION II - WHO IS AN INSURED**:

If you are an organization other than a partnership, joint venture, or a limited liability company, and you are a not-for-profit organization, the following are included as additional insureds:

1. Your officials;
2. Your trustees;
3. Your members;
4. Your board members;
5. Your commission members;
6. Your agency members;
7. Your insurance managers;
8. Your elective or appointed officers; and
9. Your "not-for-profit members".

However only with respect to their liability for your activities or activities they perform on your behalf.

Employees As Insureds Modified

- A. Subparagraph 2.a.(1)(a) under **SECTION II - WHO IS AN INSURED** does not apply to "bodily injury" to a "temporary worker" caused by a co-"employee" who is not a "temporary worker".
- B. Subparagraph 2.a.(2) under **SECTION II - WHO IS AN INSURED** does not apply to "property damage" to the property of a "temporary worker" or "volunteer worker" caused by a co-"employee" who is not a "temporary worker" or "volunteer worker".
- C. Subparagraph 2.a.(1)(d) under **SECTION II - WHO IS AN INSURED** does not apply to "bodily injury" caused by cardio-pulmonary resuscitation or first aid services administered by a co-"employee".

With respect to this provision only, Subparagraph (1) of Exclusion 2. e. **Employer's Liability** under **SECTION I - COVERAGES, COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY** does not apply.

Newly Formed Or Acquired Organizations

A. Subparagraph 3.a. under **SECTION II - WHO IS AN INSURED** is deleted in its entirety and replaced with the following:

- a. Coverage under this provision is afforded only until the 180th day after you acquire or form the organization or the end of the policy period, whichever is earlier. However, **COVERAGE A** does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization.

B. The following paragraph is added to **SECTION II - WHO IS AN INSURED**, Paragraph 3:

If you are engaged in the business of construction of dwellings three stories or less in height, or other buildings three stories or less in height and less than 25,000 square feet in area, you will also be an insured with respect to "your work" only, for the period of time described above, for your liability arising out of the conduct of any partnership or joint venture of which you are or were a member, even if that partnership or joint venture is not shown as a Named Insured. However, this provision only applies if you maintain or maintained an interest of at least fifty percent in that partnership or joint venture for the period of that partnership or joint venture.

This provision does not apply to any partnership or joint venture that has been dissolved or otherwise ceased to function for more than thirty-six months.

With respect to the insurance provided by this provision, **Newly Formed or Acquired Organizations**, the following is added to **SECTION IV - COMMERCIAL GENERAL LIABILITY**, Paragraph 4. **Other Insurance**, Subparagraph b. **Excess Insurance**:

The insurance provided by this provision, **Newly Formed or Acquired Organizations**, is excess over any other insurance available to the insured, whether primary, excess, contingent or on any other basis.

(All other provisions of this section remain unchanged).

Blanket Additional Insureds - As Required By Contract

A. Subject to the **Primary and Non-Contributory** provision set forth in this endorsement, **SECTION II - WHO IS AN INSURED** is amended to include as an additional insured any person or organization whom you have agreed in a written contract, written agreement or written permit that such person or organization be added as an additional insured on your policy. Such person or organization is an additional insured only with respect to liability for "bodily injury" or "property damage" or "personal and advertising injury" caused, in whole or in part, by:

1. Your ongoing operations, "your product", or premises owned or used by you;

With respect to the insurance afforded to these additional insureds, the following additional exclusion applies:

This insurance does not apply to:

"Bodily injury", "property damage" or "personal and advertising injury" arising out of the rendering of, or the failure to render, any professional architectural, engineering or surveying services by or for you, including:

- a. The preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; and
- b. Supervisory, inspection, architectural or engineering activities.

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage", or the offense which caused the "personal and advertising injury", involved the rendering of, or failure to render, any professional architectural, engineering or surveying services.

2. Your maintenance, operation or use of equipment, other than aircraft, "auto" or watercraft, rented or leased to you by such person or organization. A person or organization's status as an additional insured under this endorsement ends when their contract, or agreement with you for such rented or leased equipment ends. With respect to the insurance afforded to these additional insureds, this insurance does not apply to any "occurrence" which takes place after the rental agreement or equipment lease expires.

The provisions of this coverage extension do not apply unless the written contract or written agreement has been executed (executed means signed by the named insured) or written permit issued prior to the "bodily injury" or "property damage" or "personal and advertising injury".

Broad Form Vendors Coverage

Subject to the **Primary and Non-Contributory** provision set forth in this endorsement, **SECTION II - WHO IS AN INSURED** is amended to include as an additional insured any person or organization (referred to below as vendor) whom you have agreed in a written contract or written agreement to add as an additional insured on your policy. Such person or organization is an additional insured only with respect to "bodily injury" or "property damage" arising out of "your products" which are distributed or sold in the regular course of the vendor's business, however the insurance afforded the vendor does not apply to:

- a. "Bodily injury" or "property damage" for which the vendor is obligated to pay damages by reason of the assumption of liability in a contract or agreement; however this exclusion does not apply to liability for damages that the vendor would have in the absence of the contract or agreement;
- b. Any express warranty unauthorized by you;
- c. Any physical or chemical change in the product made intentionally by the vendor;
- d. Repackaging, unless unpacked solely for the purpose of inspection, demonstration, testing, or the substitution of parts under instructions from the manufacturer, and then repackaged in the original container;
- e. Any failure to make such inspections, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business in connection with the sale of the product; or
- f. Products which, after distribution or sale by you, have been labeled or re-labeled or used as a container, part of ingredient of any other thing or substance by or for the vendor; however this insurance does not apply to any insured person or organization, from who you have acquired such products, or any ingredient, part or container, entering into, accompanying or containing such products.

The provisions of this coverage extension do not apply unless the written contract or written agreement has been executed (executed means signed by the named insured) prior to the "bodily injury" or "property damage".

Incidental Malpractice

Subparagraph **2.a.(1)(d)** under **SECTION II - WHO IS AN INSURED** is deleted in its entirety and replaced with the following:

- (d)** Arising out of his or her providing or failing to provide professional health care services. This does not apply to nurses, emergency medical technicians or paramedics if you are not in the business or occupation of providing any such professional services.

This provision does not apply if you are a Social Service or Senior Living risk.

SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS - Amendments

Knowledge Of Occurrence, Claim, Suit Or Loss

The following is added to Paragraph **2. Duties in the Event of Occurrence, Offense, Claim or Suit** under **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**:

The requirements under this paragraph do not apply until after the "occurrence" or offense is known to:

1. You, if you are an individual;
2. A partner, if you are a partnership;
3. An "executive officer" or insurance manager, if you are a corporation;
4. Your members, managers or insurance manager, if you are a limited liability company; or
5. Your elected or appointed officials, officers, members, trustees, board members, commission members, agency members, or your administrator or your insurance manager if you are an organization other than a partnership, joint venture, or limited liability company.

Primary and Non-Contributory Provision

The following is added to Paragraph **4. Other Insurance, b. Excess Insurance** under **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**:

This insurance shall be excess with respect to any person or organization included as an additional insured under this policy, any other insurance that person or organization has shall be primary with respect to this insurance, unless:

- (1) The additional insured is a Named Insured under such other insurance;
- (2) You have agreed in a written contract, written agreement or written permit to include that additional insured on your General Liability policy on a primary and/or non-contributory basis; and
- (3) The written contract or written agreement has been executed (executed means signed by the named insured) or written permit issued prior to the "bodily injury" or "property damage" or "personal and advertising injury".

Unintentional Failure To Disclose Hazards

The following is added to Paragraph **6. Representations** under **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**:

However, if you should unintentionally fail to disclose any existing hazards in your representations to us at the inception date of the policy, or during the policy period in connection with any additional hazards, we shall not deny coverage under this Coverage Part based upon such failure to disclose hazards.

Waiver Of Transfer Of Rights Of Recovery

The following is added to Paragraph **8. Transfer of Rights Of Recovery Against Others To Us** under **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**:

We will waive any right of recovery we may have against a person or organization because of payments we make for "bodily injury" or "property damage" arising out of your ongoing operations or "your work" done under a written contract or written agreement and included in the "products-completed operations hazard", if:

1. You have agreed to waive any right of recovery against that person or organization in a written contract or written agreement;
2. Such person or organization is an additional insured on your policy; or
3. You have assumed the liability of that person or organization in that same contract, and it is an "insured contract".

The section above only applies to that person or organization identified above, and only if the "bodily injury" or "property damage" occurs subsequent to the execution of the written contract or written agreement.

Liberalization

The following condition is added to **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**:

If we revise this Coverage Part to provide more coverage without additional premium charge, subject to our filed company rules, your policy will automatically provide the additional coverage as of the day the revision is effective in your state.

Non-Accumulation Of Limits

(This provision is not Applicable in the state of New York or Wisconsin).

The following condition is added to **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**:

If you have other insurance provided by us or one of our affiliates that will respond to a claim or "suit" also covered under this coverage, the maximum limit of insurance under all collectible insurance shall not exceed the highest applicable limit under any one of the other coverage part(s), form(s) or policy(ies).

SECTION V - DEFINITIONS

Discrimination

(This provision does not apply in New York).

- A. The following is added to Definition 14. "Personal and advertising injury":

"Personal and advertising injury" also means "discrimination" that results in injury to the feelings or reputation of a natural person, however only if such "discrimination" or humiliation is:

1. Not done by or at the direction of:
 - a. The insured; or
 - b. Anyone considered an insured under **SECTION II - WHO IS AN INSURED**;
2. Not done intentionally to cause harm to another person.
3. Not directly or indirectly related to the employment, prospective employment or termination of employment of any person or persons by any insured.
4. Not arising out of any "advertisement" by the insured.

- B. The following definition is added to **SECTION V - DEFINITIONS**:

"Discrimination" means:

- a. Any act or conduct that would be considered discrimination under any applicable federal, state, or local statute, ordinance or law;
- b. Any act or conduct that results in disparate treatment of, or has disparate impact on, a person, because of that person's race, religion, gender, sexual orientation, age, disability or physical impairment; or
- c. Any act or conduct characterized or interpreted as discrimination by a person based on that person's race, religion, gender, sexual orientation, age, disability or physical impairment.

It does not include acts or conduct characterized or interpreted as sexual intimidation or sexual harassment, or intimidation or harassment based on a person's gender.

Electronic Data

The following definition is added to **SECTION V - DEFINITIONS**:

"Electronic data" means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMS, tapes, drives, cell, data processing devices or any other media which are used with electronically controlled equipment.

For the purpose of the Electronic Data Liability coverage provided by this endorsement, Definition 17. "Property damage" is deleted in its entirety and replaced by the following:

17. "Property damage" means:

- a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
- b. Loss of, loss of use of, damage to, corruption of, inability to access, or inability to properly manipulate "electronic data", resulting from physical injury to tangible property. All such loss of "electronic data" shall be deemed to occur at the time of the "occurrence" that caused it.

For the purpose of the Electronic Data Liability coverage provided by this endorsement, "electronic data" is not tangible property.

Employee Amendment

Definition 5. "Employee" under **SECTION V - DEFINITIONS** is deleted in its entirety and replaced by the following:

5. "Employee" includes a "leased worker", or a "temporary worker". If you are a School, "Employee" also includes a student teacher.

Golfing Facility

The following definition is added to **SECTION V - DEFINITIONS**:

"Golfing facility" means a golf course, golf club, driving range, or miniature golf course.

Mental Anguish Amendment

(This provision does not apply in New York).

Definition 3. "Bodily injury" under **SECTION V - DEFINITIONS** is deleted in its entirety and replaced with the following:

3. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time. This includes mental anguish resulting from any bodily injury, sickness or disease sustained by a person. (In New York, mental anguish has been determined to be "bodily injury").

Not-for-profit Member

The following definition is added to **SECTION V - DEFINITIONS**:

"Not-for-profit member" means a person who is a member of a not-for-profit organization, including clubs and churches, who receives no financial or other compensation.

ElitePac® Commercial Automobile Extension

COMMERCIAL AUTO
CA 78 09 01 16

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE FORM

With respect to coverage provided by this endorsement, the provisions of the Business Auto Coverage Form apply unless modified by the endorsement.

AMENDMENTS TO SECTION II - LIABILITY COVERAGE

If this policy provides Auto Liability coverage for Owned Autos, the following extensions are applicable accordingly:

NEWLY ACQUIRED OR FORMED ORGANIZATIONS

The following is added to **SECTION II, A.1. - Who Is An Insured**:

Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no similar insurance available to that organization. However:

1. Coverage under this provision is afforded only until the 180th day after you acquire or form the organization or the end of the policy period, whichever is earlier;
2. Coverage does not apply to "bodily injury" or "property damage" resulting from an "accident" that occurred before you acquired or formed the organization.

No person or organization is an "insured" with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.

LIMITED LIABILITY COMPANIES

The following is added to **SECTION II, A.1. - Who Is An Insured**:

If you are a limited liability company, your members and managers are "insureds" while using a covered "auto" you don't own, hire or borrow during the course of their duties for you.

EMPLOYEES AS INSURED

If this policy provides Auto Liability coverage for Non-Owned Autos, the following is added to **SECTION II, A.1. - Who Is An Insured**:

Any "employee" of yours is an "insured" while using a covered "auto" you don't own, hire or borrow in your business or your personal affairs.

An "employee" of yours is an "insured" while operating an "auto" hired or rented under a contract or agreement in that "employee's" name with your permission, while performing duties related to the conduct of your business.

BLANKET ADDITIONAL INSURED

The following is added to **SECTION II, A.1. - Who Is An Insured**:

Any person or organization with whom you agreed in a written contract, written agreement or written permit to add as an additional "insured" on your policy is an additional "insured". Such person or organization is an additional "insured" only with respect to your ownership, maintenance or use of a covered "auto". This coverage shall be primary and non-contributory with respect to the additional "insured". This provision only applies if:

1. It is required in the written contract, written agreement or written permit identified in this section;
2. It is permitted by law; and
3. The written contract or written agreement has been executed or written permit issued prior to the "bodily injury" or "property damage".

EXPENSES FOR BAIL BONDS AND LOSS OF EARNINGS

Paragraphs (2) and (4) of **SECTION II, A.2.a. - Supplementary Payments** are deleted in their entirety and replaced with the following:

- (2) Up to the Limit of Insurance shown on the ElitePac Schedule for the cost of bail bonds (including bonds for related traffic law violations) required because of an "accident" covered under this policy. We do not have to furnish these bonds.
- (4) All reasonable expenses incurred by the "insured" at our request. This includes actual loss of earnings because of time off from work, which we will pay up to the Limit of Insurance shown on the ElitePac Schedule.

EMPLOYEE INDEMNIFICATION AND EMPLOYER'S LIABILITY AMENDMENT

The following is added to **SECTION II, B.4. - Exclusions:**

This exclusion does not apply to a "volunteer worker" who is not entitled to workers compensation, disability or unemployment compensation benefits.

FELLOW EMPLOYEE COVERAGE

The **Fellow Employee** Exclusion, **SECTION II, B.5. -** is deleted in its entirety.

CARE, CUSTODY OR CONTROL AMENDMENT

The following is added to **SECTION II, B.6. - Exclusions:**

This exclusion does not apply to property owned by anyone other than an "insured", subject to the following:

1. The most we will pay under this exception for any one "accident" is the Limit of Insurance stated in the ElitePac Schedule; and
2. A per "accident" deductible as stated in the ElitePac Schedule applies to this exception.

AMENDMENTS TO SECTION III - PHYSICAL DAMAGE COVERAGE

If this policy provides Comprehensive, Specified Causes of Loss or Collision coverage, the following extensions are applicable for those "autos" for which Comprehensive, Specified Causes of Loss or Collision coverage is purchased:

TOWING AND LABOR

SECTION III, A.2. - Towing is deleted in its entirety and replaced with the following:

We will pay all reasonable towing and labor costs up to the maximum Limit of Insurance shown on the ElitePac Schedule per tow each time a covered "Private Passenger Auto", "Social Service Van or Bus" or "Light Truck" is disabled and up to the maximum Limit of Insurance per tow each time a covered "Medium Truck", "Heavy Truck" or "Extra Heavy Truck" is disabled.

For labor charges to be eligible for reimbursement the labor must be performed at the place of disablement.

This coverage extension does not apply to Emergency Services Organizations and Governmental Entities.

GLASS BREAKAGE DEDUCTIBLE

The following is added to **SECTION III, A.3. - Glass Breakage - Hitting A Bird Or Animal - Falling Objects or Missiles:**

If damaged glass is repaired rather than replaced, no deductible will apply for such repair. This extension does not apply to Emergency Services Organizations and Governmental Entities.

ADDITIONAL TRANSPORTATION EXPENSES

SECTION III, A.4.a. - Transportation Expenses is deleted in its entirety and replaced with the following:

We will pay up to the maximum Limit of Insurance shown on the ElitePac Schedule for temporary transportation expenses that you incur because of any "loss" to a covered "auto", but only if the covered "auto" carries the coverages and meets the requirements described in **1. or 2.** below:

1. We will pay temporary transportation expenses for total theft of a covered "auto". We will only pay for such expenses incurred during the period beginning 24 hours after the theft and ending, regardless of the policy's expiration, when the covered "auto" is returned to use or we pay for its "loss".
2. For "loss" other than total theft of a covered "auto" under Comprehensive or Specified Causes of Loss Coverage, or for any "loss" under Collision Coverage to a covered "auto", we will only pay for those temporary transportation expenses incurred during the policy period beginning 24 hours after the "loss" and ending, regardless of the policy's expiration, with the lesser of the number of days reasonably required to repair or replace the covered "auto" or 30 days.

Paragraph **2.** of this extension does not apply while there are spare or reserve "autos" available to you for your operations.

This coverage extension does not apply to Emergency Services Organizations and Governmental Entities.

HIRED AUTO PHYSICAL DAMAGE COVERAGE

The following is added to **SECTION III, A.4. - Coverage Extensions:**

Physical Damage coverage is hereby extended to apply to Physical Damage "loss" to "autos" leased, hired, rented or borrowed without a driver. We will provide coverage equal to the broadest coverage available to any covered "auto" shown in the Declarations. But, the most we will pay for "loss" to each "auto" under this coverage extension is the lesser of:

1. The Limit of Insurance stated in the ElitePac Schedule; or
2. The actual cash value of the damaged or stolen property as of the time of the "loss"; or
3. The actual cost of repairing or replacing the damaged or stolen property with other property of like kind and quality. A part is of like kind and quality when it is of equal or better condition than the pre-accident part. We will use the original equipment from the manufacturer when:

- (a) The operational safety of the vehicle might otherwise be impaired;
- (b) Reasonable and diligent efforts to locate the appropriate rebuilt, aftermarket or used part have been unsuccessful; or
- (c) A new original equipment part of like kind and quality is available and will result in the lowest overall repair cost.

For each leased, hired, rented or borrowed "auto" our obligation to pay "losses" will be reduced by a deductible equal to the highest deductible applicable to any owned "auto" for that coverage. No deductible will be applied to "losses" caused by fire or lightning.

SECTION IV, B.5. Other Insurance Condition, Paragraph 5.b. is deleted in its entirety and replaced by the following:

For Hired Auto Physical Damage Coverage, the following are deemed to be covered "autos" you own:

- 1. Any covered "auto" you lease, hire, rent, or borrow; and
- 2. Any covered "auto" hired or rented by your "employee" under a contract or agreement in that "employee's" name, with your permission, while performing duties related to the conduct of your business.

However, any "auto" that is leased, hired, rented or borrowed with a driver is not a covered "auto".

This coverage extension does not apply to Emergency Services Organizations and Governmental Entities.

HIRED AUTO LOSS OF USE COVERAGE

The following is added to **SECTION III, A.4. - Coverage Extensions:**

We will pay expenses for which you are legally responsible to pay up to the Limit of Insurance shown on the ElitePac Schedule per "accident" for loss of use of a leased, hired, rented or borrowed "auto" if it results from an "accident".

This coverage extension does not apply to Emergency Services Organizations, Governmental Entities, and Schools.

AUTO LOAN/LEASE GAP COVERAGE (Not Applicable in New York)

The following is added to **SECTION III, A.4. - Coverage Extensions:**

In the event of a total "loss" to a covered "auto" we will pay any unpaid amount due on the lease or loan for a covered "auto", less:

- 1. The amount paid under the Physical Damage Coverage Section of the policy; and

- 2. Any:
 - a. Overdue lease/loan payments at the time of "loss";
 - b. Financial penalties imposed under a lease for excessive use, abnormal wear and tear, high mileage or similar charges;
 - c. Security deposits not refunded by the lessor or financial institution;
 - d. Costs for extended warranties, credit life, health, accident, or disability insurance purchased with the loan or lease; and
 - e. Carry-over balances from previous leases or loans.

You are responsible for the deductible applicable to the "loss" for the covered "auto".

This extension only applies if the lessor or financial institution is an additional "insured" under this Coverage Form.

PERSONAL EFFECTS

The following is added to **SECTION III, A.4. - Coverage Extensions:**

If this policy provides Comprehensive Coverage for a covered "auto" you own and that covered "auto" is stolen, we will pay up to the Limit of Insurance shown on the ElitePac Schedule, without application of a deductible, for lost personal effects that were in the covered "auto" at the time of theft. Personal effects do not include jewelry, tools, money, or securities. This coverage is excess over any other collectible insurance.

AIRBAG COVERAGE

The following is added to **SECTION III, B.3.a. - Exclusions:**

Mechanical breakdown does not include the accidental discharge of an airbag.

This coverage extension does not apply to Emergency Services Organizations and Governmental Entities.

EXPANDED AUDIO, VISUAL, AND DATA ELECTRONIC EQUIPMENT COVERAGE

SECTION III, B.4. - Exclusions

This exclusion does not apply to the following:

- 1. Global positioning systems;
- 2. "Telematic devices"; or
- 3. Electronic equipment that reproduces, receives or transmits visual or data signals and accessories used with such equipment, provided such equipment is:
 - a. Permanently installed in or upon the covered "auto" at the time of the "loss";
 - b. Removable from a housing unit that is permanently installed in the covered "auto" at the time of the "loss";

- c. Designed to be solely operated by use of power from the "auto's" electrical system; or
- d. Designed to be used solely in or upon the covered "auto".

For each covered "loss" to such equipment, a deductible of \$50 shall apply, unless the deductible otherwise applicable to such equipment is less than \$50, at which point the lower deductible, if any, will apply.

COMPREHENSIVE DEDUCTIBLE - LOCATION TRACKING DEVICE

The following is added to **SECTION III, D. - Deductible:**

Any Comprehensive Coverage Deductible shown in the Declarations will be reduced by 50% for any "loss" caused by theft if the covered "auto" is equipped with a location tracking device and that device was the sole method used to recover the "auto".

PHYSICAL DAMAGE LIMIT OF INSURANCE

SECTION III, C. - Limit Of Insurance is deleted in its entirety and replaced with the following:

The most we will pay for a "loss" in any one "accident" is the lesser of:

1. The actual cash value of the damaged or stolen property as of the time of the "loss"; or
2. The cost of repairing or replacing the damaged or stolen property with other property of like kind and quality.

This coverage extension does not apply to Emergency Services Organizations and Governmental Entities.

AMENDMENTS TO SECTION IV - BUSINESS AUTO CONDITIONS

DUTIES IN THE EVENT OF ACCIDENT, CLAIM, SUIT OR LOSS

The following is added to **SECTION IV, A.2.a. - Duties In The Event Of Accident, Claim, Suit Or Loss:**

The notice requirements for reporting "accident" claim, "suit" or "loss" information to us, including provisions related to the subsequent investigation of such "accident", claim, "suit" or "loss" do not apply until the "accident", claim, "suit" or "loss" is known to:

1. You, if you are an individual;
2. A partner, if you are a partnership;
3. An executive officer or insurance manager, if you are a corporation;
4. Your members, managers or insurance manager, if you are a limited liability company;

5. Your elected or appointed officials, trustees, board members or your insurance manager, if you are an organization other than a partnership, joint venture or limited liability company.

But, this section does not amend the provisions relating to notification of police or protection or examination of the property that was subject to the "loss".

WAIVER OF SUBROGATION

SECTION IV, A.5. - Transfer Of Rights Of Recovery Against Others To Us is deleted in its entirety and replaced with the following:

We waive any right of recovery we may have against any person or organization because of payments we make for "bodily injury" or "property damage" resulting from the ownership, maintenance or use of a covered "auto" but only when you have assumed liability for such "bodily injury" or "property damage" in an "insured contract". In all other circumstances, if a person or organization to or for whom we make payment under this Coverage Form has rights to recover damages from another, those rights are transferred to us.

MULTIPLE DEDUCTIBLES

The following is added to **SECTION IV, A. - Loss Conditions:**

If a "loss" from one event involves two or more covered "autos" and coverage under Comprehensive or Specified Causes of Loss applies, only the highest applicable deductible will be applied.

CONCEALMENT, MISREPRESENTATION OR FRAUD

The following is added to **SECTION IV, B.2. - Concealment, Misrepresentation Or Fraud:**

If you should unintentionally fail to disclose any existing hazards in your representations to us prior to the inception date of the policy or during the policy period in connection with any newly discovered hazards, we will not deny coverage under this Coverage Form based upon such failure.

POLICY PERIOD, COVERAGE TERRITORY

SECTION IV, B.7. - Policy Period, Coverage Territory is deleted in its entirety and replaced with the following:

Under this Coverage Form, we cover "accidents" and "losses" occurring:

- a. During the policy period shown in the Declarations; and
- b. Within the "Coverage Territory".

We also cover "loss" to or "accidents" involving a covered "auto" while being transported between any of these places.

TWO OR MORE COVERAGE FORMS OR POLICIES ISSUED BY US - DEDUCTIBLES

The following is added to **SECTION IV, B.8. - Two Or More Coverage Forms Or Policies Issued By Us:**

If a "loss" covered under this Coverage Form also involves a "loss" to other property resulting from the same "accident" that is covered under this policy or another policy issued by us or any member company of ours, only the highest applicable deductible will be applied.

AMENDMENTS TO SECTION V - DEFINITIONS

BODILY INJURY INCLUDING MENTAL ANGUISH (Not Applicable in New York)

The definition of bodily injury is deleted in its entirety and replaced by the following:

"Bodily injury" means bodily injury, sickness, or disease sustained by a person, including death resulting from any of these. "Bodily injury" includes mental anguish resulting from bodily injury, sickness or disease sustained by a person.

ADDITIONS TO SECTION V - DEFINITIONS

COVERAGE TERRITORY

"Coverage Territory" means:

1. The United States of America (including its territories and possessions), Canada and Puerto Rico; and
2. Anywhere in the world, except for any country or jurisdiction that is subject to trade or other economic sanction or embargo by the United States of America, if a covered "auto" is leased, hired, rented, or borrowed without a driver for a period of 30 days or less, and the insured's responsibility to pay "damages" is determined in a "suit" on the merits in and under the substantive law of the United States of America (including its territories and possessions), Puerto Rico, or Canada, or in a settlement we agree to.

If we are prevented by law, or otherwise, from defending the "insured" in a "suit" brought in a location described in Paragraph 2. above, the insured will conduct a defense of that "suit". We will reimburse the "insured" for the reasonable and necessary expenses incurred for the defense of any such "suit" seeking damages to which this insurance applies, and that we would have paid had we been able to exercise our right and duty to defend.

EXTRA HEAVY TRUCK

"Extra Heavy Truck" means a truck with a gross vehicle weight rating of 45,001 pounds or more.

HEAVY TRUCK

"Heavy Truck" means a truck with a gross vehicle weight rating of 20,001 pounds to 45,000 pounds.

LIGHT TRUCK

"Light Truck" means a truck with a gross vehicle weight rating of 10,000 pounds or less.

MEDIUM TRUCK

"Medium Truck" means a truck with a gross vehicle weight rating of 10,001 pounds to 20,000 pounds.

PRIVATE PASSENGER AUTO

"Private Passenger Auto" means a four-wheel "auto" of the private passenger or station wagon type. A pickup, panel truck or van not used for business is included within the definition of a "private passenger auto".

SOCIAL SERVICE VAN OR BUS

"Social Service Van or Bus" means a van or bus used by a government entity, civic, charitable or social service organization to provide transportation to clients incidental to the social services sponsored by the organization, including special trips and outings.

TELEMATIC DEVICE

"Telematic Device" includes devices designed for the collection and dissemination of data for the purpose of monitoring vehicle and/or driver performance. This includes Global Positioning System technology, wireless safety communications and automatic driving assistance systems, all integrated with computers and mobile communications technology in automotive navigation systems.

VOLUNTEER WORKER

"Volunteer worker" means a person who performs business duties for you, for no financial or other compensation.

ElitePac® Commercial Automobile Extension

COMMERCIAL AUTO
CA 78 16 01 16

SCHEDULE OF COVERAGE EXTENSIONS AND LIMITS OF INSURANCE

This ElitePac Schedule is a summary of additional coverages, coverage modifications and corresponding Limits of Insurance that supplements the Business Auto Coverage Form. No coverage is provided by this summary. Refer to the actual endorsement for changes affecting your insurance protection.

DESCRIPTION	
AMENDMENTS TO SECTION II - LIABILITY COVERAGE	
Newly Acquired Or Formed Organizations	Coverage Extension
Limited Liability Companies	Coverage Extension
Employees As Insureds	Coverage Extension
Blanket Additional Insureds	Coverage Extension
Expenses For Bail Bonds And Loss Of Earnings	
Bail Bonds	\$3,000 Per "Accident"
Loss Of Earnings	\$1,000 Per Day
Employee Indemnification and Employer's Liability Amendment	Coverage Extension
Fellow Employee Coverage	Coverage Extension
Care, Custody Or Control Amendment	\$1,000 per "Accident"; \$500 Deductible Per "Accident"
AMENDMENTS TO SECTION III - PHYSICAL DAMAGE COVERAGE	
Towing And Labor	Coverage Extension
Private Passenger Auto, Social Service Van or Bus, Light Truck Medium, Heavy and Extra Heavy Trucks	\$75 Per Tow \$150 Per Tow
Glass Breakage Deductible	Coverage Extension
Additional Transportation Expenses	\$60 per day up to a maximum of \$1,800
Hired Auto Physical Damage Coverage	\$75,000 per "loss"
Hired Auto Loss of Use Coverage	\$750 Per "Accident"
Auto Loan/Lease Gap Coverage (Not Available in New York)	Coverage Extension
Personal Effects	\$500 Per "Accident"
Airbag Coverage	Coverage Extension
Expanded Audio, Visual, And Data Electronic Equipment Coverage	Coverage Extension
Comprehensive Deductible - Location Tracking Device	Coverage Extension
Physical Damage Limit Of Insurance	Coverage Extension

Contracting, Installation, Service and Repair General Liability Extended ElitePac® Endorsement

COMMERCIAL GENERAL LIABILITY
CG 79 88 01 16

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by the endorsement.

1. BLANKET ADDITIONAL INSUREDS

a. Ongoing Operations

SECTION II — WHO IS AN INSURED is amended to include as an additional insured any person or organization you have agreed in a written contract, written agreement, or written permit to add as an additional insured on your policy, but only with respect to liability arising out of your ongoing operations performed under that contract, agreement, or permit when that contract, agreement, or permit requires the additional insured be added with respect to liability arising out of your ongoing operations. If the written contract, written agreement, or written permit does not require that the additional insured be added with respect to liability arising out of your ongoing operations, then **SECTION II — WHO IS AN INSURED** is amended to include as an additional insured any person or organization you have agreed in a written contract, written agreement, or written permit to add as an additional insured on your policy, but only with respect to “bodily injury”, “property damage” or “personal and advertising injury” caused in whole or in part by your ongoing operations performed under that contract, agreement, or permit.

b. Completed Operations

SECTION II — WHO IS AN INSURED is amended to include as an additional insured any person or organization you have agreed in a written contract, written agreement, or written permit to add as an additional insured on your policy, but only with respect to their liability arising out of “your work” performed under that contract, agreement, or permit and included in the “products-completed operations hazard” when that contract, agreement, or permit requires the additional insured be added with respect to liability arising out of “your work” performed under that contract, agreement, or permit and included in the “products-completed

operations hazard”. If the written contract, written agreement, or written permit does not require that the additional insured be added with respect to liability arising out of “your work” performed under that contract, agreement, or permit and included in the “products-completed operations hazard”, then **SECTION II — WHO IS AN INSURED** is amended to include as an additional insured any person or organization you have agreed in a written contract, written agreement, or written permit to add as an additional insured on your policy, but only with respect to liability for “bodily injury”, “property damage” or “personal and advertising injury” caused, in whole or in part, by “your work” performed under that contract, agreement, or permit and included in the “products-completed operations hazard”.

c. The coverages provided in Paragraphs a. and b. do not apply unless the written contract or written agreement has been executed (executed means signed by the named insured) or written permit issued prior to the “bodily injury”, “property damage” or “personal and advertising injury”.

d. Exclusions

(1) With respect to the insurance afforded to additional insureds under a. **Ongoing Operations** the following is added to 2. **Exclusions** under **SECTION I — COVERAGE A — BODILY INJURY AND PROPERTY DAMAGE LIABILITY**:

This insurance does not apply to “bodily injury”, “property damage”, or “personal and advertising injury” occurring after:

(a) All work, including materials, parts or equipment furnished in connection with such work, on the project (other than service, maintenance or repairs) to be performed by or on behalf of the additional insured(s) at the site of the covered operations has been completed; or

(b) That portion of “your work” out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.

(2) With respect to the insurance afforded to these additional insureds under **a. Ongoing Operations** and **b. Completed Operations**, the following is added to **2. Exclusions** under **SECTION I — COVERAGE A — BODILY INJURY AND PROPERTY DAMAGE LIABILITY**:

This insurance does not apply to:

“Bodily injury”, “property damage”, or “personal and advertising injury” arising out of the rendering of, or the failure to render, any professional architectural, engineering or surveying services, including:

(a) The preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or

(b) Supervisory, inspection, architectural or engineering activities.

e. Conditions

With respect to the insurance afforded to these additional insureds under **a. Ongoing Operations** and **b. Completed Operations** the following is added to Paragraph **4. Other Insurance**, **a. Primary Insurance** under **SECTION IV — COMMERCIAL GENERAL LIABILITY CONDITIONS**:

This insurance is primary and will not contribute with any other insurance available to an additional insured under this coverage part provided that:

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

(2) You have agreed in a written contract, written agreement or written permit to include that additional insured on your General Liability policy on a primary and/or non-contributory basis.

2. PROPERTY DAMAGE CARE, CUSTODY OR CONTROL

The following is added to **Exclusion j.** under **SECTION I - COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY**:

Paragraphs (4) and (5) do not apply for the limited purpose of providing the coverage and sub-limits of liability as set forth below.

We will pay those sums that the insured becomes legally obligated to pay as damages arising out of “property damage” to:

(1) Personal property in the care, custody or control of the insured; and

(2) That particular part of real property on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations, if the “property damage” arises out of those operations.

The most we will pay under (1) and (2) above in any one “occurrence” or for all damages during any one policy period is a sub-limit of \$100,000.

These limits are included in and not in addition to the Limits of Insurance shown in the Declarations of the Commercial General Liability Policy.

Our right and duty to defend the insured against any “suit” for damages under (1) and (2) above ends when we have used up the applicable sub-limit of liability in the payment of judgments or settlements under it.

3. OTHER INSURANCE AMENDMENT — SUPPLEMENTAL COVERAGE FOR INSURED’S INVOLVEMENT IN A CONSOLIDATED (WRAP-UP) INSURANCE PROGRAM OR SIMILAR PROJECT

The following is added to **SECTION IV — COMMERCIAL GENERAL LIABILITY CONDITIONS**, Paragraph **4. Other Insurance b. Excess Insurance (1)(a)**:

(v) That is covered by a consolidated (wrap-up) or similar insurance program provided by the prime contractor/project manager or owner of the construction project in which you are involved for your ongoing operations or operations included within the “products-completed operations hazard”, unless such consolidated (wrap-up) or similar program is specifically excluded from coverage on this policy.

4. FELLOW EMPLOYEE EXTENSION

Under **SECTION II — WHO IS AN INSURED** Paragraphs **2.a.** and **2.a. (1)** are replaced by the following:

a. Your “volunteer workers” only while performing duties related to the conduct of your business, or your “employees”, other than either your “executive officers” (if you are an organization other than a partnership, joint venture, or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business. The Employers Liability exclusion (**SECTION I — COVERAGES; COVERAGE A, exclusion e.**) does not apply to this provision. However, none of these “employees” or “volunteer workers” are insureds for:

(1) “Bodily injury” or “personal and advertising injury”:

(a) Arising out of his or her providing or failing to provide professional health care services.

5. CONTRACTUAL LIABILITY (RAILROADS)

Definition 9. Insured Contract is amended as follows:

Paragraph **c.** is deleted in its entirety and replaced with the following:

Any easement or license agreement;

Paragraph **f.(1)** is deleted in its entirety.

6. CONTRACTUAL LIABILITY AMENDMENT — (PERSONAL AND ADVERTISING INJURY)

If it is required in a written contract, written agreement or written permit with the insured that any contractual liability exclusion for Personal Injury be removed from the policy, then Exclusion **e. Contractual Liability** under **COVERAGE B PERSONAL AND ADVERTISING INJURY, 2. Exclusions** is deleted in its entirety and replaced with the following:

e. Contractual Liability

“Personal and advertising Injury” for which the insured has assumed liability in a contract or agreement arising out of an “advertisement”. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement.

7. WAIVER OF GOVERNMENTAL IMMUNITY

We will waive, both in the adjustment of claims and in the defense of “suits” against the insured, any governmental immunity of the insured, unless the insured requests in writing that we not do so.

Waiver of immunity as a defense will not subject us to liability for any portion of a claim or judgment in excess of the applicable limit of insurance.

8. DAMAGE TO PREMISES RENTED TO YOU

The Limit of Insurance for Damage To Premises Rented To You is increased to \$1,000,000.

LIMITED COVERAGE — WORKSITE DAMAGES FORM C

COMMERCIAL GENERAL LIABILITY
CG 79 42 07 09

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies the insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE OF SUBLIMITS & DEDUCTIBLE:

Sublimits Available:

Sublimit available for liability coverage and clean-up coverage extended under this endorsement:

\$1,000,000 each "Occurrence" and in the aggregate.

Deductible Applicable:

Deductible for all coverage extended under this endorsement:

\$1,000 each "Occurrence."

1. Paragraph (1)(d) of Exclusion f. Pollution is deleted in its entirety and replaced as follows:

(d) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the "pollutants" are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor. However, this subparagraph does not apply to:

(i) "Bodily injury" or "property damage" arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the "bodily injury" or "property damage" arises out of the intentional discharge, dispersal or release of the fuels, lubricants or other operating fluids, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent that they be discharged, dispersed or released as part of the operations being performed by such insured, contractor or subcontractor;

(ii) "Bodily injury" or "property damage" sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations being performed by you or on your behalf by a contractor or subcontractor;

(iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire"; or

(iv) Subject to the deductible and only to the extent of the sublimit available for liability coverage and clean-up coverage set forth in this endorsement and solely with respect to Insureds covered by this endorsement pursuant to Paragraph 3. below, "bodily injury" or "property damage" at or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the "pollutants" were brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor.

2. Solely with respect to ongoing operations actually being performed by an Insured and solely with respect to Insureds covered by this endorsement pursuant to Paragraph 3. below, Paragraph (2) of Exclusion f. Pollution is deleted in its entirety and replaced as follows:

(2) Any loss, cost or expense arising out of any:

(a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants" except that subject to the deductible and only to the extent of the sublimit available for liability coverage and clean-up coverage set forth in this endorsement this exclusion shall not apply; or

(b) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants" except that subject to the deductible and only to the extent of the sublimit available for liability coverage and clean-up coverage set forth in this endorsement this exclusion shall not apply.

However, this paragraph does not apply to liability for damages because of "property damage" that the insured would have in the absence of such request, demand, order or statutory or regulatory requirement, or such claim or "suit" by or on behalf of a governmental authority.

3. Notwithstanding anything in this policy to the contrary, this endorsement shall not extend to any person or organization included as an additional insured by an endorsement to this policy.
4. All other terms and conditions of the policy remain unchanged.

WAIVER OF TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US — BLANKET BASIS

COMMERCIAL UMBRELLA LIABILITY
CXL 456 10 13

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COMMERCIAL UMBRELLA LIABILITY COVERAGE PART

The following is added to Paragraph **M. Transfer Of Rights Of Recovery Against Others To Us** under **SECTION IV — CONDITIONS**:

We will waive any right of recovery we may have against a person or organization because of payments we make for “bodily injury” or “property damage” arising out of “your work” done under a written contract or written agreement and included in the “products-completed operations hazard”. This waiver applies only if, in that same written contract or agreement, you have agreed:

1. To waive any right of recovery against that person or organization; or
2. To include such person or organization as an additional insured on an “underlying policy”; or
3. To assume the liability of that person or organization and that written contract or agreement qualifies as an insured contract; and
4. The “underlying insurance” contains a substantially similar waiver of recovery rights.

This endorsement applies only if the “bodily injury” or “property damage” occurs subsequent to all parties’ execution of the written contract or written agreement.

ElitePac® General Liability Extension Endorsement

COMMERCIAL GENERAL LIABILITY
CG 73 00 01 16

SUMMARY OF COVERAGES (including index)

This is a summary of the various additional coverages and coverage modifications provided by this endorsement. No coverage is provided by this summary. Refer to the actual endorsement (Pages 3-through-8) for changes affecting your insurance protection.

DESCRIPTION	PAGE FOUND
Additional Insureds - Primary and Non-Contributory Provision	Page 7
Blanket Additional Insureds - As Required By Contract	Page 6
Broad Form Vendors Coverage	Page 6
Damage To Premises Rented To You (Including Fire, Lightning or Explosion)	Page 3
Electronic Data Liability (\$100,000)	Page 4
Employee Definition Amended	Page 8
Employees As Insureds Modified	Page 5
Employer's Liability Exclusion Amended (Not applicable in New York)	Page 3
Incidental Malpractice Exclusion modified	Page 7
Knowledge of Occurrence, Claim, Suit or Loss	Page 7
Liberalization Clause	Page 7
Mental Anguish Amendment (Not applicable to New York)	Page 8
Newly Formed or Acquired Organizations	Page 5
Non-Accumulation Of Limits (Not applicable in New York or Wisconsin)	Page 7
Non-Owned Aircraft	Page 3
Non-Owned Watercraft (under 60 feet)	Page 3
Not-for-profit Members - as additional insureds	Page 5
Personal And Advertising Injury - Discrimination Amendment (Not applicable in New York)	Page 8
Products Amendment (Medical Payments)	Page 4
Supplementary Payments Amended - Bail Bonds (\$5,000) and Loss of Earnings (\$1,000)	Page 4
Unintentional Failure to Disclose Hazards	Page 7
Waiver of Transfer of Rights of Recovery (subrogation)	Page 7
When Two or More Coverage Parts of this Policy Apply to a Loss	Page 3

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ElitePac®
General Liability Extension Endorsement

COMMERCIAL GENERAL LIABILITY
CG 73 00 01 16

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies the insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

The **SECTIONS** of the Commercial General Liability Coverage Form identified in this endorsement will be amended as shown below. However, **if (a) two or more Coverage Parts of this policy, or (b) two or more forms or endorsements within the same Coverage Part apply to a loss**, only the broadest coverage of this policy will apply, unless specifically stated otherwise within the particular amendment covering that loss.

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by the endorsement.

COVERAGES - Amendments

SECTION I - COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY

EXCLUSIONS

Employer's Liability Amendment

(This provision is not applicable in the State of New York).

The following is added to Exclusion **e. Employer's Liability** under **COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY, 2. Exclusions**:

This exclusion also does not apply to any "temporary worker".

Non-Owned Aircraft, Auto or Watercraft

A. Paragraph **(2)** of Exclusion **g. Aircraft, Auto Or Watercraft** under **COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY, 2. Exclusions** is deleted in its entirety and replaced with the following:

(2) A watercraft you do not own that is:

- (a)** Less than 26 feet long and not being used to carry persons or property for a charge; or
- (b)** At least 26 feet, but less than 60 feet long, and not being used to carry persons or property for a charge. Any person is an insured who uses or is responsible for the use of such watercraft with your expressed or implied consent. However, if the insured has any other valid and collectible insurance for "bodily injury" or "property damage" that would be covered under this provision, or on any other basis, this coverage is then excess, and subject to Condition **4. Other Insurance, b. Excess Insurance** under **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**.

B. The following is added to Exclusion **g. Aircraft, Auto Or Watercraft** under **COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY, 2. Exclusions**:

This exclusion does not apply to:

- (6)** Any aircraft, not owned or operated by any insured, which is hired, chartered or loaned with a paid crew. However, if the insured has any other valid and collectible insurance for "bodily injury" or "property damage" that would be covered under this provision, or on any other basis, this coverage is then excess, and subject to Condition **4. Other Insurance, b. Excess Insurance** under **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**.

Damage To Premises Rented to You

A. The last paragraph of Paragraph **2. Exclusions** under **COVERAGE A BODILY INJURY AND PROPERTY DAMAGE** is deleted in its entirety and replaced with the following:

Exclusions **c. through n.** do not apply to damage by fire, lightning or explosion to premises rented to you or temporarily occupied by you with the permission of the owner. A separate limit of insurance applies to this coverage as described in **SECTION III - LIMITS OF INSURANCE**.

B. Paragraph 6. under **SECTION III - LIMITS OF INSURANCE** is deleted in its entirety and replaced with the following:

6. Subject to Paragraph 5. above, the most we will pay under **COVERAGE A** for damages because of "property damage" to any one premises, while rented to you, or in the case of damage caused by fire, lightning or explosion, while rented to you or temporarily occupied by you with permission of the owner, for all such damage caused by fire, lightning or explosion proximately caused by the same event, whether such damage results from fire, lightning or explosion or any combination of the three, is the amount shown in the Declarations for the Damage To Premises Rented To You Limit.

C. Paragraph a. of Definition 9. "Insured contract" under **SECTION V - DEFINITIONS** is deleted in its entirety and replaced with the following:

a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire, lightning or explosion to premises while rented to you or temporarily occupied by you with the permission of the owner is not an "insured contract";

Electronic Data Liability

A. Exclusion p. **Access or Disclosure Of Confidential Or Personal Information And Date-related Liability** under **COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY, 2. Exclusions** is deleted in its entirety and replaced by the following:

p. **Access or Disclosure Of Confidential Or Personal Information And Date-related Liability**

Damages arising out of:

- (1) Any access to or disclosure of any person's or organization's confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information or any other type of nonpublic information; or
- (2) The loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate "electronic data" that does not result from physical injury to tangible property.

This exclusion applies even if damages are claimed for notification costs, credit monitoring expenses, forensic expenses, public relations expenses or any other loss, cost or expense incurred by you or others arising out of that which is described in Paragraph (1) or (2) above.

B. The following paragraph is added to **SECTION III - LIMITS OF INSURANCE**:

Subject to 5. above, the most we will pay under **COVERAGE A** for "property damage" because of all loss of "electronic data" arising out of any one "occurrence" is a sub-limit of \$100,000.

SECTION I - COVERAGE C MEDICAL PAYMENTS EXCLUSIONS

Any Insured Amendment

Exclusion a. **Any Insured** under **COVERAGE C MEDICAL PAYMENTS, 2. Exclusions** is deleted in its entirety and replaced with the following:

a. **Any Insured**

To any insured.

This exclusion does not apply to:

- (1) "Not-for-profit members";
- (2) "Golfing facility" members who are not paid a fee, salary, or other compensation; or
- (3) "Volunteer workers".

This exclusion exception does not apply if **COVERAGE C MEDICAL PAYMENTS** is excluded by another endorsement to this Coverage Part.

Product Amendment

Exclusion f. **Products-Completed Operations Hazard** under **COVERAGE C MEDICAL PAYMENTS, 2. Exclusions** is deleted in its entirety and replaced with the following:

f. **Products-Completed Operations Hazard**

Included within the "products-completed operations hazard".

This exclusion does not apply to "your products" sold for use or consumption on your premises, while such products are still on your premises.

This exclusion exception, does not apply if **COVERAGE C MEDICAL PAYMENTS** is excluded by another endorsement to this Coverage Part.

SECTION I - SUPPLEMENTARY PAYMENTS - COVERAGES A AND B

Expenses For Bail Bonds And Loss Of Earnings

A. Subparagraph 1.b. under **SUPPLEMENTARY PAYMENTS - COVERAGES A AND B** is deleted in its entirety and replaced with the following:

b. Up to \$5,000 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.

B. Subparagraph 1.d. under **SUPPLEMENTARY PAYMENTS - COVERAGES A AND B** is deleted in its entirety and replaced with the following:

- d. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$1,000 a day because of time off from work.

SECTION II - WHO IS AN INSURED - Amendments

Not-for-Profit Organization Members

The following paragraph is added to **SECTION II - WHO IS AN INSURED**:

If you are an organization other than a partnership, joint venture, or a limited liability company, and you are a not-for-profit organization, the following are included as additional insureds:

1. Your officials;
2. Your trustees;
3. Your members;
4. Your board members;
5. Your commission members;
6. Your agency members;
7. Your insurance managers;
8. Your elective or appointed officers; and
9. Your "not-for-profit members".

However only with respect to their liability for your activities or activities they perform on your behalf.

Employees As Insureds Modified

- A. Subparagraph 2.a.(1)(a) under **SECTION II - WHO IS AN INSURED** does not apply to "bodily injury" to a "temporary worker" caused by a co-"employee" who is not a "temporary worker".
- B. Subparagraph 2.a.(2) under **SECTION II - WHO IS AN INSURED** does not apply to "property damage" to the property of a "temporary worker" or "volunteer worker" caused by a co-"employee" who is not a "temporary worker" or "volunteer worker".
- C. Subparagraph 2.a.(1)(d) under **SECTION II - WHO IS AN INSURED** does not apply to "bodily injury" caused by cardio-pulmonary resuscitation or first aid services administered by a co-"employee".

With respect to this provision only, Subparagraph (1) of Exclusion 2. e. **Employer's Liability** under **SECTION I - COVERAGES, COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY** does not apply.

Newly Formed Or Acquired Organizations

A. Subparagraph 3.a. under **SECTION II - WHO IS AN INSURED** is deleted in its entirety and replaced with the following:

- a. Coverage under this provision is afforded only until the 180th day after you acquire or form the organization or the end of the policy period, whichever is earlier. However, **COVERAGE A** does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization.

B. The following paragraph is added to **SECTION II - WHO IS AN INSURED**, Paragraph 3:

If you are engaged in the business of construction of dwellings three stories or less in height, or other buildings three stories or less in height and less than 25,000 square feet in area, you will also be an insured with respect to "your work" only, for the period of time described above, for your liability arising out of the conduct of any partnership or joint venture of which you are or were a member, even if that partnership or joint venture is not shown as a Named Insured. However, this provision only applies if you maintain or maintained an interest of at least fifty percent in that partnership or joint venture for the period of that partnership or joint venture.

This provision does not apply to any partnership or joint venture that has been dissolved or otherwise ceased to function for more than thirty-six months.

With respect to the insurance provided by this provision, **Newly Formed or Acquired Organizations**, the following is added to **SECTION IV - COMMERCIAL GENERAL LIABILITY**, Paragraph 4. **Other Insurance**, Subparagraph b. **Excess Insurance**:

The insurance provided by this provision, **Newly Formed or Acquired Organizations**, is excess over any other insurance available to the insured, whether primary, excess, contingent or on any other basis.

(All other provisions of this section remain unchanged).

Blanket Additional Insureds - As Required By Contract

A. Subject to the **Primary and Non-Contributory** provision set forth in this endorsement, **SECTION II - WHO IS AN INSURED** is amended to include as an additional insured any person or organization whom you have agreed in a written contract, written agreement or written permit that such person or organization be added as an additional insured on your policy. Such person or organization is an additional insured only with respect to liability for "bodily injury" or "property damage" or "personal and advertising injury" caused, in whole or in part, by:

1. Your ongoing operations, "your product", or premises owned or used by you;

With respect to the insurance afforded to these additional insureds, the following additional exclusion applies:

This insurance does not apply to:

"Bodily injury", "property damage" or "personal and advertising injury" arising out of the rendering of, or the failure to render, any professional architectural, engineering or surveying services by or for you, including:

- a. The preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; and
- b. Supervisory, inspection, architectural or engineering activities.

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage", or the offense which caused the "personal and advertising injury", involved the rendering of, or failure to render, any professional architectural, engineering or surveying services.

2. Your maintenance, operation or use of equipment, other than aircraft, "auto" or watercraft, rented or leased to you by such person or organization. A person or organization's status as an additional insured under this endorsement ends when their contract, or agreement with you for such rented or leased equipment ends. With respect to the insurance afforded to these additional insureds, this insurance does not apply to any "occurrence" which takes place after the rental agreement or equipment lease expires.

The provisions of this coverage extension do not apply unless the written contract or written agreement has been executed (executed means signed by the named insured) or written permit issued prior to the "bodily injury" or "property damage" or "personal and advertising injury".

Broad Form Vendors Coverage

Subject to the **Primary and Non-Contributory** provision set forth in this endorsement, **SECTION II - WHO IS AN INSURED** is amended to include as an additional insured any person or organization (referred to below as vendor) whom you have agreed in a written contract or written agreement to add as an additional insured on your policy. Such person or organization is an additional insured only with respect to "bodily injury" or "property damage" arising out of "your products" which are distributed or sold in the regular course of the vendor's business, however the insurance afforded the vendor does not apply to:

- a. "Bodily injury" or "property damage" for which the vendor is obligated to pay damages by reason of the assumption of liability in a contract or agreement; however this exclusion does not apply to liability for damages that the vendor would have in the absence of the contract or agreement;
- b. Any express warranty unauthorized by you;
- c. Any physical or chemical change in the product made intentionally by the vendor;
- d. Repackaging, unless unpacked solely for the purpose of inspection, demonstration, testing, or the substitution of parts under instructions from the manufacturer, and then repackaged in the original container;
- e. Any failure to make such inspections, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business in connection with the sale of the product; or
- f. Products which, after distribution or sale by you, have been labeled or re-labeled or used as a container, part of ingredient of any other thing or substance by or for the vendor; however this insurance does not apply to any insured person or organization, from who you have acquired such products, or any ingredient, part or container, entering into, accompanying or containing such products.

The provisions of this coverage extension do not apply unless the written contract or written agreement has been executed (executed means signed by the named insured) prior to the "bodily injury" or "property damage".

Incidental Malpractice

Subparagraph **2.a.(1)(d)** under **SECTION II - WHO IS AN INSURED** is deleted in its entirety and replaced with the following:

- (d) Arising out of his or her providing or failing to provide professional health care services. This does not apply to nurses, emergency medical technicians or paramedics if you are not in the business or occupation of providing any such professional services.

This provision does not apply if you are a Social Service or Senior Living risk.

SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS - Amendments

Knowledge Of Occurrence, Claim, Suit Or Loss

The following is added to Paragraph **2. Duties in the Event of Occurrence, Offense, Claim or Suit** under **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**:

The requirements under this paragraph do not apply until after the "occurrence" or offense is known to:

1. You, if you are an individual;
2. A partner, if you are a partnership;
3. An "executive officer" or insurance manager, if you are a corporation;
4. Your members, managers or insurance manager, if you are a limited liability company; or
5. Your elected or appointed officials, officers, members, trustees, board members, commission members, agency members, or your administrator or your insurance manager if you are an organization other than a partnership, joint venture, or limited liability company.

Primary and Non-Contributory Provision

The following is added to Paragraph **4. Other Insurance, b. Excess Insurance** under **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**:

This insurance shall be excess with respect to any person or organization included as an additional insured under this policy, any other insurance that person or organization has shall be primary with respect to this insurance, unless:

- (1) The additional insured is a Named Insured under such other insurance;
- (2) You have agreed in a written contract, written agreement or written permit to include that additional insured on your General Liability policy on a primary and/or non-contributory basis; and
- (3) The written contract or written agreement has been executed (executed means signed by the named insured) or written permit issued prior to the "bodily injury" or "property damage" or "personal and advertising injury".

Unintentional Failure To Disclose Hazards

The following is added to Paragraph **6. Representations** under **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**:

However, if you should unintentionally fail to disclose any existing hazards in your representations to us at the inception date of the policy, or during the policy period in connection with any additional hazards, we shall not deny coverage under this Coverage Part based upon such failure to disclose hazards.

Waiver Of Transfer Of Rights Of Recovery

The following is added to Paragraph **8. Transfer of Rights Of Recovery Against Others To Us** under **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**:

We will waive any right of recovery we may have against a person or organization because of payments we make for "bodily injury" or "property damage" arising out of your ongoing operations or "your work" done under a written contract or written agreement and included in the "products-completed operations hazard", if:

1. You have agreed to waive any right of recovery against that person or organization in a written contract or written agreement;
2. Such person or organization is an additional insured on your policy; or
3. You have assumed the liability of that person or organization in that same contract, and it is an "insured contract".

The section above only applies to that person or organization identified above, and only if the "bodily injury" or "property damage" occurs subsequent to the execution of the written contract or written agreement.

Liberalization

The following condition is added to **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**:

If we revise this Coverage Part to provide more coverage without additional premium charge, subject to our filed company rules, your policy will automatically provide the additional coverage as of the day the revision is effective in your state.

Non-Accumulation Of Limits

(This provision is not Applicable in the state of New York or Wisconsin).

The following condition is added to **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**:

If you have other insurance provided by us or one of our affiliates that will respond to a claim or "suit" also covered under this coverage, the maximum limit of insurance under all collectible insurance shall not exceed the highest applicable limit under any one of the other coverage part(s), form(s) or policy(ies).

SECTION V - DEFINITIONS

Discrimination

(This provision does not apply in New York).

- A. The following is added to Definition 14. "Personal and advertising injury":

"Personal and advertising injury" also means "discrimination" that results in injury to the feelings or reputation of a natural person, however only if such "discrimination" or humiliation is:

1. Not done by or at the direction of:
 - a. The insured; or
 - b. Anyone considered an insured under **SECTION II - WHO IS AN INSURED;**
2. Not done intentionally to cause harm to another person.
3. Not directly or indirectly related to the employment, prospective employment or termination of employment of any person or persons by any insured.
4. Not arising out of any "advertisement" by the insured.

- B. The following definition is added to **SECTION V - DEFINITIONS:**

"Discrimination" means:

- a. Any act or conduct that would be considered discrimination under any applicable federal, state, or local statute, ordinance or law;
- b. Any act or conduct that results in disparate treatment of, or has disparate impact on, a person, because of that person's race, religion, gender, sexual orientation, age, disability or physical impairment; or
- c. Any act or conduct characterized or interpreted as discrimination by a person based on that person's race, religion, gender, sexual orientation, age, disability or physical impairment.

It does not include acts or conduct characterized or interpreted as sexual intimidation or sexual harassment, or intimidation or harassment based on a person's gender.

Electronic Data

The following definition is added to **SECTION V - DEFINITIONS:**

"Electronic data" means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMS, tapes, drives, cell, data processing devices or any other media which are used with electronically controlled equipment.

For the purpose of the Electronic Data Liability coverage provided by this endorsement, Definition 17. "Property damage" is deleted in its entirety and replaced by the following:

17. "Property damage" means:

- a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
- b. Loss of, loss of use of, damage to, corruption of, inability to access, or inability to properly manipulate "electronic data", resulting from physical injury to tangible property. All such loss of "electronic data" shall be deemed to occur at the time of the "occurrence" that caused it.

For the purpose of the Electronic Data Liability coverage provided by this endorsement, "electronic data" is not tangible property.

Employee Amendment

Definition 5. "Employee" under **SECTION V - DEFINITIONS** is deleted in its entirety and replaced by the following:

5. "Employee" includes a "leased worker", or a "temporary worker". If you are a School, "Employee" also includes a student teacher.

Golfing Facility

The following definition is added to **SECTION V - DEFINITIONS:**

"Golfing facility" means a golf course, golf club, driving range, or miniature golf course.

Mental Anguish Amendment

(This provision does not apply in New York).

Definition 3. "Bodily injury" under **SECTION V - DEFINITIONS** is deleted in its entirety and replaced with the following:

3. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time. This includes mental anguish resulting from any bodily injury, sickness or disease sustained by a person. (In New York, mental anguish has been determined to be "bodily injury").

Not-for-profit Member

The following definition is added to **SECTION V - DEFINITIONS:**

"Not-for-profit member" means a person who is a member of a not-for-profit organization, including clubs and churches, who receives no financial or other compensation.

ElitePac® Commercial Automobile Extension

COMMERCIAL AUTO
CA 78 09 01 16

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE FORM

With respect to coverage provided by this endorsement, the provisions of the Business Auto Coverage Form apply unless modified by the endorsement.

AMENDMENTS TO SECTION II - LIABILITY COVERAGE

If this policy provides Auto Liability coverage for Owned Autos, the following extensions are applicable accordingly:

NEWLY ACQUIRED OR FORMED ORGANIZATIONS

The following is added to **SECTION II, A.1. - Who Is An Insured**:

Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no similar insurance available to that organization. However:

1. Coverage under this provision is afforded only until the 180th day after you acquire or form the organization or the end of the policy period, whichever is earlier;
2. Coverage does not apply to "bodily injury" or "property damage" resulting from an "accident" that occurred before you acquired or formed the organization.

No person or organization is an "insured" with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.

LIMITED LIABILITY COMPANIES

The following is added to **SECTION II, A.1. - Who Is An Insured**:

If you are a limited liability company, your members and managers are "insureds" while using a covered "auto" you don't own, hire or borrow during the course of their duties for you.

EMPLOYEES AS INSURED

If this policy provides Auto Liability coverage for Non-Owned Autos, the following is added to **SECTION II, A.1. - Who Is An Insured**:

Any "employee" of yours is an "insured" while using a covered "auto" you don't own, hire or borrow in your business or your personal affairs.

An "employee" of yours is an "insured" while operating an "auto" hired or rented under a contract or agreement in that "employee's" name with your permission, while performing duties related to the conduct of your business.

BLANKET ADDITIONAL INSURED

The following is added to **SECTION II, A.1. - Who Is An Insured**:

Any person or organization with whom you agreed in a written contract, written agreement or written permit to add as an additional "insured" on your policy is an additional "insured". Such person or organization is an additional "insured" only with respect to your ownership, maintenance or use of a covered "auto". This coverage shall be primary and non-contributory with respect to the additional "insured". This provision only applies if:

1. It is required in the written contract, written agreement or written permit identified in this section;
2. It is permitted by law; and
3. The written contract or written agreement has been executed or written permit issued prior to the "bodily injury" or "property damage".

EXPENSES FOR BAIL BONDS AND LOSS OF EARNINGS

Paragraphs (2) and (4) of **SECTION II, A.2.a. - Supplementary Payments** are deleted in their entirety and replaced with the following:

- (2) Up to the Limit of Insurance shown on the ElitePac Schedule for the cost of bail bonds (including bonds for related traffic law violations) required because of an "accident" covered under this policy. We do not have to furnish these bonds.
- (4) All reasonable expenses incurred by the "insured" at our request. This includes actual loss of earnings because of time off from work, which we will pay up to the Limit of Insurance shown on the ElitePac Schedule.

EMPLOYEE INDEMNIFICATION AND EMPLOYER'S LIABILITY AMENDMENT

The following is added to **SECTION II, B.4. - Exclusions:**

This exclusion does not apply to a "volunteer worker" who is not entitled to workers compensation, disability or unemployment compensation benefits.

FELLOW EMPLOYEE COVERAGE

The **Fellow Employee** Exclusion, **SECTION II, B.5. -** is deleted in its entirety.

CARE, CUSTODY OR CONTROL AMENDMENT

The following is added to **SECTION II, B.6. - Exclusions:**

This exclusion does not apply to property owned by anyone other than an "insured", subject to the following:

1. The most we will pay under this exception for any one "accident" is the Limit of Insurance stated in the ElitePac Schedule; and
2. A per "accident" deductible as stated in the ElitePac Schedule applies to this exception.

AMENDMENTS TO SECTION III - PHYSICAL DAMAGE COVERAGE

If this policy provides Comprehensive, Specified Causes of Loss or Collision coverage, the following extensions are applicable for those "autos" for which Comprehensive, Specified Causes of Loss or Collision coverage is purchased:

TOWING AND LABOR

SECTION III, A.2. - Towing is deleted in its entirety and replaced with the following:

We will pay all reasonable towing and labor costs up to the maximum Limit of Insurance shown on the ElitePac Schedule per tow each time a covered "Private Passenger Auto", "Social Service Van or Bus" or "Light Truck" is disabled and up to the maximum Limit of Insurance per tow each time a covered "Medium Truck", "Heavy Truck" or "Extra Heavy Truck" is disabled.

For labor charges to be eligible for reimbursement the labor must be performed at the place of disablement.

This coverage extension does not apply to Emergency Services Organizations and Governmental Entities.

GLASS BREAKAGE DEDUCTIBLE

The following is added to **SECTION III, A.3. - Glass Breakage - Hitting A Bird Or Animal - Falling Objects or Missiles:**

If damaged glass is repaired rather than replaced, no deductible will apply for such repair. This extension does not apply to Emergency Services Organizations and Governmental Entities.

ADDITIONAL TRANSPORTATION EXPENSES

SECTION III, A.4.a. - Transportation Expenses is deleted in its entirety and replaced with the following:

We will pay up to the maximum Limit of Insurance shown on the ElitePac Schedule for temporary transportation expenses that you incur because of any "loss" to a covered "auto", but only if the covered "auto" carries the coverages and meets the requirements described in **1. or 2.** below:

1. We will pay temporary transportation expenses for total theft of a covered "auto". We will only pay for such expenses incurred during the period beginning 24 hours after the theft and ending, regardless of the policy's expiration, when the covered "auto" is returned to use or we pay for its "loss".
2. For "loss" other than total theft of a covered "auto" under Comprehensive or Specified Causes of Loss Coverage, or for any "loss" under Collision Coverage to a covered "auto", we will only pay for those temporary transportation expenses incurred during the policy period beginning 24 hours after the "loss" and ending, regardless of the policy's expiration, with the lesser of the number of days reasonably required to repair or replace the covered "auto" or 30 days.

Paragraph **2.** of this extension does not apply while there are spare or reserve "autos" available to you for your operations.

This coverage extension does not apply to Emergency Services Organizations and Governmental Entities.

HIRED AUTO PHYSICAL DAMAGE COVERAGE

The following is added to **SECTION III, A.4. - Coverage Extensions:**

Physical Damage coverage is hereby extended to apply to Physical Damage "loss" to "autos" leased, hired, rented or borrowed without a driver. We will provide coverage equal to the broadest coverage available to any covered "auto" shown in the Declarations. But, the most we will pay for "loss" to each "auto" under this coverage extension is the lesser of:

1. The Limit of Insurance stated in the ElitePac Schedule; or
2. The actual cash value of the damaged or stolen property as of the time of the "loss"; or
3. The actual cost of repairing or replacing the damaged or stolen property with other property of like kind and quality. A part is of like kind and quality when it is of equal or better condition than the pre-accident part. We will use the original equipment from the manufacturer when:

- (a) The operational safety of the vehicle might otherwise be impaired;
- (b) Reasonable and diligent efforts to locate the appropriate rebuilt, aftermarket or used part have been unsuccessful; or
- (c) A new original equipment part of like kind and quality is available and will result in the lowest overall repair cost.

For each leased, hired, rented or borrowed "auto" our obligation to pay "losses" will be reduced by a deductible equal to the highest deductible applicable to any owned "auto" for that coverage. No deductible will be applied to "losses" caused by fire or lightning.

SECTION IV, B.5. Other Insurance Condition, Paragraph 5.b. is deleted in its entirety and replaced by the following:

For Hired Auto Physical Damage Coverage, the following are deemed to be covered "autos" you own:

- 1. Any covered "auto" you lease, hire, rent, or borrow; and
- 2. Any covered "auto" hired or rented by your "employee" under a contract or agreement in that "employee's" name, with your permission, while performing duties related to the conduct of your business.

However, any "auto" that is leased, hired, rented or borrowed with a driver is not a covered "auto".

This coverage extension does not apply to Emergency Services Organizations and Governmental Entities.

HIRED AUTO LOSS OF USE COVERAGE

The following is added to **SECTION III, A.4. - Coverage Extensions:**

We will pay expenses for which you are legally responsible to pay up to the Limit of Insurance shown on the ElitePac Schedule per "accident" for loss of use of a leased, hired, rented or borrowed "auto" if it results from an "accident".

This coverage extension does not apply to Emergency Services Organizations, Governmental Entities, and Schools.

AUTO LOAN/LEASE GAP COVERAGE (Not Applicable in New York)

The following is added to **SECTION III, A.4. - Coverage Extensions:**

In the event of a total "loss" to a covered "auto" we will pay any unpaid amount due on the lease or loan for a covered "auto", less:

- 1. The amount paid under the Physical Damage Coverage Section of the policy; and

- 2. Any:
 - a. Overdue lease/loan payments at the time of "loss";
 - b. Financial penalties imposed under a lease for excessive use, abnormal wear and tear, high mileage or similar charges;
 - c. Security deposits not refunded by the lessor or financial institution;
 - d. Costs for extended warranties, credit life, health, accident, or disability insurance purchased with the loan or lease; and
 - e. Carry-over balances from previous leases or loans.

You are responsible for the deductible applicable to the "loss" for the covered "auto".

This extension only applies if the lessor or financial institution is an additional "insured" under this Coverage Form.

PERSONAL EFFECTS

The following is added to **SECTION III, A.4. - Coverage Extensions:**

If this policy provides Comprehensive Coverage for a covered "auto" you own and that covered "auto" is stolen, we will pay up to the Limit of Insurance shown on the ElitePac Schedule, without application of a deductible, for lost personal effects that were in the covered "auto" at the time of theft. Personal effects do not include jewelry, tools, money, or securities. This coverage is excess over any other collectible insurance.

AIRBAG COVERAGE

The following is added to **SECTION III, B.3.a. - Exclusions:**

Mechanical breakdown does not include the accidental discharge of an airbag.

This coverage extension does not apply to Emergency Services Organizations and Governmental Entities.

EXPANDED AUDIO, VISUAL, AND DATA ELECTRONIC EQUIPMENT COVERAGE

SECTION III, B.4. - Exclusions

This exclusion does not apply to the following:

- 1. Global positioning systems;
- 2. "Telematic devices"; or
- 3. Electronic equipment that reproduces, receives or transmits visual or data signals and accessories used with such equipment, provided such equipment is:
 - a. Permanently installed in or upon the covered "auto" at the time of the "loss";
 - b. Removable from a housing unit that is permanently installed in the covered "auto" at the time of the "loss";

- c. Designed to be solely operated by use of power from the "auto's" electrical system; or
- d. Designed to be used solely in or upon the covered "auto".

For each covered "loss" to such equipment, a deductible of \$50 shall apply, unless the deductible otherwise applicable to such equipment is less than \$50, at which point the lower deductible, if any, will apply.

COMPREHENSIVE DEDUCTIBLE - LOCATION TRACKING DEVICE

The following is added to **SECTION III, D. - Deductible:**

Any Comprehensive Coverage Deductible shown in the Declarations will be reduced by 50% for any "loss" caused by theft if the covered "auto" is equipped with a location tracking device and that device was the sole method used to recover the "auto".

PHYSICAL DAMAGE LIMIT OF INSURANCE

SECTION III, C. - Limit Of Insurance is deleted in its entirety and replaced with the following:

The most we will pay for a "loss" in any one "accident" is the lesser of:

1. The actual cash value of the damaged or stolen property as of the time of the "loss"; or
2. The cost of repairing or replacing the damaged or stolen property with other property of like kind and quality.

This coverage extension does not apply to Emergency Services Organizations and Governmental Entities.

AMENDMENTS TO SECTION IV - BUSINESS AUTO CONDITIONS

DUTIES IN THE EVENT OF ACCIDENT, CLAIM, SUIT OR LOSS

The following is added to **SECTION IV, A.2.a. - Duties In The Event Of Accident, Claim, Suit Or Loss:**

The notice requirements for reporting "accident" claim, "suit" or "loss" information to us, including provisions related to the subsequent investigation of such "accident", claim, "suit" or "loss" do not apply until the "accident", claim, "suit" or "loss" is known to:

1. You, if you are an individual;
2. A partner, if you are a partnership;
3. An executive officer or insurance manager, if you are a corporation;
4. Your members, managers or insurance manager, if you are a limited liability company;

5. Your elected or appointed officials, trustees, board members or your insurance manager, if you are an organization other than a partnership, joint venture or limited liability company.

But, this section does not amend the provisions relating to notification of police or protection or examination of the property that was subject to the "loss".

WAIVER OF SUBROGATION

SECTION IV, A.5. - Transfer Of Rights Of Recovery Against Others To Us is deleted in its entirety and replaced with the following:

We waive any right of recovery we may have against any person or organization because of payments we make for "bodily injury" or "property damage" resulting from the ownership, maintenance or use of a covered "auto" but only when you have assumed liability for such "bodily injury" or "property damage" in an "insured contract". In all other circumstances, if a person or organization to or for whom we make payment under this Coverage Form has rights to recover damages from another, those rights are transferred to us.

MULTIPLE DEDUCTIBLES

The following is added to **SECTION IV, A. - Loss Conditions:**

If a "loss" from one event involves two or more covered "autos" and coverage under Comprehensive or Specified Causes of Loss applies, only the highest applicable deductible will be applied.

CONCEALMENT, MISREPRESENTATION OR FRAUD

The following is added to **SECTION IV, B.2. - Concealment, Misrepresentation Or Fraud:**

If you should unintentionally fail to disclose any existing hazards in your representations to us prior to the inception date of the policy or during the policy period in connection with any newly discovered hazards, we will not deny coverage under this Coverage Form based upon such failure.

POLICY PERIOD, COVERAGE TERRITORY

SECTION IV, B.7. - Policy Period, Coverage Territory is deleted in its entirety and replaced with the following:

Under this Coverage Form, we cover "accidents" and "losses" occurring:

- a. During the policy period shown in the Declarations; and
- b. Within the "Coverage Territory".

We also cover "loss" to or "accidents" involving a covered "auto" while being transported between any of these places.

TWO OR MORE COVERAGE FORMS OR POLICIES ISSUED BY US - DEDUCTIBLES

The following is added to **SECTION IV, B.8. - Two Or More Coverage Forms Or Policies Issued By Us:**

If a "loss" covered under this Coverage Form also involves a "loss" to other property resulting from the same "accident" that is covered under this policy or another policy issued by us or any member company of ours, only the highest applicable deductible will be applied.

AMENDMENTS TO SECTION V - DEFINITIONS

BODILY INJURY INCLUDING MENTAL ANGUISH (Not Applicable in New York)

The definition of bodily injury is deleted in its entirety and replaced by the following:

"Bodily injury" means bodily injury, sickness, or disease sustained by a person, including death resulting from any of these. "Bodily injury" includes mental anguish resulting from bodily injury, sickness or disease sustained by a person.

ADDITIONS TO SECTION V - DEFINITIONS

COVERAGE TERRITORY

"Coverage Territory" means:

1. The United States of America (including its territories and possessions), Canada and Puerto Rico; and
2. Anywhere in the world, except for any country or jurisdiction that is subject to trade or other economic sanction or embargo by the United States of America, if a covered "auto" is leased, hired, rented, or borrowed without a driver for a period of 30 days or less, and the insured's responsibility to pay "damages" is determined in a "suit" on the merits in and under the substantive law of the United States of America (including its territories and possessions), Puerto Rico, or Canada, or in a settlement we agree to.

If we are prevented by law, or otherwise, from defending the "insured" in a "suit" brought in a location described in Paragraph 2. above, the insured will conduct a defense of that "suit". We will reimburse the "insured" for the reasonable and necessary expenses incurred for the defense of any such "suit" seeking damages to which this insurance applies, and that we would have paid had we been able to exercise our right and duty to defend.

EXTRA HEAVY TRUCK

"Extra Heavy Truck" means a truck with a gross vehicle weight rating of 45,001 pounds or more.

HEAVY TRUCK

"Heavy Truck" means a truck with a gross vehicle weight rating of 20,001 pounds to 45,000 pounds.

LIGHT TRUCK

"Light Truck" means a truck with a gross vehicle weight rating of 10,000 pounds or less.

MEDIUM TRUCK

"Medium Truck" means a truck with a gross vehicle weight rating of 10,001 pounds to 20,000 pounds.

PRIVATE PASSENGER AUTO

"Private Passenger Auto" means a four-wheel "auto" of the private passenger or station wagon type. A pickup, panel truck or van not used for business is included within the definition of a "private passenger auto".

SOCIAL SERVICE VAN OR BUS

"Social Service Van or Bus" means a van or bus used by a government entity, civic, charitable or social service organization to provide transportation to clients incidental to the social services sponsored by the organization, including special trips and outings.

TELEMATIC DEVICE

"Telematic Device" includes devices designed for the collection and dissemination of data for the purpose of monitoring vehicle and/or driver performance. This includes Global Positioning System technology, wireless safety communications and automatic driving assistance systems, all integrated with computers and mobile communications technology in automotive navigation systems.

VOLUNTEER WORKER

"Volunteer worker" means a person who performs business duties for you, for no financial or other compensation.

ElitePac® Commercial Automobile Extension

COMMERCIAL AUTO
CA 78 16 01 16

SCHEDULE OF COVERAGE EXTENSIONS AND LIMITS OF INSURANCE

This ElitePac Schedule is a summary of additional coverages, coverage modifications and corresponding Limits of Insurance that supplements the Business Auto Coverage Form. No coverage is provided by this summary. Refer to the actual endorsement for changes affecting your insurance protection.

DESCRIPTION	
AMENDMENTS TO SECTION II - LIABILITY COVERAGE	
Newly Acquired Or Formed Organizations	Coverage Extension
Limited Liability Companies	Coverage Extension
Employees As Insureds	Coverage Extension
Blanket Additional Insureds	Coverage Extension
Expenses For Bail Bonds And Loss Of Earnings	
Bail Bonds	\$3,000 Per "Accident"
Loss Of Earnings	\$1,000 Per Day
Employee Indemnification and Employer's Liability Amendment	Coverage Extension
Fellow Employee Coverage	Coverage Extension
Care, Custody Or Control Amendment	\$1,000 per "Accident"; \$500 Deductible Per "Accident"
AMENDMENTS TO SECTION III - PHYSICAL DAMAGE COVERAGE	
Towing And Labor	Coverage Extension
Private Passenger Auto, Social Service Van or Bus, Light Truck Medium, Heavy and Extra Heavy Trucks	\$75 Per Tow \$150 Per Tow
Glass Breakage Deductible	Coverage Extension
Additional Transportation Expenses	\$60 per day up to a maximum of \$1,800
Hired Auto Physical Damage Coverage	\$75,000 per "loss"
Hired Auto Loss of Use Coverage	\$750 Per "Accident"
Auto Loan/Lease Gap Coverage (Not Available in New York)	Coverage Extension
Personal Effects	\$500 Per "Accident"
Airbag Coverage	Coverage Extension
Expanded Audio, Visual, And Data Electronic Equipment Coverage	Coverage Extension
Comprehensive Deductible - Location Tracking Device	Coverage Extension
Physical Damage Limit Of Insurance	Coverage Extension

Contracting, Installation, Service and Repair General Liability Extended ElitePac® Endorsement

COMMERCIAL GENERAL LIABILITY
CG 79 88 01 16

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by the endorsement.

1. BLANKET ADDITIONAL INSUREDS

a. Ongoing Operations

SECTION II — WHO IS AN INSURED is amended to include as an additional insured any person or organization you have agreed in a written contract, written agreement, or written permit to add as an additional insured on your policy, but only with respect to liability arising out of your ongoing operations performed under that contract, agreement, or permit when that contract, agreement, or permit requires the additional insured be added with respect to liability arising out of your ongoing operations. If the written contract, written agreement, or written permit does not require that the additional insured be added with respect to liability arising out of your ongoing operations, then **SECTION II — WHO IS AN INSURED** is amended to include as an additional insured any person or organization you have agreed in a written contract, written agreement, or written permit to add as an additional insured on your policy, but only with respect to “bodily injury”, “property damage” or “personal and advertising injury” caused in whole or in part by your ongoing operations performed under that contract, agreement, or permit.

b. Completed Operations

SECTION II — WHO IS AN INSURED is amended to include as an additional insured any person or organization you have agreed in a written contract, written agreement, or written permit to add as an additional insured on your policy, but only with respect to their liability arising out of “your work” performed under that contract, agreement, or permit and included in the “products-completed operations hazard” when that contract, agreement, or permit requires the additional insured be added with respect to liability arising out of “your work” performed under that contract, agreement, or permit and included in the “products-completed

operations hazard”. If the written contract, written agreement, or written permit does not require that the additional insured be added with respect to liability arising out of “your work” performed under that contract, agreement, or permit and included in the “products-completed operations hazard”, then **SECTION II — WHO IS AN INSURED** is amended to include as an additional insured any person or organization you have agreed in a written contract, written agreement, or written permit to add as an additional insured on your policy, but only with respect to liability for “bodily injury”, “property damage” or “personal and advertising injury” caused, in whole or in part, by “your work” performed under that contract, agreement, or permit and included in the “products-completed operations hazard”.

c. The coverages provided in Paragraphs a. and b. do not apply unless the written contract or written agreement has been executed (executed means signed by the named insured) or written permit issued prior to the “bodily injury”, “property damage” or “personal and advertising injury”.

d. Exclusions

(1) With respect to the insurance afforded to additional insureds under a. **Ongoing Operations** the following is added to 2. **Exclusions** under **SECTION I — COVERAGE A — BODILY INJURY AND PROPERTY DAMAGE LIABILITY**:

This insurance does not apply to “bodily injury”, “property damage”, or “personal and advertising injury” occurring after:

(a) All work, including materials, parts or equipment furnished in connection with such work, on the project (other than service, maintenance or repairs) to be performed by or on behalf of the additional insured(s) at the site of the covered operations has been completed; or

(b) That portion of “your work” out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.

(2) With respect to the insurance afforded to these additional insureds under **a. Ongoing Operations** and **b. Completed Operations**, the following is added to **2. Exclusions** under **SECTION I — COVERAGE A — BODILY INJURY AND PROPERTY DAMAGE LIABILITY**:

This insurance does not apply to:

“Bodily injury”, “property damage”, or “personal and advertising injury” arising out of the rendering of, or the failure to render, any professional architectural, engineering or surveying services, including:

(a) The preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or

(b) Supervisory, inspection, architectural or engineering activities.

e. Conditions

With respect to the insurance afforded to these additional insureds under **a. Ongoing Operations** and **b. Completed Operations** the following is added to Paragraph **4. Other Insurance**, **a. Primary Insurance** under **SECTION IV — COMMERCIAL GENERAL LIABILITY CONDITIONS**:

This insurance is primary and will not contribute with any other insurance available to an additional insured under this coverage part provided that:

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

(2) You have agreed in a written contract, written agreement or written permit to include that additional insured on your General Liability policy on a primary and/or non-contributory basis.

2. PROPERTY DAMAGE CARE, CUSTODY OR CONTROL

The following is added to **Exclusion j.** under **SECTION I - COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY**:

Paragraphs (4) and (5) do not apply for the limited purpose of providing the coverage and sub-limits of liability as set forth below.

We will pay those sums that the insured becomes legally obligated to pay as damages arising out of “property damage” to:

(1) Personal property in the care, custody or control of the insured; and

(2) That particular part of real property on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations, if the “property damage” arises out of those operations.

The most we will pay under (1) and (2) above in any one “occurrence” or for all damages during any one policy period is a sub-limit of \$100,000.

These limits are included in and not in addition to the Limits of Insurance shown in the Declarations of the Commercial General Liability Policy.

Our right and duty to defend the insured against any “suit” for damages under (1) and (2) above ends when we have used up the applicable sub-limit of liability in the payment of judgments or settlements under it.

3. OTHER INSURANCE AMENDMENT — SUPPLEMENTAL COVERAGE FOR INSURED’S INVOLVEMENT IN A CONSOLIDATED (WRAP-UP) INSURANCE PROGRAM OR SIMILAR PROJECT

The following is added to **SECTION IV — COMMERCIAL GENERAL LIABILITY CONDITIONS**, Paragraph **4. Other Insurance b. Excess Insurance (1)(a)**:

(v) That is covered by a consolidated (wrap-up) or similar insurance program provided by the prime contractor/project manager or owner of the construction project in which you are involved for your ongoing operations or operations included within the “products-completed operations hazard”, unless such consolidated (wrap-up) or similar program is specifically excluded from coverage on this policy.

4. FELLOW EMPLOYEE EXTENSION

Under **SECTION II — WHO IS AN INSURED** Paragraphs **2.a.** and **2.a. (1)** are replaced by the following:

a. Your “volunteer workers” only while performing duties related to the conduct of your business, or your “employees”, other than either your “executive officers” (if you are an organization other than a partnership, joint venture, or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business. The Employers Liability exclusion (**SECTION I — COVERAGES; COVERAGE A, exclusion e.**) does not apply to this provision. However, none of these “employees” or “volunteer workers” are insureds for:

(1) “Bodily injury” or “personal and advertising injury”:

(a) Arising out of his or her providing or failing to provide professional health care services.

5. CONTRACTUAL LIABILITY (RAILROADS)

Definition 9. Insured Contract is amended as follows:

Paragraph **c.** is deleted in its entirety and replaced with the following:

Any easement or license agreement;

Paragraph **f.(1)** is deleted in its entirety.

6. CONTRACTUAL LIABILITY AMENDMENT — (PERSONAL AND ADVERTISING INJURY)

If it is required in a written contract, written agreement or written permit with the insured that any contractual liability exclusion for Personal Injury be removed from the policy, then Exclusion **e. Contractual Liability** under **COVERAGE B PERSONAL AND ADVERTISING INJURY, 2. Exclusions** is deleted in its entirety and replaced with the following:

e. Contractual Liability

“Personal and advertising Injury” for which the insured has assumed liability in a contract or agreement arising out of an “advertisement”. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement.

7. WAIVER OF GOVERNMENTAL IMMUNITY

We will waive, both in the adjustment of claims and in the defense of “suits” against the insured, any governmental immunity of the insured, unless the insured requests in writing that we not do so.

Waiver of immunity as a defense will not subject us to liability for any portion of a claim or judgment in excess of the applicable limit of insurance.

8. DAMAGE TO PREMISES RENTED TO YOU

The Limit of Insurance for Damage To Premises Rented To You is increased to \$1,000,000.

LIMITED COVERAGE — WORKSITE DAMAGES FORM C

COMMERCIAL GENERAL LIABILITY
CG 79 42 07 09

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies the insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE OF SUBLIMITS & DEDUCTIBLE:

Sublimits Available:

Sublimit available for liability coverage and clean-up coverage extended under this endorsement:

\$1,000,000 each "Occurrence" and in the aggregate.

Deductible Applicable:

Deductible for all coverage extended under this endorsement:

\$1,000 each "Occurrence."

1. Paragraph (1)(d) of Exclusion f. Pollution is deleted in its entirety and replaced as follows:

(d) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the "pollutants" are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor. However, this subparagraph does not apply to:

(i) "Bodily injury" or "property damage" arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the "bodily injury" or "property damage" arises out of the intentional discharge, dispersal or release of the fuels, lubricants or other operating fluids, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent that they be discharged, dispersed or released as part of the operations being performed by such insured, contractor or subcontractor;

(ii) "Bodily injury" or "property damage" sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations being performed by you or on your behalf by a contractor or subcontractor;

(iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire"; or

(iv) Subject to the deductible and only to the extent of the sublimit available for liability coverage and clean-up coverage set forth in this endorsement and solely with respect to Insureds covered by this endorsement pursuant to Paragraph 3. below, "bodily injury" or "property damage" at or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the "pollutants" were brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor.

2. Solely with respect to ongoing operations actually being performed by an Insured and solely with respect to Insureds covered by this endorsement pursuant to Paragraph 3. below, Paragraph (2) of Exclusion f. Pollution is deleted in its entirety and replaced as follows:

(2) Any loss, cost or expense arising out of any:

(a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants" except that subject to the deductible and only to the extent of the sublimit available for liability coverage and clean-up coverage set forth in this endorsement this exclusion shall not apply; or

(b) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants" except that subject to the deductible and only to the extent of the sublimit available for liability coverage and clean-up coverage set forth in this endorsement this exclusion shall not apply.

However, this paragraph does not apply to liability for damages because of "property damage" that the insured would have in the absence of such request, demand, order or statutory or regulatory requirement, or such claim or "suit" by or on behalf of a governmental authority.

3. Notwithstanding anything in this policy to the contrary, this endorsement shall not extend to any person or organization included as an additional insured by an endorsement to this policy.
4. All other terms and conditions of the policy remain unchanged.

WAIVER OF TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US — BLANKET BASIS

COMMERCIAL UMBRELLA LIABILITY
CXL 456 10 13

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COMMERCIAL UMBRELLA LIABILITY COVERAGE PART

The following is added to Paragraph **M. Transfer Of Rights Of Recovery Against Others To Us** under **SECTION IV — CONDITIONS**:

We will waive any right of recovery we may have against a person or organization because of payments we make for “bodily injury” or “property damage” arising out of “your work” done under a written contract or written agreement and included in the “products-completed operations hazard”. This waiver applies only if, in that same written contract or agreement, you have agreed:

1. To waive any right of recovery against that person or organization; or
2. To include such person or organization as an additional insured on an “underlying policy”; or
3. To assume the liability of that person or organization and that written contract or agreement qualifies as an insured contract; and
4. The “underlying insurance” contains a substantially similar waiver of recovery rights.

This endorsement applies only if the “bodily injury” or “property damage” occurs subsequent to all parties’ execution of the written contract or written agreement.

ElitePac® General Liability Extension Endorsement

COMMERCIAL GENERAL LIABILITY
CG 73 00 01 16

SUMMARY OF COVERAGES (including index)

This is a summary of the various additional coverages and coverage modifications provided by this endorsement. No coverage is provided by this summary. Refer to the actual endorsement (Pages 3-through-8) for changes affecting your insurance protection.

DESCRIPTION	PAGE FOUND
Additional Insureds - Primary and Non-Contributory Provision	Page 7
Blanket Additional Insureds - As Required By Contract	Page 6
Broad Form Vendors Coverage	Page 6
Damage To Premises Rented To You (Including Fire, Lightning or Explosion)	Page 3
Electronic Data Liability (\$100,000)	Page 4
Employee Definition Amended	Page 8
Employees As Insureds Modified	Page 5
Employer's Liability Exclusion Amended (Not applicable in New York)	Page 3
Incidental Malpractice Exclusion modified	Page 7
Knowledge of Occurrence, Claim, Suit or Loss	Page 7
Liberalization Clause	Page 7
Mental Anguish Amendment (Not applicable to New York)	Page 8
Newly Formed or Acquired Organizations	Page 5
Non-Accumulation Of Limits (Not applicable in New York or Wisconsin)	Page 7
Non-Owned Aircraft	Page 3
Non-Owned Watercraft (under 60 feet)	Page 3
Not-for-profit Members - as additional insureds	Page 5
Personal And Advertising Injury - Discrimination Amendment (Not applicable in New York)	Page 8
Products Amendment (Medical Payments)	Page 4
Supplementary Payments Amended - Bail Bonds (\$5,000) and Loss of Earnings (\$1,000)	Page 4
Unintentional Failure to Disclose Hazards	Page 7
Waiver of Transfer of Rights of Recovery (subrogation)	Page 7
When Two or More Coverage Parts of this Policy Apply to a Loss	Page 3

INSURED'S COPY

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ElitePac®
General Liability Extension Endorsement

COMMERCIAL GENERAL LIABILITY
CG 73 00 01 16

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies the insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

The **SECTIONS** of the Commercial General Liability Coverage Form identified in this endorsement will be amended as shown below. However, **if (a) two or more Coverage Parts of this policy, or (b) two or more forms or endorsements within the same Coverage Part apply to a loss**, only the broadest coverage of this policy will apply, unless specifically stated otherwise within the particular amendment covering that loss.

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by the endorsement.

COVERAGES - Amendments

SECTION I - COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY

EXCLUSIONS

Employer's Liability Amendment

(This provision is not applicable in the State of New York).

The following is added to Exclusion **e. Employer's Liability** under **COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY, 2. Exclusions**:

This exclusion also does not apply to any "temporary worker".

Non-Owned Aircraft, Auto or Watercraft

A. Paragraph **(2)** of Exclusion **g. Aircraft, Auto Or Watercraft** under **COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY, 2. Exclusions** is deleted in its entirety and replaced with the following:

(2) A watercraft you do not own that is:

- (a)** Less than 26 feet long and not being used to carry persons or property for a charge; or
- (b)** At least 26 feet, but less than 60 feet long, and not being used to carry persons or property for a charge. Any person is an insured who uses or is responsible for the use of such watercraft with your expressed or implied consent. However, if the insured has any other valid and collectible insurance for "bodily injury" or "property damage" that would be covered under this provision, or on any other basis, this coverage is then excess, and subject to Condition **4. Other Insurance, b. Excess Insurance** under **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**.

B. The following is added to Exclusion **g. Aircraft, Auto Or Watercraft** under **COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY, 2. Exclusions**:

This exclusion does not apply to:

- (6)** Any aircraft, not owned or operated by any insured, which is hired, chartered or loaned with a paid crew. However, if the insured has any other valid and collectible insurance for "bodily injury" or "property damage" that would be covered under this provision, or on any other basis, this coverage is then excess, and subject to Condition **4. Other Insurance, b. Excess Insurance** under **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**.

Damage To Premises Rented to You

A. The last paragraph of Paragraph **2. Exclusions** under **COVERAGE A BODILY INJURY AND PROPERTY DAMAGE** is deleted in its entirety and replaced with the following:

Exclusions **c. through n.** do not apply to damage by fire, lightning or explosion to premises rented to you or temporarily occupied by you with the permission of the owner. A separate limit of insurance applies to this coverage as described in **SECTION III - LIMITS OF INSURANCE**.

B. Paragraph 6. under **SECTION III - LIMITS OF INSURANCE** is deleted in its entirety and replaced with the following:

6. Subject to Paragraph 5. above, the most we will pay under **COVERAGE A** for damages because of "property damage" to any one premises, while rented to you, or in the case of damage caused by fire, lightning or explosion, while rented to you or temporarily occupied by you with permission of the owner, for all such damage caused by fire, lightning or explosion proximately caused by the same event, whether such damage results from fire, lightning or explosion or any combination of the three, is the amount shown in the Declarations for the Damage To Premises Rented To You Limit.

C. Paragraph a. of Definition 9. "Insured contract" under **SECTION V - DEFINITIONS** is deleted in its entirety and replaced with the following:

a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire, lightning or explosion to premises while rented to you or temporarily occupied by you with the permission of the owner is not an "insured contract";

Electronic Data Liability

A. Exclusion p. **Access or Disclosure Of Confidential Or Personal Information And Date-related Liability** under **COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY, 2. Exclusions** is deleted in its entirety and replaced by the following:

p. **Access or Disclosure Of Confidential Or Personal Information And Date-related Liability**

Damages arising out of:

- (1) Any access to or disclosure of any person's or organization's confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information or any other type of nonpublic information; or
- (2) The loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate "electronic data" that does not result from physical injury to tangible property.

This exclusion applies even if damages are claimed for notification costs, credit monitoring expenses, forensic expenses, public relations expenses or any other loss, cost or expense incurred by you or others arising out of that which is described in Paragraph (1) or (2) above.

B. The following paragraph is added to **SECTION III - LIMITS OF INSURANCE**:

Subject to 5. above, the most we will pay under **COVERAGE A** for "property damage" because of all loss of "electronic data" arising out of any one "occurrence" is a sub-limit of \$100,000.

SECTION I - COVERAGE C MEDICAL PAYMENTS EXCLUSIONS

Any Insured Amendment

Exclusion a. **Any Insured** under **COVERAGE C MEDICAL PAYMENTS, 2. Exclusions** is deleted in its entirety and replaced with the following:

a. **Any Insured**

To any insured.

This exclusion does not apply to:

- (1) "Not-for-profit members";
- (2) "Golfing facility" members who are not paid a fee, salary, or other compensation; or
- (3) "Volunteer workers".

This exclusion exception does not apply if **COVERAGE C MEDICAL PAYMENTS** is excluded by another endorsement to this Coverage Part.

Product Amendment

Exclusion f. **Products-Completed Operations Hazard** under **COVERAGE C MEDICAL PAYMENTS, 2. Exclusions** is deleted in its entirety and replaced with the following:

f. **Products-Completed Operations Hazard**

Included within the "products-completed operations hazard".

This exclusion does not apply to "your products" sold for use or consumption on your premises, while such products are still on your premises.

This exclusion exception, does not apply if **COVERAGE C MEDICAL PAYMENTS** is excluded by another endorsement to this Coverage Part.

SECTION I - SUPPLEMENTARY PAYMENTS - COVERAGES A AND B

Expenses For Bail Bonds And Loss Of Earnings

A. Subparagraph 1.b. under **SUPPLEMENTARY PAYMENTS - COVERAGES A AND B** is deleted in its entirety and replaced with the following:

- b. Up to \$5,000 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.

B. Subparagraph 1.d. under **SUPPLEMENTARY PAYMENTS - COVERAGES A AND B** is deleted in its entirety and replaced with the following:

- d. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$1,000 a day because of time off from work.

SECTION II - WHO IS AN INSURED - Amendments

Not-for-Profit Organization Members

The following paragraph is added to **SECTION II - WHO IS AN INSURED**:

If you are an organization other than a partnership, joint venture, or a limited liability company, and you are a not-for-profit organization, the following are included as additional insureds:

1. Your officials;
2. Your trustees;
3. Your members;
4. Your board members;
5. Your commission members;
6. Your agency members;
7. Your insurance managers;
8. Your elective or appointed officers; and
9. Your "not-for-profit members".

However only with respect to their liability for your activities or activities they perform on your behalf.

Employees As Insureds Modified

- A. Subparagraph 2.a.(1)(a) under **SECTION II - WHO IS AN INSURED** does not apply to "bodily injury" to a "temporary worker" caused by a co-"employee" who is not a "temporary worker".
- B. Subparagraph 2.a.(2) under **SECTION II - WHO IS AN INSURED** does not apply to "property damage" to the property of a "temporary worker" or "volunteer worker" caused by a co-"employee" who is not a "temporary worker" or "volunteer worker".
- C. Subparagraph 2.a.(1)(d) under **SECTION II - WHO IS AN INSURED** does not apply to "bodily injury" caused by cardio-pulmonary resuscitation or first aid services administered by a co-"employee".

With respect to this provision only, Subparagraph (1) of Exclusion 2. e. **Employer's Liability** under **SECTION I - COVERAGES, COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY** does not apply.

Newly Formed Or Acquired Organizations

A. Subparagraph 3.a. under **SECTION II - WHO IS AN INSURED** is deleted in its entirety and replaced with the following:

- a. Coverage under this provision is afforded only until the 180th day after you acquire or form the organization or the end of the policy period, whichever is earlier. However, **COVERAGE A** does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization.

B. The following paragraph is added to **SECTION II - WHO IS AN INSURED**, Paragraph 3:

If you are engaged in the business of construction of dwellings three stories or less in height, or other buildings three stories or less in height and less than 25,000 square feet in area, you will also be an insured with respect to "your work" only, for the period of time described above, for your liability arising out of the conduct of any partnership or joint venture of which you are or were a member, even if that partnership or joint venture is not shown as a Named Insured. However, this provision only applies if you maintain or maintained an interest of at least fifty percent in that partnership or joint venture for the period of that partnership or joint venture.

This provision does not apply to any partnership or joint venture that has been dissolved or otherwise ceased to function for more than thirty-six months.

With respect to the insurance provided by this provision, **Newly Formed or Acquired Organizations**, the following is added to **SECTION IV - COMMERCIAL GENERAL LIABILITY**, Paragraph 4. **Other Insurance**, Subparagraph b. **Excess Insurance**:

The insurance provided by this provision, **Newly Formed or Acquired Organizations**, is excess over any other insurance available to the insured, whether primary, excess, contingent or on any other basis.

(All other provisions of this section remain unchanged).

Blanket Additional Insureds - As Required By Contract

A. Subject to the **Primary and Non-Contributory** provision set forth in this endorsement, **SECTION II - WHO IS AN INSURED** is amended to include as an additional insured any person or organization whom you have agreed in a written contract, written agreement or written permit that such person or organization be added as an additional insured on your policy. Such person or organization is an additional insured only with respect to liability for "bodily injury" or "property damage" or "personal and advertising injury" caused, in whole or in part, by:

1. Your ongoing operations, "your product", or premises owned or used by you;

With respect to the insurance afforded to these additional insureds, the following additional exclusion applies:

This insurance does not apply to:

"Bodily injury", "property damage" or "personal and advertising injury" arising out of the rendering of, or the failure to render, any professional architectural, engineering or surveying services by or for you, including:

- a. The preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; and
- b. Supervisory, inspection, architectural or engineering activities.

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage", or the offense which caused the "personal and advertising injury", involved the rendering of, or failure to render, any professional architectural, engineering or surveying services.

2. Your maintenance, operation or use of equipment, other than aircraft, "auto" or watercraft, rented or leased to you by such person or organization. A person or organization's status as an additional insured under this endorsement ends when their contract, or agreement with you for such rented or leased equipment ends. With respect to the insurance afforded to these additional insureds, this insurance does not apply to any "occurrence" which takes place after the rental agreement or equipment lease expires.

The provisions of this coverage extension do not apply unless the written contract or written agreement has been executed (executed means signed by the named insured) or written permit issued prior to the "bodily injury" or "property damage" or "personal and advertising injury".

Broad Form Vendors Coverage

Subject to the **Primary and Non-Contributory** provision set forth in this endorsement, **SECTION II - WHO IS AN INSURED** is amended to include as an additional insured any person or organization (referred to below as vendor) whom you have agreed in a written contract or written agreement to add as an additional insured on your policy. Such person or organization is an additional insured only with respect to "bodily injury" or "property damage" arising out of "your products" which are distributed or sold in the regular course of the vendor's business, however the insurance afforded the vendor does not apply to:

- a. "Bodily injury" or "property damage" for which the vendor is obligated to pay damages by reason of the assumption of liability in a contract or agreement; however this exclusion does not apply to liability for damages that the vendor would have in the absence of the contract or agreement;
- b. Any express warranty unauthorized by you;
- c. Any physical or chemical change in the product made intentionally by the vendor;
- d. Repackaging, unless unpacked solely for the purpose of inspection, demonstration, testing, or the substitution of parts under instructions from the manufacturer, and then repackaged in the original container;
- e. Any failure to make such inspections, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business in connection with the sale of the product; or
- f. Products which, after distribution or sale by you, have been labeled or re-labeled or used as a container, part of ingredient of any other thing or substance by or for the vendor; however this insurance does not apply to any insured person or organization, from who you have acquired such products, or any ingredient, part or container, entering into, accompanying or containing such products.

The provisions of this coverage extension do not apply unless the written contract or written agreement has been executed (executed means signed by the named insured) prior to the "bodily injury" or "property damage".

Incidental Malpractice

Subparagraph **2.a.(1)(d)** under **SECTION II - WHO IS AN INSURED** is deleted in its entirety and replaced with the following:

- (d)** Arising out of his or her providing or failing to provide professional health care services. This does not apply to nurses, emergency medical technicians or paramedics if you are not in the business or occupation of providing any such professional services.

This provision does not apply if you are a Social Service or Senior Living risk.

SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS - Amendments

Knowledge Of Occurrence, Claim, Suit Or Loss

The following is added to Paragraph **2. Duties in the Event of Occurrence, Offense, Claim or Suit** under **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**:

The requirements under this paragraph do not apply until after the "occurrence" or offense is known to:

1. You, if you are an individual;
2. A partner, if you are a partnership;
3. An "executive officer" or insurance manager, if you are a corporation;
4. Your members, managers or insurance manager, if you are a limited liability company; or
5. Your elected or appointed officials, officers, members, trustees, board members, commission members, agency members, or your administrator or your insurance manager if you are an organization other than a partnership, joint venture, or limited liability company.

Primary and Non-Contributory Provision

The following is added to Paragraph **4. Other Insurance, b. Excess Insurance** under **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**:

This insurance shall be excess with respect to any person or organization included as an additional insured under this policy, any other insurance that person or organization has shall be primary with respect to this insurance, unless:

- (1) The additional insured is a Named Insured under such other insurance;
- (2) You have agreed in a written contract, written agreement or written permit to include that additional insured on your General Liability policy on a primary and/or non-contributory basis; and
- (3) The written contract or written agreement has been executed (executed means signed by the named insured) or written permit issued prior to the "bodily injury" or "property damage" or "personal and advertising injury".

Unintentional Failure To Disclose Hazards

The following is added to Paragraph **6. Representations** under **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**:

However, if you should unintentionally fail to disclose any existing hazards in your representations to us at the inception date of the policy, or during the policy period in connection with any additional hazards, we shall not deny coverage under this Coverage Part based upon such failure to disclose hazards.

Waiver Of Transfer Of Rights Of Recovery

The following is added to Paragraph **8. Transfer of Rights Of Recovery Against Others To Us** under **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**:

We will waive any right of recovery we may have against a person or organization because of payments we make for "bodily injury" or "property damage" arising out of your ongoing operations or "your work" done under a written contract or written agreement and included in the "products-completed operations hazard", if:

1. You have agreed to waive any right of recovery against that person or organization in a written contract or written agreement;
2. Such person or organization is an additional insured on your policy; or
3. You have assumed the liability of that person or organization in that same contract, and it is an "insured contract".

The section above only applies to that person or organization identified above, and only if the "bodily injury" or "property damage" occurs subsequent to the execution of the written contract or written agreement.

Liberalization

The following condition is added to **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**:

If we revise this Coverage Part to provide more coverage without additional premium charge, subject to our filed company rules, your policy will automatically provide the additional coverage as of the day the revision is effective in your state.

Non-Accumulation Of Limits

(This provision is not Applicable in the state of New York or Wisconsin).

The following condition is added to **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**:

If you have other insurance provided by us or one of our affiliates that will respond to a claim or "suit" also covered under this coverage, the maximum limit of insurance under all collectible insurance shall not exceed the highest applicable limit under any one of the other coverage part(s), form(s) or policy(ies).

SECTION V - DEFINITIONS

Discrimination

(This provision does not apply in New York).

- A. The following is added to Definition 14. "Personal and advertising injury":

"Personal and advertising injury" also means "discrimination" that results in injury to the feelings or reputation of a natural person, however only if such "discrimination" or humiliation is:

1. Not done by or at the direction of:
 - a. The insured; or
 - b. Anyone considered an insured under **SECTION II - WHO IS AN INSURED;**
2. Not done intentionally to cause harm to another person.
3. Not directly or indirectly related to the employment, prospective employment or termination of employment of any person or persons by any insured.
4. Not arising out of any "advertisement" by the insured.

- B. The following definition is added to **SECTION V - DEFINITIONS:**

"Discrimination" means:

- a. Any act or conduct that would be considered discrimination under any applicable federal, state, or local statute, ordinance or law;
- b. Any act or conduct that results in disparate treatment of, or has disparate impact on, a person, because of that person's race, religion, gender, sexual orientation, age, disability or physical impairment; or
- c. Any act or conduct characterized or interpreted as discrimination by a person based on that person's race, religion, gender, sexual orientation, age, disability or physical impairment.

It does not include acts or conduct characterized or interpreted as sexual intimidation or sexual harassment, or intimidation or harassment based on a person's gender.

Electronic Data

The following definition is added to **SECTION V - DEFINITIONS:**

"Electronic data" means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMS, tapes, drives, cell, data processing devices or any other media which are used with electronically controlled equipment.

For the purpose of the Electronic Data Liability coverage provided by this endorsement, Definition 17. "Property damage" is deleted in its entirety and replaced by the following:

17. "Property damage" means:

- a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
- b. Loss of, loss of use of, damage to, corruption of, inability to access, or inability to properly manipulate "electronic data", resulting from physical injury to tangible property. All such loss of "electronic data" shall be deemed to occur at the time of the "occurrence" that caused it.

For the purpose of the Electronic Data Liability coverage provided by this endorsement, "electronic data" is not tangible property.

Employee Amendment

Definition 5. "Employee" under **SECTION V - DEFINITIONS** is deleted in its entirety and replaced by the following:

5. "Employee" includes a "leased worker", or a "temporary worker". If you are a School, "Employee" also includes a student teacher.

Golfing Facility

The following definition is added to **SECTION V - DEFINITIONS:**

"Golfing facility" means a golf course, golf club, driving range, or miniature golf course.

Mental Anguish Amendment

(This provision does not apply in New York).

Definition 3. "Bodily injury" under **SECTION V - DEFINITIONS** is deleted in its entirety and replaced with the following:

3. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time. This includes mental anguish resulting from any bodily injury, sickness or disease sustained by a person. (In New York, mental anguish has been determined to be "bodily injury").

Not-for-profit Member

The following definition is added to **SECTION V - DEFINITIONS:**

"Not-for-profit member" means a person who is a member of a not-for-profit organization, including clubs and churches, who receives no financial or other compensation.

ElitePac® Commercial Automobile Extension

COMMERCIAL AUTO
CA 78 09 01 16

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE FORM

With respect to coverage provided by this endorsement, the provisions of the Business Auto Coverage Form apply unless modified by the endorsement.

AMENDMENTS TO SECTION II - LIABILITY COVERAGE

If this policy provides Auto Liability coverage for Owned Autos, the following extensions are applicable accordingly:

NEWLY ACQUIRED OR FORMED ORGANIZATIONS

The following is added to **SECTION II, A.1. - Who Is An Insured**:

Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no similar insurance available to that organization. However:

1. Coverage under this provision is afforded only until the 180th day after you acquire or form the organization or the end of the policy period, whichever is earlier;
2. Coverage does not apply to "bodily injury" or "property damage" resulting from an "accident" that occurred before you acquired or formed the organization.

No person or organization is an "insured" with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.

LIMITED LIABILITY COMPANIES

The following is added to **SECTION II, A.1. - Who Is An Insured**:

If you are a limited liability company, your members and managers are "insureds" while using a covered "auto" you don't own, hire or borrow during the course of their duties for you.

EMPLOYEES AS INSURED

If this policy provides Auto Liability coverage for Non-Owned Autos, the following is added to **SECTION II, A.1. - Who Is An Insured**:

Any "employee" of yours is an "insured" while using a covered "auto" you don't own, hire or borrow in your business or your personal affairs.

An "employee" of yours is an "insured" while operating an "auto" hired or rented under a contract or agreement in that "employee's" name with your permission, while performing duties related to the conduct of your business.

BLANKET ADDITIONAL INSURED

The following is added to **SECTION II, A.1. - Who Is An Insured**:

Any person or organization with whom you agreed in a written contract, written agreement or written permit to add as an additional "insured" on your policy is an additional "insured". Such person or organization is an additional "insured" only with respect to your ownership, maintenance or use of a covered "auto". This coverage shall be primary and non-contributory with respect to the additional "insured". This provision only applies if:

1. It is required in the written contract, written agreement or written permit identified in this section;
2. It is permitted by law; and
3. The written contract or written agreement has been executed or written permit issued prior to the "bodily injury" or "property damage".

EXPENSES FOR BAIL BONDS AND LOSS OF EARNINGS

Paragraphs (2) and (4) of **SECTION II, A.2.a. - Supplementary Payments** are deleted in their entirety and replaced with the following:

- (2) Up to the Limit of Insurance shown on the ElitePac Schedule for the cost of bail bonds (including bonds for related traffic law violations) required because of an "accident" covered under this policy. We do not have to furnish these bonds.
- (4) All reasonable expenses incurred by the "insured" at our request. This includes actual loss of earnings because of time off from work, which we will pay up to the Limit of Insurance shown on the ElitePac Schedule.

EMPLOYEE INDEMNIFICATION AND EMPLOYER'S LIABILITY AMENDMENT

The following is added to **SECTION II, B.4. - Exclusions:**

This exclusion does not apply to a "volunteer worker" who is not entitled to workers compensation, disability or unemployment compensation benefits.

FELLOW EMPLOYEE COVERAGE

The **Fellow Employee** Exclusion, **SECTION II, B.5. -** is deleted in its entirety.

CARE, CUSTODY OR CONTROL AMENDMENT

The following is added to **SECTION II, B.6. - Exclusions:**

This exclusion does not apply to property owned by anyone other than an "insured", subject to the following:

1. The most we will pay under this exception for any one "accident" is the Limit of Insurance stated in the ElitePac Schedule; and
2. A per "accident" deductible as stated in the ElitePac Schedule applies to this exception.

AMENDMENTS TO SECTION III - PHYSICAL DAMAGE COVERAGE

If this policy provides Comprehensive, Specified Causes of Loss or Collision coverage, the following extensions are applicable for those "autos" for which Comprehensive, Specified Causes of Loss or Collision coverage is purchased:

TOWING AND LABOR

SECTION III, A.2. - Towing is deleted in its entirety and replaced with the following:

We will pay all reasonable towing and labor costs up to the maximum Limit of Insurance shown on the ElitePac Schedule per tow each time a covered "Private Passenger Auto", "Social Service Van or Bus" or "Light Truck" is disabled and up to the maximum Limit of Insurance per tow each time a covered "Medium Truck", "Heavy Truck" or "Extra Heavy Truck" is disabled.

For labor charges to be eligible for reimbursement the labor must be performed at the place of disablement.

This coverage extension does not apply to Emergency Services Organizations and Governmental Entities.

GLASS BREAKAGE DEDUCTIBLE

The following is added to **SECTION III, A.3. - Glass Breakage - Hitting A Bird Or Animal - Falling Objects or Missiles:**

If damaged glass is repaired rather than replaced, no deductible will apply for such repair. This extension does not apply to Emergency Services Organizations and Governmental Entities.

ADDITIONAL TRANSPORTATION EXPENSES

SECTION III, A.4.a. - Transportation Expenses is deleted in its entirety and replaced with the following:

We will pay up to the maximum Limit of Insurance shown on the ElitePac Schedule for temporary transportation expenses that you incur because of any "loss" to a covered "auto", but only if the covered "auto" carries the coverages and meets the requirements described in **1. or 2.** below:

1. We will pay temporary transportation expenses for total theft of a covered "auto". We will only pay for such expenses incurred during the period beginning 24 hours after the theft and ending, regardless of the policy's expiration, when the covered "auto" is returned to use or we pay for its "loss".
2. For "loss" other than total theft of a covered "auto" under Comprehensive or Specified Causes of Loss Coverage, or for any "loss" under Collision Coverage to a covered "auto", we will only pay for those temporary transportation expenses incurred during the policy period beginning 24 hours after the "loss" and ending, regardless of the policy's expiration, with the lesser of the number of days reasonably required to repair or replace the covered "auto" or 30 days.

Paragraph **2.** of this extension does not apply while there are spare or reserve "autos" available to you for your operations.

This coverage extension does not apply to Emergency Services Organizations and Governmental Entities.

HIRED AUTO PHYSICAL DAMAGE COVERAGE

The following is added to **SECTION III, A.4. - Coverage Extensions:**

Physical Damage coverage is hereby extended to apply to Physical Damage "loss" to "autos" leased, hired, rented or borrowed without a driver. We will provide coverage equal to the broadest coverage available to any covered "auto" shown in the Declarations. But, the most we will pay for "loss" to each "auto" under this coverage extension is the lesser of:

1. The Limit of Insurance stated in the ElitePac Schedule; or
2. The actual cash value of the damaged or stolen property as of the time of the "loss"; or
3. The actual cost of repairing or replacing the damaged or stolen property with other property of like kind and quality. A part is of like kind and quality when it is of equal or better condition than the pre-accident part. We will use the original equipment from the manufacturer when:

- (a) The operational safety of the vehicle might otherwise be impaired;
- (b) Reasonable and diligent efforts to locate the appropriate rebuilt, aftermarket or used part have been unsuccessful; or
- (c) A new original equipment part of like kind and quality is available and will result in the lowest overall repair cost.

For each leased, hired, rented or borrowed "auto" our obligation to pay "losses" will be reduced by a deductible equal to the highest deductible applicable to any owned "auto" for that coverage. No deductible will be applied to "losses" caused by fire or lightning.

SECTION IV, B.5. Other Insurance Condition, Paragraph 5.b. is deleted in its entirety and replaced by the following:

For Hired Auto Physical Damage Coverage, the following are deemed to be covered "autos" you own:

- 1. Any covered "auto" you lease, hire, rent, or borrow; and
- 2. Any covered "auto" hired or rented by your "employee" under a contract or agreement in that "employee's" name, with your permission, while performing duties related to the conduct of your business.

However, any "auto" that is leased, hired, rented or borrowed with a driver is not a covered "auto".

This coverage extension does not apply to Emergency Services Organizations and Governmental Entities.

HIRED AUTO LOSS OF USE COVERAGE

The following is added to **SECTION III, A.4. - Coverage Extensions:**

We will pay expenses for which you are legally responsible to pay up to the Limit of Insurance shown on the ElitePac Schedule per "accident" for loss of use of a leased, hired, rented or borrowed "auto" if it results from an "accident".

This coverage extension does not apply to Emergency Services Organizations, Governmental Entities, and Schools.

AUTO LOAN/LEASE GAP COVERAGE (Not Applicable in New York)

The following is added to **SECTION III, A.4. - Coverage Extensions:**

In the event of a total "loss" to a covered "auto" we will pay any unpaid amount due on the lease or loan for a covered "auto", less:

- 1. The amount paid under the Physical Damage Coverage Section of the policy; and

- 2. Any:
 - a. Overdue lease/loan payments at the time of "loss";
 - b. Financial penalties imposed under a lease for excessive use, abnormal wear and tear, high mileage or similar charges;
 - c. Security deposits not refunded by the lessor or financial institution;
 - d. Costs for extended warranties, credit life, health, accident, or disability insurance purchased with the loan or lease; and
 - e. Carry-over balances from previous leases or loans.

You are responsible for the deductible applicable to the "loss" for the covered "auto".

This extension only applies if the lessor or financial institution is an additional "insured" under this Coverage Form.

PERSONAL EFFECTS

The following is added to **SECTION III, A.4. - Coverage Extensions:**

If this policy provides Comprehensive Coverage for a covered "auto" you own and that covered "auto" is stolen, we will pay up to the Limit of Insurance shown on the ElitePac Schedule, without application of a deductible, for lost personal effects that were in the covered "auto" at the time of theft. Personal effects do not include jewelry, tools, money, or securities. This coverage is excess over any other collectible insurance.

AIRBAG COVERAGE

The following is added to **SECTION III, B.3.a. - Exclusions:**

Mechanical breakdown does not include the accidental discharge of an airbag.

This coverage extension does not apply to Emergency Services Organizations and Governmental Entities.

EXPANDED AUDIO, VISUAL, AND DATA ELECTRONIC EQUIPMENT COVERAGE

SECTION III, B.4. - Exclusions

This exclusion does not apply to the following:

- 1. Global positioning systems;
- 2. "Telematic devices"; or
- 3. Electronic equipment that reproduces, receives or transmits visual or data signals and accessories used with such equipment, provided such equipment is:
 - a. Permanently installed in or upon the covered "auto" at the time of the "loss";
 - b. Removable from a housing unit that is permanently installed in the covered "auto" at the time of the "loss";

- c. Designed to be solely operated by use of power from the "auto's" electrical system; or
- d. Designed to be used solely in or upon the covered "auto".

For each covered "loss" to such equipment, a deductible of \$50 shall apply, unless the deductible otherwise applicable to such equipment is less than \$50, at which point the lower deductible, if any, will apply.

COMPREHENSIVE DEDUCTIBLE - LOCATION TRACKING DEVICE

The following is added to **SECTION III, D. - Deductible:**

Any Comprehensive Coverage Deductible shown in the Declarations will be reduced by 50% for any "loss" caused by theft if the covered "auto" is equipped with a location tracking device and that device was the sole method used to recover the "auto".

PHYSICAL DAMAGE LIMIT OF INSURANCE

SECTION III, C. - Limit Of Insurance is deleted in its entirety and replaced with the following:

The most we will pay for a "loss" in any one "accident" is the lesser of:

1. The actual cash value of the damaged or stolen property as of the time of the "loss"; or
2. The cost of repairing or replacing the damaged or stolen property with other property of like kind and quality.

This coverage extension does not apply to Emergency Services Organizations and Governmental Entities.

AMENDMENTS TO SECTION IV - BUSINESS AUTO CONDITIONS

DUTIES IN THE EVENT OF ACCIDENT, CLAIM, SUIT OR LOSS

The following is added to **SECTION IV, A.2.a. - Duties In The Event Of Accident, Claim, Suit Or Loss:**

The notice requirements for reporting "accident" claim, "suit" or "loss" information to us, including provisions related to the subsequent investigation of such "accident", claim, "suit" or "loss" do not apply until the "accident", claim, "suit" or "loss" is known to:

1. You, if you are an individual;
2. A partner, if you are a partnership;
3. An executive officer or insurance manager, if you are a corporation;
4. Your members, managers or insurance manager, if you are a limited liability company;

5. Your elected or appointed officials, trustees, board members or your insurance manager, if you are an organization other than a partnership, joint venture or limited liability company.

But, this section does not amend the provisions relating to notification of police or protection or examination of the property that was subject to the "loss".

WAIVER OF SUBROGATION

SECTION IV, A.5. - Transfer Of Rights Of Recovery Against Others To Us is deleted in its entirety and replaced with the following:

We waive any right of recovery we may have against any person or organization because of payments we make for "bodily injury" or "property damage" resulting from the ownership, maintenance or use of a covered "auto" but only when you have assumed liability for such "bodily injury" or "property damage" in an "insured contract". In all other circumstances, if a person or organization to or for whom we make payment under this Coverage Form has rights to recover damages from another, those rights are transferred to us.

MULTIPLE DEDUCTIBLES

The following is added to **SECTION IV, A. - Loss Conditions:**

If a "loss" from one event involves two or more covered "autos" and coverage under Comprehensive or Specified Causes of Loss applies, only the highest applicable deductible will be applied.

CONCEALMENT, MISREPRESENTATION OR FRAUD

The following is added to **SECTION IV, B.2. - Concealment, Misrepresentation Or Fraud:**

If you should unintentionally fail to disclose any existing hazards in your representations to us prior to the inception date of the policy or during the policy period in connection with any newly discovered hazards, we will not deny coverage under this Coverage Form based upon such failure.

POLICY PERIOD, COVERAGE TERRITORY

SECTION IV, B.7. - Policy Period, Coverage Territory is deleted in its entirety and replaced with the following:

Under this Coverage Form, we cover "accidents" and "losses" occurring:

- a. During the policy period shown in the Declarations; and
- b. Within the "Coverage Territory".

We also cover "loss" to or "accidents" involving a covered "auto" while being transported between any of these places.

TWO OR MORE COVERAGE FORMS OR POLICIES ISSUED BY US - DEDUCTIBLES

The following is added to **SECTION IV, B.8. - Two Or More Coverage Forms Or Policies Issued By Us:**

If a "loss" covered under this Coverage Form also involves a "loss" to other property resulting from the same "accident" that is covered under this policy or another policy issued by us or any member company of ours, only the highest applicable deductible will be applied.

AMENDMENTS TO SECTION V - DEFINITIONS

BODILY INJURY INCLUDING MENTAL ANGUISH (Not Applicable in New York)

The definition of bodily injury is deleted in its entirety and replaced by the following:

"Bodily injury" means bodily injury, sickness, or disease sustained by a person, including death resulting from any of these. "Bodily injury" includes mental anguish resulting from bodily injury, sickness or disease sustained by a person.

ADDITIONS TO SECTION V - DEFINITIONS

COVERAGE TERRITORY

"Coverage Territory" means:

1. The United States of America (including its territories and possessions), Canada and Puerto Rico; and
2. Anywhere in the world, except for any country or jurisdiction that is subject to trade or other economic sanction or embargo by the United States of America, if a covered "auto" is leased, hired, rented, or borrowed without a driver for a period of 30 days or less, and the insured's responsibility to pay "damages" is determined in a "suit" on the merits in and under the substantive law of the United States of America (including its territories and possessions), Puerto Rico, or Canada, or in a settlement we agree to.

If we are prevented by law, or otherwise, from defending the "insured" in a "suit" brought in a location described in Paragraph 2. above, the insured will conduct a defense of that "suit". We will reimburse the "insured" for the reasonable and necessary expenses incurred for the defense of any such "suit" seeking damages to which this insurance applies, and that we would have paid had we been able to exercise our right and duty to defend.

EXTRA HEAVY TRUCK

"Extra Heavy Truck" means a truck with a gross vehicle weight rating of 45,001 pounds or more.

HEAVY TRUCK

"Heavy Truck" means a truck with a gross vehicle weight rating of 20,001 pounds to 45,000 pounds.

LIGHT TRUCK

"Light Truck" means a truck with a gross vehicle weight rating of 10,000 pounds or less.

MEDIUM TRUCK

"Medium Truck" means a truck with a gross vehicle weight rating of 10,001 pounds to 20,000 pounds.

PRIVATE PASSENGER AUTO

"Private Passenger Auto" means a four-wheel "auto" of the private passenger or station wagon type. A pickup, panel truck or van not used for business is included within the definition of a "private passenger auto".

SOCIAL SERVICE VAN OR BUS

"Social Service Van or Bus" means a van or bus used by a government entity, civic, charitable or social service organization to provide transportation to clients incidental to the social services sponsored by the organization, including special trips and outings.

TELEMATIC DEVICE

"Telematic Device" includes devices designed for the collection and dissemination of data for the purpose of monitoring vehicle and/or driver performance. This includes Global Positioning System technology, wireless safety communications and automatic driving assistance systems, all integrated with computers and mobile communications technology in automotive navigation systems.

VOLUNTEER WORKER

"Volunteer worker" means a person who performs business duties for you, for no financial or other compensation.

ElitePac® Commercial Automobile Extension

COMMERCIAL AUTO
CA 78 16 01 16

SCHEDULE OF COVERAGE EXTENSIONS AND LIMITS OF INSURANCE

This ElitePac Schedule is a summary of additional coverages, coverage modifications and corresponding Limits of Insurance that supplements the Business Auto Coverage Form. No coverage is provided by this summary. Refer to the actual endorsement for changes affecting your insurance protection.

DESCRIPTION	
AMENDMENTS TO SECTION II - LIABILITY COVERAGE	
Newly Acquired Or Formed Organizations	Coverage Extension
Limited Liability Companies	Coverage Extension
Employees As Insureds	Coverage Extension
Blanket Additional Insureds	Coverage Extension
Expenses For Bail Bonds And Loss Of Earnings	
Bail Bonds	\$3,000 Per "Accident"
Loss Of Earnings	\$1,000 Per Day
Employee Indemnification and Employer's Liability Amendment	Coverage Extension
Fellow Employee Coverage	Coverage Extension
Care, Custody Or Control Amendment	\$1,000 per "Accident"; \$500 Deductible Per "Accident"
AMENDMENTS TO SECTION III - PHYSICAL DAMAGE COVERAGE	
Towing And Labor	Coverage Extension
Private Passenger Auto, Social Service Van or Bus, Light Truck Medium, Heavy and Extra Heavy Trucks	\$75 Per Tow \$150 Per Tow
Glass Breakage Deductible	Coverage Extension
Additional Transportation Expenses	\$60 per day up to a maximum of \$1,800
Hired Auto Physical Damage Coverage	\$75,000 per "loss"
Hired Auto Loss of Use Coverage	\$750 Per "Accident"
Auto Loan/Lease Gap Coverage (Not Available in New York)	Coverage Extension
Personal Effects	\$500 Per "Accident"
Airbag Coverage	Coverage Extension
Expanded Audio, Visual, And Data Electronic Equipment Coverage	Coverage Extension
Comprehensive Deductible - Location Tracking Device	Coverage Extension
Physical Damage Limit Of Insurance	Coverage Extension

Contracting, Installation, Service and Repair General Liability Extended ElitePac® Endorsement

COMMERCIAL GENERAL LIABILITY
CG 79 88 01 16

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by the endorsement.

1. BLANKET ADDITIONAL INSUREDS

a. Ongoing Operations

SECTION II — WHO IS AN INSURED is amended to include as an additional insured any person or organization you have agreed in a written contract, written agreement, or written permit to add as an additional insured on your policy, but only with respect to liability arising out of your ongoing operations performed under that contract, agreement, or permit when that contract, agreement, or permit requires the additional insured be added with respect to liability arising out of your ongoing operations. If the written contract, written agreement, or written permit does not require that the additional insured be added with respect to liability arising out of your ongoing operations, then **SECTION II — WHO IS AN INSURED** is amended to include as an additional insured any person or organization you have agreed in a written contract, written agreement, or written permit to add as an additional insured on your policy, but only with respect to “bodily injury”, “property damage” or “personal and advertising injury” caused in whole or in part by your ongoing operations performed under that contract, agreement, or permit.

b. Completed Operations

SECTION II — WHO IS AN INSURED is amended to include as an additional insured any person or organization you have agreed in a written contract, written agreement, or written permit to add as an additional insured on your policy, but only with respect to their liability arising out of “your work” performed under that contract, agreement, or permit and included in the “products-completed operations hazard” when that contract, agreement, or permit requires the additional insured be added with respect to liability arising out of “your work” performed under that contract, agreement, or permit and included in the “products-completed

operations hazard”. If the written contract, written agreement, or written permit does not require that the additional insured be added with respect to liability arising out of “your work” performed under that contract, agreement, or permit and included in the “products-completed operations hazard”, then **SECTION II — WHO IS AN INSURED** is amended to include as an additional insured any person or organization you have agreed in a written contract, written agreement, or written permit to add as an additional insured on your policy, but only with respect to liability for “bodily injury”, “property damage” or “personal and advertising injury” caused, in whole or in part, by “your work” performed under that contract, agreement, or permit and included in the “products-completed operations hazard”.

c. The coverages provided in Paragraphs a. and b. do not apply unless the written contract or written agreement has been executed (executed means signed by the named insured) or written permit issued prior to the “bodily injury”, “property damage” or “personal and advertising injury”.

d. Exclusions

(1) With respect to the insurance afforded to additional insureds under a. **Ongoing Operations** the following is added to 2. **Exclusions** under **SECTION I — COVERAGE A — BODILY INJURY AND PROPERTY DAMAGE LIABILITY**:

This insurance does not apply to “bodily injury”, “property damage”, or “personal and advertising injury” occurring after:

(a) All work, including materials, parts or equipment furnished in connection with such work, on the project (other than service, maintenance or repairs) to be performed by or on behalf of the additional insured(s) at the site of the covered operations has been completed; or

(b) That portion of “your work” out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.

(2) With respect to the insurance afforded to these additional insureds under **a. Ongoing Operations** and **b. Completed Operations**, the following is added to **2. Exclusions** under **SECTION I — COVERAGE A — BODILY INJURY AND PROPERTY DAMAGE LIABILITY**:

This insurance does not apply to:

“Bodily injury”, “property damage”, or “personal and advertising injury” arising out of the rendering of, or the failure to render, any professional architectural, engineering or surveying services, including:

(a) The preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or

(b) Supervisory, inspection, architectural or engineering activities.

e. Conditions

With respect to the insurance afforded to these additional insureds under **a. Ongoing Operations** and **b. Completed Operations** the following is added to Paragraph **4. Other Insurance**, **a. Primary Insurance** under **SECTION IV — COMMERCIAL GENERAL LIABILITY CONDITIONS**:

This insurance is primary and will not contribute with any other insurance available to an additional insured under this coverage part provided that:

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

(2) You have agreed in a written contract, written agreement or written permit to include that additional insured on your General Liability policy on a primary and/or non-contributory basis.

2. PROPERTY DAMAGE CARE, CUSTODY OR CONTROL

The following is added to **Exclusion j.** under **SECTION I - COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY**:

Paragraphs (4) and (5) do not apply for the limited purpose of providing the coverage and sub-limits of liability as set forth below.

We will pay those sums that the insured becomes legally obligated to pay as damages arising out of “property damage” to:

(1) Personal property in the care, custody or control of the insured; and

(2) That particular part of real property on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations, if the “property damage” arises out of those operations.

The most we will pay under (1) and (2) above in any one “occurrence” or for all damages during any one policy period is a sub-limit of \$100,000.

These limits are included in and not in addition to the Limits of Insurance shown in the Declarations of the Commercial General Liability Policy.

Our right and duty to defend the insured against any “suit” for damages under (1) and (2) above ends when we have used up the applicable sub-limit of liability in the payment of judgments or settlements under it.

3. OTHER INSURANCE AMENDMENT — SUPPLEMENTAL COVERAGE FOR INSURED’S INVOLVEMENT IN A CONSOLIDATED (WRAP-UP) INSURANCE PROGRAM OR SIMILAR PROJECT

The following is added to **SECTION IV — COMMERCIAL GENERAL LIABILITY CONDITIONS**, Paragraph **4. Other Insurance b. Excess Insurance (1)(a)**:

(v) That is covered by a consolidated (wrap-up) or similar insurance program provided by the prime contractor/project manager or owner of the construction project in which you are involved for your ongoing operations or operations included within the “products-completed operations hazard”, unless such consolidated (wrap-up) or similar program is specifically excluded from coverage on this policy.

4. FELLOW EMPLOYEE EXTENSION

Under **SECTION II — WHO IS AN INSURED** Paragraphs **2.a.** and **2.a. (1)** are replaced by the following:

a. Your “volunteer workers” only while performing duties related to the conduct of your business, or your “employees”, other than either your “executive officers” (if you are an organization other than a partnership, joint venture, or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business. The Employers Liability exclusion (**SECTION I — COVERAGES; COVERAGE A, exclusion e.**) does not apply to this provision. However, none of these “employees” or “volunteer workers” are insureds for:

(1) “Bodily injury” or “personal and advertising injury”:

(a) Arising out of his or her providing or failing to provide professional health care services.

5. CONTRACTUAL LIABILITY (RAILROADS)

Definition 9. Insured Contract is amended as follows:

Paragraph **c.** is deleted in its entirety and replaced with the following:

Any easement or license agreement;

Paragraph **f.(1)** is deleted in its entirety.

6. CONTRACTUAL LIABILITY AMENDMENT — (PERSONAL AND ADVERTISING INJURY)

If it is required in a written contract, written agreement or written permit with the insured that any contractual liability exclusion for Personal Injury be removed from the policy, then Exclusion **e. Contractual Liability** under **COVERAGE B PERSONAL AND ADVERTISING INJURY, 2. Exclusions** is deleted in its entirety and replaced with the following:

e. Contractual Liability

“Personal and advertising Injury” for which the insured has assumed liability in a contract or agreement arising out of an “advertisement”. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement.

7. WAIVER OF GOVERNMENTAL IMMUNITY

We will waive, both in the adjustment of claims and in the defense of “suits” against the insured, any governmental immunity of the insured, unless the insured requests in writing that we not do so.

Waiver of immunity as a defense will not subject us to liability for any portion of a claim or judgment in excess of the applicable limit of insurance.

8. DAMAGE TO PREMISES RENTED TO YOU

The Limit of Insurance for Damage To Premises Rented To You is increased to \$1,000,000.

LIMITED COVERAGE — WORKSITE DAMAGES FORM C

COMMERCIAL GENERAL LIABILITY
CG 79 42 07 09

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies the insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE OF SUBLIMITS & DEDUCTIBLE:

Sublimits Available:

Sublimit available for liability coverage and clean-up coverage extended under this endorsement:

\$1,000,000 each "Occurrence" and in the aggregate.

Deductible Applicable:

Deductible for all coverage extended under this endorsement:

\$1,000 each "Occurrence."

1. Paragraph (1)(d) of Exclusion f. Pollution is deleted in its entirety and replaced as follows:

(d) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the "pollutants" are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor. However, this subparagraph does not apply to:

(i) "Bodily injury" or "property damage" arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the "bodily injury" or "property damage" arises out of the intentional discharge, dispersal or release of the fuels, lubricants or other operating fluids, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent that they be discharged, dispersed or released as part of the operations being performed by such insured, contractor or subcontractor;

(ii) "Bodily injury" or "property damage" sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations being performed by you or on your behalf by a contractor or subcontractor;

(iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire"; or

(iv) Subject to the deductible and only to the extent of the sublimit available for liability coverage and clean-up coverage set forth in this endorsement and solely with respect to Insureds covered by this endorsement pursuant to Paragraph 3. below, "bodily injury" or "property damage" at or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the "pollutants" were brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor.

2. Solely with respect to ongoing operations actually being performed by an Insured and solely with respect to Insureds covered by this endorsement pursuant to Paragraph 3. below, Paragraph (2) of Exclusion f. Pollution is deleted in its entirety and replaced as follows:

(2) Any loss, cost or expense arising out of any:

(a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants" except that subject to the deductible and only to the extent of the sublimit available for liability coverage and clean-up coverage set forth in this endorsement this exclusion shall not apply; or

(b) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants" except that subject to the deductible and only to the extent of the sublimit available for liability coverage and clean-up coverage set forth in this endorsement this exclusion shall not apply.

However, this paragraph does not apply to liability for damages because of "property damage" that the insured would have in the absence of such request, demand, order or statutory or regulatory requirement, or such claim or "suit" by or on behalf of a governmental authority.

3. Notwithstanding anything in this policy to the contrary, this endorsement shall not extend to any person or organization included as an additional insured by an endorsement to this policy.
4. All other terms and conditions of the policy remain unchanged.

WAIVER OF TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US — BLANKET BASIS

COMMERCIAL UMBRELLA LIABILITY
CXL 456 10 13

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COMMERCIAL UMBRELLA LIABILITY COVERAGE PART

The following is added to Paragraph **M. Transfer Of Rights Of Recovery Against Others To Us** under **SECTION IV — CONDITIONS**:

We will waive any right of recovery we may have against a person or organization because of payments we make for “bodily injury” or “property damage” arising out of “your work” done under a written contract or written agreement and included in the “products-completed operations hazard”. This waiver applies only if, in that same written contract or agreement, you have agreed:

1. To waive any right of recovery against that person or organization; or
2. To include such person or organization as an additional insured on an “underlying policy”; or
3. To assume the liability of that person or organization and that written contract or agreement qualifies as an insured contract; and
4. The “underlying insurance” contains a substantially similar waiver of recovery rights.

This endorsement applies only if the “bodily injury” or “property damage” occurs subsequent to all parties’ execution of the written contract or written agreement.

ElitePac® General Liability Extension Endorsement

COMMERCIAL GENERAL LIABILITY
CG 73 00 01 16

SUMMARY OF COVERAGES (including index)

This is a summary of the various additional coverages and coverage modifications provided by this endorsement. No coverage is provided by this summary. Refer to the actual endorsement (Pages 3-through-8) for changes affecting your insurance protection.

DESCRIPTION	PAGE FOUND
Additional Insureds - Primary and Non-Contributory Provision	Page 7
Blanket Additional Insureds - As Required By Contract	Page 6
Broad Form Vendors Coverage	Page 6
Damage To Premises Rented To You (Including Fire, Lightning or Explosion)	Page 3
Electronic Data Liability (\$100,000)	Page 4
Employee Definition Amended	Page 8
Employees As Insureds Modified	Page 5
Employer's Liability Exclusion Amended (Not applicable in New York)	Page 3
Incidental Malpractice Exclusion modified	Page 7
Knowledge of Occurrence, Claim, Suit or Loss	Page 7
Liberalization Clause	Page 7
Mental Anguish Amendment (Not applicable to New York)	Page 8
Newly Formed or Acquired Organizations	Page 5
Non-Accumulation Of Limits (Not applicable in New York or Wisconsin)	Page 7
Non-Owned Aircraft	Page 3
Non-Owned Watercraft (under 60 feet)	Page 3
Not-for-profit Members - as additional insureds	Page 5
Personal And Advertising Injury - Discrimination Amendment (Not applicable in New York)	Page 8
Products Amendment (Medical Payments)	Page 4
Supplementary Payments Amended - Bail Bonds (\$5,000) and Loss of Earnings (\$1,000)	Page 4
Unintentional Failure to Disclose Hazards	Page 7
Waiver of Transfer of Rights of Recovery (subrogation)	Page 7
When Two or More Coverage Parts of this Policy Apply to a Loss	Page 3

INSURED'S COPY

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ElitePac®
General Liability Extension Endorsement

COMMERCIAL GENERAL LIABILITY
CG 73 00 01 16

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies the insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

The **SECTIONS** of the Commercial General Liability Coverage Form identified in this endorsement will be amended as shown below. However, **if (a) two or more Coverage Parts of this policy, or (b) two or more forms or endorsements within the same Coverage Part apply to a loss**, only the broadest coverage of this policy will apply, unless specifically stated otherwise within the particular amendment covering that loss.

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by the endorsement.

COVERAGES - Amendments

SECTION I - COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY

EXCLUSIONS

Employer's Liability Amendment

(This provision is not applicable in the State of New York).

The following is added to Exclusion **e. Employer's Liability** under **COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY, 2. Exclusions**:

This exclusion also does not apply to any "temporary worker".

Non-Owned Aircraft, Auto or Watercraft

A. Paragraph **(2)** of Exclusion **g. Aircraft, Auto Or Watercraft** under **COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY, 2. Exclusions** is deleted in its entirety and replaced with the following:

(2) A watercraft you do not own that is:

- (a)** Less than 26 feet long and not being used to carry persons or property for a charge; or
- (b)** At least 26 feet, but less than 60 feet long, and not being used to carry persons or property for a charge. Any person is an insured who uses or is responsible for the use of such watercraft with your expressed or implied consent. However, if the insured has any other valid and collectible insurance for "bodily injury" or "property damage" that would be covered under this provision, or on any other basis, this coverage is then excess, and subject to Condition **4. Other Insurance, b. Excess Insurance** under **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**.

B. The following is added to Exclusion **g. Aircraft, Auto Or Watercraft** under **COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY, 2. Exclusions**:

This exclusion does not apply to:

- (6)** Any aircraft, not owned or operated by any insured, which is hired, chartered or loaned with a paid crew. However, if the insured has any other valid and collectible insurance for "bodily injury" or "property damage" that would be covered under this provision, or on any other basis, this coverage is then excess, and subject to Condition **4. Other Insurance, b. Excess Insurance** under **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**.

Damage To Premises Rented to You

A. The last paragraph of Paragraph **2. Exclusions** under **COVERAGE A BODILY INJURY AND PROPERTY DAMAGE** is deleted in its entirety and replaced with the following:

Exclusions **c. through n.** do not apply to damage by fire, lightning or explosion to premises rented to you or temporarily occupied by you with the permission of the owner. A separate limit of insurance applies to this coverage as described in **SECTION III - LIMITS OF INSURANCE**.

B. Paragraph 6. under **SECTION III - LIMITS OF INSURANCE** is deleted in its entirety and replaced with the following:

6. Subject to Paragraph 5. above, the most we will pay under **COVERAGE A** for damages because of "property damage" to any one premises, while rented to you, or in the case of damage caused by fire, lightning or explosion, while rented to you or temporarily occupied by you with permission of the owner, for all such damage caused by fire, lightning or explosion proximately caused by the same event, whether such damage results from fire, lightning or explosion or any combination of the three, is the amount shown in the Declarations for the Damage To Premises Rented To You Limit.

C. Paragraph a. of Definition 9. "Insured contract" under **SECTION V - DEFINITIONS** is deleted in its entirety and replaced with the following:

a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire, lightning or explosion to premises while rented to you or temporarily occupied by you with the permission of the owner is not an "insured contract";

Electronic Data Liability

A. Exclusion p. **Access or Disclosure Of Confidential Or Personal Information And Date-related Liability** under **COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY, 2. Exclusions** is deleted in its entirety and replaced by the following:

p. **Access or Disclosure Of Confidential Or Personal Information And Date-related Liability**

Damages arising out of:

- (1) Any access to or disclosure of any person's or organization's confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information or any other type of nonpublic information; or
- (2) The loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate "electronic data" that does not result from physical injury to tangible property.

This exclusion applies even if damages are claimed for notification costs, credit monitoring expenses, forensic expenses, public relations expenses or any other loss, cost or expense incurred by you or others arising out of that which is described in Paragraph (1) or (2) above.

B. The following paragraph is added to **SECTION III - LIMITS OF INSURANCE**:

Subject to 5. above, the most we will pay under **COVERAGE A** for "property damage" because of all loss of "electronic data" arising out of any one "occurrence" is a sub-limit of \$100,000.

SECTION I - COVERAGE C MEDICAL PAYMENTS EXCLUSIONS

Any Insured Amendment

Exclusion a. **Any Insured** under **COVERAGE C MEDICAL PAYMENTS, 2. Exclusions** is deleted in its entirety and replaced with the following:

a. **Any Insured**

To any insured.

This exclusion does not apply to:

- (1) "Not-for-profit members";
- (2) "Golfing facility" members who are not paid a fee, salary, or other compensation; or
- (3) "Volunteer workers".

This exclusion exception does not apply if **COVERAGE C MEDICAL PAYMENTS** is excluded by another endorsement to this Coverage Part.

Product Amendment

Exclusion f. **Products-Completed Operations Hazard** under **COVERAGE C MEDICAL PAYMENTS, 2. Exclusions** is deleted in its entirety and replaced with the following:

f. **Products-Completed Operations Hazard**

Included within the "products-completed operations hazard".

This exclusion does not apply to "your products" sold for use or consumption on your premises, while such products are still on your premises.

This exclusion exception, does not apply if **COVERAGE C MEDICAL PAYMENTS** is excluded by another endorsement to this Coverage Part.

SECTION I - SUPPLEMENTARY PAYMENTS - COVERAGES A AND B

Expenses For Bail Bonds And Loss Of Earnings

A. Subparagraph 1.b. under **SUPPLEMENTARY PAYMENTS - COVERAGES A AND B** is deleted in its entirety and replaced with the following:

b. Up to \$5,000 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.

B. Subparagraph 1.d. under **SUPPLEMENTARY PAYMENTS - COVERAGES A AND B** is deleted in its entirety and replaced with the following:

- d. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$1,000 a day because of time off from work.

SECTION II - WHO IS AN INSURED - Amendments

Not-for-Profit Organization Members

The following paragraph is added to **SECTION II - WHO IS AN INSURED**:

If you are an organization other than a partnership, joint venture, or a limited liability company, and you are a not-for-profit organization, the following are included as additional insureds:

1. Your officials;
2. Your trustees;
3. Your members;
4. Your board members;
5. Your commission members;
6. Your agency members;
7. Your insurance managers;
8. Your elective or appointed officers; and
9. Your "not-for-profit members".

However only with respect to their liability for your activities or activities they perform on your behalf.

Employees As Insureds Modified

- A. Subparagraph 2.a.(1)(a) under **SECTION II - WHO IS AN INSURED** does not apply to "bodily injury" to a "temporary worker" caused by a co-"employee" who is not a "temporary worker".
- B. Subparagraph 2.a.(2) under **SECTION II - WHO IS AN INSURED** does not apply to "property damage" to the property of a "temporary worker" or "volunteer worker" caused by a co-"employee" who is not a "temporary worker" or "volunteer worker".
- C. Subparagraph 2.a.(1)(d) under **SECTION II - WHO IS AN INSURED** does not apply to "bodily injury" caused by cardio-pulmonary resuscitation or first aid services administered by a co-"employee".

With respect to this provision only, Subparagraph (1) of Exclusion 2. e. **Employer's Liability** under **SECTION I - COVERAGES, COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY** does not apply.

Newly Formed Or Acquired Organizations

A. Subparagraph 3.a. under **SECTION II - WHO IS AN INSURED** is deleted in its entirety and replaced with the following:

- a. Coverage under this provision is afforded only until the 180th day after you acquire or form the organization or the end of the policy period, whichever is earlier. However, **COVERAGE A** does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization.

B. The following paragraph is added to **SECTION II - WHO IS AN INSURED**, Paragraph 3:

If you are engaged in the business of construction of dwellings three stories or less in height, or other buildings three stories or less in height and less than 25,000 square feet in area, you will also be an insured with respect to "your work" only, for the period of time described above, for your liability arising out of the conduct of any partnership or joint venture of which you are or were a member, even if that partnership or joint venture is not shown as a Named Insured. However, this provision only applies if you maintain or maintained an interest of at least fifty percent in that partnership or joint venture for the period of that partnership or joint venture.

This provision does not apply to any partnership or joint venture that has been dissolved or otherwise ceased to function for more than thirty-six months.

With respect to the insurance provided by this provision, **Newly Formed or Acquired Organizations**, the following is added to **SECTION IV - COMMERCIAL GENERAL LIABILITY**, Paragraph 4. **Other Insurance**, Subparagraph b. **Excess Insurance**:

The insurance provided by this provision, **Newly Formed or Acquired Organizations**, is excess over any other insurance available to the insured, whether primary, excess, contingent or on any other basis.

(All other provisions of this section remain unchanged).

Blanket Additional Insureds - As Required By Contract

A. Subject to the **Primary and Non-Contributory** provision set forth in this endorsement, **SECTION II - WHO IS AN INSURED** is amended to include as an additional insured any person or organization whom you have agreed in a written contract, written agreement or written permit that such person or organization be added as an additional insured on your policy. Such person or organization is an additional insured only with respect to liability for "bodily injury" or "property damage" or "personal and advertising injury" caused, in whole or in part, by:

1. Your ongoing operations, "your product", or premises owned or used by you;

With respect to the insurance afforded to these additional insureds, the following additional exclusion applies:

This insurance does not apply to:

"Bodily injury", "property damage" or "personal and advertising injury" arising out of the rendering of, or the failure to render, any professional architectural, engineering or surveying services by or for you, including:

- a. The preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; and
- b. Supervisory, inspection, architectural or engineering activities.

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage", or the offense which caused the "personal and advertising injury", involved the rendering of, or failure to render, any professional architectural, engineering or surveying services.

2. Your maintenance, operation or use of equipment, other than aircraft, "auto" or watercraft, rented or leased to you by such person or organization. A person or organization's status as an additional insured under this endorsement ends when their contract, or agreement with you for such rented or leased equipment ends. With respect to the insurance afforded to these additional insureds, this insurance does not apply to any "occurrence" which takes place after the rental agreement or equipment lease expires.

The provisions of this coverage extension do not apply unless the written contract or written agreement has been executed (executed means signed by the named insured) or written permit issued prior to the "bodily injury" or "property damage" or "personal and advertising injury".

Broad Form Vendors Coverage

Subject to the **Primary and Non-Contributory** provision set forth in this endorsement, **SECTION II - WHO IS AN INSURED** is amended to include as an additional insured any person or organization (referred to below as vendor) whom you have agreed in a written contract or written agreement to add as an additional insured on your policy. Such person or organization is an additional insured only with respect to "bodily injury" or "property damage" arising out of "your products" which are distributed or sold in the regular course of the vendor's business, however the insurance afforded the vendor does not apply to:

- a. "Bodily injury" or "property damage" for which the vendor is obligated to pay damages by reason of the assumption of liability in a contract or agreement; however this exclusion does not apply to liability for damages that the vendor would have in the absence of the contract or agreement;
- b. Any express warranty unauthorized by you;
- c. Any physical or chemical change in the product made intentionally by the vendor;
- d. Repackaging, unless unpacked solely for the purpose of inspection, demonstration, testing, or the substitution of parts under instructions from the manufacturer, and then repackaged in the original container;
- e. Any failure to make such inspections, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business in connection with the sale of the product; or
- f. Products which, after distribution or sale by you, have been labeled or re-labeled or used as a container, part of ingredient of any other thing or substance by or for the vendor; however this insurance does not apply to any insured person or organization, from who you have acquired such products, or any ingredient, part or container, entering into, accompanying or containing such products.

The provisions of this coverage extension do not apply unless the written contract or written agreement has been executed (executed means signed by the named insured) prior to the "bodily injury" or "property damage".

Incidental Malpractice

Subparagraph **2.a.(1)(d)** under **SECTION II - WHO IS AN INSURED** is deleted in its entirety and replaced with the following:

- (d) Arising out of his or her providing or failing to provide professional health care services. This does not apply to nurses, emergency medical technicians or paramedics if you are not in the business or occupation of providing any such professional services.

This provision does not apply if you are a Social Service or Senior Living risk.

SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS - Amendments

Knowledge Of Occurrence, Claim, Suit Or Loss

The following is added to Paragraph **2. Duties in the Event of Occurrence, Offense, Claim or Suit** under **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**:

The requirements under this paragraph do not apply until after the "occurrence" or offense is known to:

1. You, if you are an individual;
2. A partner, if you are a partnership;
3. An "executive officer" or insurance manager, if you are a corporation;
4. Your members, managers or insurance manager, if you are a limited liability company; or
5. Your elected or appointed officials, officers, members, trustees, board members, commission members, agency members, or your administrator or your insurance manager if you are an organization other than a partnership, joint venture, or limited liability company.

Primary and Non-Contributory Provision

The following is added to Paragraph **4. Other Insurance, b. Excess Insurance** under **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**:

This insurance shall be excess with respect to any person or organization included as an additional insured under this policy, any other insurance that person or organization has shall be primary with respect to this insurance, unless:

- (1) The additional insured is a Named Insured under such other insurance;
- (2) You have agreed in a written contract, written agreement or written permit to include that additional insured on your General Liability policy on a primary and/or non-contributory basis; and
- (3) The written contract or written agreement has been executed (executed means signed by the named insured) or written permit issued prior to the "bodily injury" or "property damage" or "personal and advertising injury".

Unintentional Failure To Disclose Hazards

The following is added to Paragraph **6. Representations** under **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**:

However, if you should unintentionally fail to disclose any existing hazards in your representations to us at the inception date of the policy, or during the policy period in connection with any additional hazards, we shall not deny coverage under this Coverage Part based upon such failure to disclose hazards.

Waiver Of Transfer Of Rights Of Recovery

The following is added to Paragraph **8. Transfer of Rights Of Recovery Against Others To Us** under **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**:

We will waive any right of recovery we may have against a person or organization because of payments we make for "bodily injury" or "property damage" arising out of your ongoing operations or "your work" done under a written contract or written agreement and included in the "products-completed operations hazard", if:

1. You have agreed to waive any right of recovery against that person or organization in a written contract or written agreement;
2. Such person or organization is an additional insured on your policy; or
3. You have assumed the liability of that person or organization in that same contract, and it is an "insured contract".

The section above only applies to that person or organization identified above, and only if the "bodily injury" or "property damage" occurs subsequent to the execution of the written contract or written agreement.

Liberalization

The following condition is added to **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**:

If we revise this Coverage Part to provide more coverage without additional premium charge, subject to our filed company rules, your policy will automatically provide the additional coverage as of the day the revision is effective in your state.

Non-Accumulation Of Limits

(This provision is not Applicable in the state of New York or Wisconsin).

The following condition is added to **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**:

If you have other insurance provided by us or one of our affiliates that will respond to a claim or "suit" also covered under this coverage, the maximum limit of insurance under all collectible insurance shall not exceed the highest applicable limit under any one of the other coverage part(s), form(s) or policy(ies).

SECTION V - DEFINITIONS

Discrimination

(This provision does not apply in New York).

- A. The following is added to Definition 14. "Personal and advertising injury":

"Personal and advertising injury" also means "discrimination" that results in injury to the feelings or reputation of a natural person, however only if such "discrimination" or humiliation is:

1. Not done by or at the direction of:
 - a. The insured; or
 - b. Anyone considered an insured under **SECTION II - WHO IS AN INSURED;**
2. Not done intentionally to cause harm to another person.
3. Not directly or indirectly related to the employment, prospective employment or termination of employment of any person or persons by any insured.
4. Not arising out of any "advertisement" by the insured.

- B. The following definition is added to **SECTION V - DEFINITIONS:**

"Discrimination" means:

- a. Any act or conduct that would be considered discrimination under any applicable federal, state, or local statute, ordinance or law;
- b. Any act or conduct that results in disparate treatment of, or has disparate impact on, a person, because of that person's race, religion, gender, sexual orientation, age, disability or physical impairment; or
- c. Any act or conduct characterized or interpreted as discrimination by a person based on that person's race, religion, gender, sexual orientation, age, disability or physical impairment.

It does not include acts or conduct characterized or interpreted as sexual intimidation or sexual harassment, or intimidation or harassment based on a person's gender.

Electronic Data

The following definition is added to **SECTION V - DEFINITIONS:**

"Electronic data" means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMS, tapes, drives, cell, data processing devices or any other media which are used with electronically controlled equipment.

For the purpose of the Electronic Data Liability coverage provided by this endorsement, Definition 17. "Property damage" is deleted in its entirety and replaced by the following:

17. "Property damage" means:

- a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
- b. Loss of, loss of use of, damage to, corruption of, inability to access, or inability to properly manipulate "electronic data", resulting from physical injury to tangible property. All such loss of "electronic data" shall be deemed to occur at the time of the "occurrence" that caused it.

For the purpose of the Electronic Data Liability coverage provided by this endorsement, "electronic data" is not tangible property.

Employee Amendment

Definition 5. "Employee" under **SECTION V - DEFINITIONS** is deleted in its entirety and replaced by the following:

5. "Employee" includes a "leased worker", or a "temporary worker". If you are a School, "Employee" also includes a student teacher.

Golfing Facility

The following definition is added to **SECTION V - DEFINITIONS:**

"Golfing facility" means a golf course, golf club, driving range, or miniature golf course.

Mental Anguish Amendment

(This provision does not apply in New York).

Definition 3. "Bodily injury" under **SECTION V - DEFINITIONS** is deleted in its entirety and replaced with the following:

3. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time. This includes mental anguish resulting from any bodily injury, sickness or disease sustained by a person. (In New York, mental anguish has been determined to be "bodily injury").

Not-for-profit Member

The following definition is added to **SECTION V - DEFINITIONS:**

"Not-for-profit member" means a person who is a member of a not-for-profit organization, including clubs and churches, who receives no financial or other compensation.

ElitePac® Commercial Automobile Extension

COMMERCIAL AUTO
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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE FORM

With respect to coverage provided by this endorsement, the provisions of the Business Auto Coverage Form apply unless modified by the endorsement.

AMENDMENTS TO SECTION II - LIABILITY COVERAGE

If this policy provides Auto Liability coverage for Owned Autos, the following extensions are applicable accordingly:

NEWLY ACQUIRED OR FORMED ORGANIZATIONS

The following is added to **SECTION II, A.1. - Who Is An Insured**:

Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no similar insurance available to that organization. However:

1. Coverage under this provision is afforded only until the 180th day after you acquire or form the organization or the end of the policy period, whichever is earlier;
2. Coverage does not apply to "bodily injury" or "property damage" resulting from an "accident" that occurred before you acquired or formed the organization.

No person or organization is an "insured" with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.

LIMITED LIABILITY COMPANIES

The following is added to **SECTION II, A.1. - Who Is An Insured**:

If you are a limited liability company, your members and managers are "insureds" while using a covered "auto" you don't own, hire or borrow during the course of their duties for you.

EMPLOYEES AS INSURED

If this policy provides Auto Liability coverage for Non-Owned Autos, the following is added to **SECTION II, A.1. - Who Is An Insured**:

Any "employee" of yours is an "insured" while using a covered "auto" you don't own, hire or borrow in your business or your personal affairs.

An "employee" of yours is an "insured" while operating an "auto" hired or rented under a contract or agreement in that "employee's" name with your permission, while performing duties related to the conduct of your business.

BLANKET ADDITIONAL INSURED

The following is added to **SECTION II, A.1. - Who Is An Insured**:

Any person or organization with whom you agreed in a written contract, written agreement or written permit to add as an additional "insured" on your policy is an additional "insured". Such person or organization is an additional "insured" only with respect to your ownership, maintenance or use of a covered "auto". This coverage shall be primary and non-contributory with respect to the additional "insured". This provision only applies if:

1. It is required in the written contract, written agreement or written permit identified in this section;
2. It is permitted by law; and
3. The written contract or written agreement has been executed or written permit issued prior to the "bodily injury" or "property damage".

EXPENSES FOR BAIL BONDS AND LOSS OF EARNINGS

Paragraphs (2) and (4) of **SECTION II, A.2.a. - Supplementary Payments** are deleted in their entirety and replaced with the following:

- (2) Up to the Limit of Insurance shown on the ElitePac Schedule for the cost of bail bonds (including bonds for related traffic law violations) required because of an "accident" covered under this policy. We do not have to furnish these bonds.
- (4) All reasonable expenses incurred by the "insured" at our request. This includes actual loss of earnings because of time off from work, which we will pay up to the Limit of Insurance shown on the ElitePac Schedule.

EMPLOYEE INDEMNIFICATION AND EMPLOYER'S LIABILITY AMENDMENT

The following is added to **SECTION II, B.4. - Exclusions:**

This exclusion does not apply to a "volunteer worker" who is not entitled to workers compensation, disability or unemployment compensation benefits.

FELLOW EMPLOYEE COVERAGE

The **Fellow Employee** Exclusion, **SECTION II, B.5. -** is deleted in its entirety.

CARE, CUSTODY OR CONTROL AMENDMENT

The following is added to **SECTION II, B.6. - Exclusions:**

This exclusion does not apply to property owned by anyone other than an "insured", subject to the following:

1. The most we will pay under this exception for any one "accident" is the Limit of Insurance stated in the ElitePac Schedule; and
2. A per "accident" deductible as stated in the ElitePac Schedule applies to this exception.

AMENDMENTS TO SECTION III - PHYSICAL DAMAGE COVERAGE

If this policy provides Comprehensive, Specified Causes of Loss or Collision coverage, the following extensions are applicable for those "autos" for which Comprehensive, Specified Causes of Loss or Collision coverage is purchased:

TOWING AND LABOR

SECTION III, A.2. - Towing is deleted in its entirety and replaced with the following:

We will pay all reasonable towing and labor costs up to the maximum Limit of Insurance shown on the ElitePac Schedule per tow each time a covered "Private Passenger Auto", "Social Service Van or Bus" or "Light Truck" is disabled and up to the maximum Limit of Insurance per tow each time a covered "Medium Truck", "Heavy Truck" or "Extra Heavy Truck" is disabled.

For labor charges to be eligible for reimbursement the labor must be performed at the place of disablement.

This coverage extension does not apply to Emergency Services Organizations and Governmental Entities.

GLASS BREAKAGE DEDUCTIBLE

The following is added to **SECTION III, A.3. - Glass Breakage - Hitting A Bird Or Animal - Falling Objects or Missiles:**

If damaged glass is repaired rather than replaced, no deductible will apply for such repair. This extension does not apply to Emergency Services Organizations and Governmental Entities.

ADDITIONAL TRANSPORTATION EXPENSES

SECTION III, A.4.a. - Transportation Expenses is deleted in its entirety and replaced with the following:

We will pay up to the maximum Limit of Insurance shown on the ElitePac Schedule for temporary transportation expenses that you incur because of any "loss" to a covered "auto", but only if the covered "auto" carries the coverages and meets the requirements described in **1. or 2.** below:

1. We will pay temporary transportation expenses for total theft of a covered "auto". We will only pay for such expenses incurred during the period beginning 24 hours after the theft and ending, regardless of the policy's expiration, when the covered "auto" is returned to use or we pay for its "loss".
2. For "loss" other than total theft of a covered "auto" under Comprehensive or Specified Causes of Loss Coverage, or for any "loss" under Collision Coverage to a covered "auto", we will only pay for those temporary transportation expenses incurred during the policy period beginning 24 hours after the "loss" and ending, regardless of the policy's expiration, with the lesser of the number of days reasonably required to repair or replace the covered "auto" or 30 days.

Paragraph **2.** of this extension does not apply while there are spare or reserve "autos" available to you for your operations.

This coverage extension does not apply to Emergency Services Organizations and Governmental Entities.

HIRED AUTO PHYSICAL DAMAGE COVERAGE

The following is added to **SECTION III, A.4. - Coverage Extensions:**

Physical Damage coverage is hereby extended to apply to Physical Damage "loss" to "autos" leased, hired, rented or borrowed without a driver. We will provide coverage equal to the broadest coverage available to any covered "auto" shown in the Declarations. But, the most we will pay for "loss" to each "auto" under this coverage extension is the lesser of:

1. The Limit of Insurance stated in the ElitePac Schedule; or
2. The actual cash value of the damaged or stolen property as of the time of the "loss"; or
3. The actual cost of repairing or replacing the damaged or stolen property with other property of like kind and quality. A part is of like kind and quality when it is of equal or better condition than the pre-accident part. We will use the original equipment from the manufacturer when:

- (a) The operational safety of the vehicle might otherwise be impaired;
- (b) Reasonable and diligent efforts to locate the appropriate rebuilt, aftermarket or used part have been unsuccessful; or
- (c) A new original equipment part of like kind and quality is available and will result in the lowest overall repair cost.

For each leased, hired, rented or borrowed "auto" our obligation to pay "losses" will be reduced by a deductible equal to the highest deductible applicable to any owned "auto" for that coverage. No deductible will be applied to "losses" caused by fire or lightning.

SECTION IV, B.5. Other Insurance Condition, Paragraph 5.b. is deleted in its entirety and replaced by the following:

For Hired Auto Physical Damage Coverage, the following are deemed to be covered "autos" you own:

- 1. Any covered "auto" you lease, hire, rent, or borrow; and
- 2. Any covered "auto" hired or rented by your "employee" under a contract or agreement in that "employee's" name, with your permission, while performing duties related to the conduct of your business.

However, any "auto" that is leased, hired, rented or borrowed with a driver is not a covered "auto".

This coverage extension does not apply to Emergency Services Organizations and Governmental Entities.

HIRED AUTO LOSS OF USE COVERAGE

The following is added to **SECTION III, A.4. - Coverage Extensions:**

We will pay expenses for which you are legally responsible to pay up to the Limit of Insurance shown on the ElitePac Schedule per "accident" for loss of use of a leased, hired, rented or borrowed "auto" if it results from an "accident".

This coverage extension does not apply to Emergency Services Organizations, Governmental Entities, and Schools.

AUTO LOAN/LEASE GAP COVERAGE (Not Applicable in New York)

The following is added to **SECTION III, A.4. - Coverage Extensions:**

In the event of a total "loss" to a covered "auto" we will pay any unpaid amount due on the lease or loan for a covered "auto", less:

- 1. The amount paid under the Physical Damage Coverage Section of the policy; and

- 2. Any:
 - a. Overdue lease/loan payments at the time of "loss";
 - b. Financial penalties imposed under a lease for excessive use, abnormal wear and tear, high mileage or similar charges;
 - c. Security deposits not refunded by the lessor or financial institution;
 - d. Costs for extended warranties, credit life, health, accident, or disability insurance purchased with the loan or lease; and
 - e. Carry-over balances from previous leases or loans.

You are responsible for the deductible applicable to the "loss" for the covered "auto".

This extension only applies if the lessor or financial institution is an additional "insured" under this Coverage Form.

PERSONAL EFFECTS

The following is added to **SECTION III, A.4. - Coverage Extensions:**

If this policy provides Comprehensive Coverage for a covered "auto" you own and that covered "auto" is stolen, we will pay up to the Limit of Insurance shown on the ElitePac Schedule, without application of a deductible, for lost personal effects that were in the covered "auto" at the time of theft. Personal effects do not include jewelry, tools, money, or securities. This coverage is excess over any other collectible insurance.

AIRBAG COVERAGE

The following is added to **SECTION III, B.3.a. - Exclusions:**

Mechanical breakdown does not include the accidental discharge of an airbag.

This coverage extension does not apply to Emergency Services Organizations and Governmental Entities.

EXPANDED AUDIO, VISUAL, AND DATA ELECTRONIC EQUIPMENT COVERAGE

SECTION III, B.4. - Exclusions

This exclusion does not apply to the following:

- 1. Global positioning systems;
- 2. "Telematic devices"; or
- 3. Electronic equipment that reproduces, receives or transmits visual or data signals and accessories used with such equipment, provided such equipment is:
 - a. Permanently installed in or upon the covered "auto" at the time of the "loss";
 - b. Removable from a housing unit that is permanently installed in the covered "auto" at the time of the "loss";

- c. Designed to be solely operated by use of power from the "auto's" electrical system; or
- d. Designed to be used solely in or upon the covered "auto".

For each covered "loss" to such equipment, a deductible of \$50 shall apply, unless the deductible otherwise applicable to such equipment is less than \$50, at which point the lower deductible, if any, will apply.

COMPREHENSIVE DEDUCTIBLE - LOCATION TRACKING DEVICE

The following is added to **SECTION III, D. - Deductible:**

Any Comprehensive Coverage Deductible shown in the Declarations will be reduced by 50% for any "loss" caused by theft if the covered "auto" is equipped with a location tracking device and that device was the sole method used to recover the "auto".

PHYSICAL DAMAGE LIMIT OF INSURANCE

SECTION III, C. - Limit Of Insurance is deleted in its entirety and replaced with the following:

The most we will pay for a "loss" in any one "accident" is the lesser of:

1. The actual cash value of the damaged or stolen property as of the time of the "loss"; or
2. The cost of repairing or replacing the damaged or stolen property with other property of like kind and quality.

This coverage extension does not apply to Emergency Services Organizations and Governmental Entities.

AMENDMENTS TO SECTION IV - BUSINESS AUTO CONDITIONS

DUTIES IN THE EVENT OF ACCIDENT, CLAIM, SUIT OR LOSS

The following is added to **SECTION IV, A.2.a. - Duties In The Event Of Accident, Claim, Suit Or Loss:**

The notice requirements for reporting "accident" claim, "suit" or "loss" information to us, including provisions related to the subsequent investigation of such "accident", claim, "suit" or "loss" do not apply until the "accident", claim, "suit" or "loss" is known to:

1. You, if you are an individual;
2. A partner, if you are a partnership;
3. An executive officer or insurance manager, if you are a corporation;
4. Your members, managers or insurance manager, if you are a limited liability company;

5. Your elected or appointed officials, trustees, board members or your insurance manager, if you are an organization other than a partnership, joint venture or limited liability company.

But, this section does not amend the provisions relating to notification of police or protection or examination of the property that was subject to the "loss".

WAIVER OF SUBROGATION

SECTION IV, A.5. - Transfer Of Rights Of Recovery Against Others To Us is deleted in its entirety and replaced with the following:

We waive any right of recovery we may have against any person or organization because of payments we make for "bodily injury" or "property damage" resulting from the ownership, maintenance or use of a covered "auto" but only when you have assumed liability for such "bodily injury" or "property damage" in an "insured contract". In all other circumstances, if a person or organization to or for whom we make payment under this Coverage Form has rights to recover damages from another, those rights are transferred to us.

MULTIPLE DEDUCTIBLES

The following is added to **SECTION IV, A. - Loss Conditions:**

If a "loss" from one event involves two or more covered "autos" and coverage under Comprehensive or Specified Causes of Loss applies, only the highest applicable deductible will be applied.

CONCEALMENT, MISREPRESENTATION OR FRAUD

The following is added to **SECTION IV, B.2. - Concealment, Misrepresentation Or Fraud:**

If you should unintentionally fail to disclose any existing hazards in your representations to us prior to the inception date of the policy or during the policy period in connection with any newly discovered hazards, we will not deny coverage under this Coverage Form based upon such failure.

POLICY PERIOD, COVERAGE TERRITORY

SECTION IV, B.7. - Policy Period, Coverage Territory is deleted in its entirety and replaced with the following:

Under this Coverage Form, we cover "accidents" and "losses" occurring:

- a. During the policy period shown in the Declarations; and
- b. Within the "Coverage Territory".

We also cover "loss" to or "accidents" involving a covered "auto" while being transported between any of these places.

TWO OR MORE COVERAGE FORMS OR POLICIES ISSUED BY US - DEDUCTIBLES

The following is added to **SECTION IV, B.8. - Two Or More Coverage Forms Or Policies Issued By Us:**

If a "loss" covered under this Coverage Form also involves a "loss" to other property resulting from the same "accident" that is covered under this policy or another policy issued by us or any member company of ours, only the highest applicable deductible will be applied.

AMENDMENTS TO SECTION V - DEFINITIONS

BODILY INJURY INCLUDING MENTAL ANGUISH (Not Applicable in New York)

The definition of bodily injury is deleted in its entirety and replaced by the following:

"Bodily injury" means bodily injury, sickness, or disease sustained by a person, including death resulting from any of these. "Bodily injury" includes mental anguish resulting from bodily injury, sickness or disease sustained by a person.

ADDITIONS TO SECTION V - DEFINITIONS

COVERAGE TERRITORY

"Coverage Territory" means:

1. The United States of America (including its territories and possessions), Canada and Puerto Rico; and
2. Anywhere in the world, except for any country or jurisdiction that is subject to trade or other economic sanction or embargo by the United States of America, if a covered "auto" is leased, hired, rented, or borrowed without a driver for a period of 30 days or less, and the insured's responsibility to pay "damages" is determined in a "suit" on the merits in and under the substantive law of the United States of America (including its territories and possessions), Puerto Rico, or Canada, or in a settlement we agree to.

If we are prevented by law, or otherwise, from defending the "insured" in a "suit" brought in a location described in Paragraph 2. above, the insured will conduct a defense of that "suit". We will reimburse the "insured" for the reasonable and necessary expenses incurred for the defense of any such "suit" seeking damages to which this insurance applies, and that we would have paid had we been able to exercise our right and duty to defend.

EXTRA HEAVY TRUCK

"Extra Heavy Truck" means a truck with a gross vehicle weight rating of 45,001 pounds or more.

HEAVY TRUCK

"Heavy Truck" means a truck with a gross vehicle weight rating of 20,001 pounds to 45,000 pounds.

LIGHT TRUCK

"Light Truck" means a truck with a gross vehicle weight rating of 10,000 pounds or less.

MEDIUM TRUCK

"Medium Truck" means a truck with a gross vehicle weight rating of 10,001 pounds to 20,000 pounds.

PRIVATE PASSENGER AUTO

"Private Passenger Auto" means a four-wheel "auto" of the private passenger or station wagon type. A pickup, panel truck or van not used for business is included within the definition of a "private passenger auto".

SOCIAL SERVICE VAN OR BUS

"Social Service Van or Bus" means a van or bus used by a government entity, civic, charitable or social service organization to provide transportation to clients incidental to the social services sponsored by the organization, including special trips and outings.

TELEMATIC DEVICE

"Telematic Device" includes devices designed for the collection and dissemination of data for the purpose of monitoring vehicle and/or driver performance. This includes Global Positioning System technology, wireless safety communications and automatic driving assistance systems, all integrated with computers and mobile communications technology in automotive navigation systems.

VOLUNTEER WORKER

"Volunteer worker" means a person who performs business duties for you, for no financial or other compensation.

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SCHEDULE OF COVERAGE EXTENSIONS AND LIMITS OF INSURANCE

This ElitePac Schedule is a summary of additional coverages, coverage modifications and corresponding Limits of Insurance that supplements the Business Auto Coverage Form. No coverage is provided by this summary. Refer to the actual endorsement for changes affecting your insurance protection.

DESCRIPTION	
AMENDMENTS TO SECTION II - LIABILITY COVERAGE	
Newly Acquired Or Formed Organizations	Coverage Extension
Limited Liability Companies	Coverage Extension
Employees As Insureds	Coverage Extension
Blanket Additional Insureds	Coverage Extension
Expenses For Bail Bonds And Loss Of Earnings	
Bail Bonds	\$3,000 Per "Accident"
Loss Of Earnings	\$1,000 Per Day
Employee Indemnification and Employer's Liability Amendment	Coverage Extension
Fellow Employee Coverage	Coverage Extension
Care, Custody Or Control Amendment	\$1,000 per "Accident"; \$500 Deductible Per "Accident"
AMENDMENTS TO SECTION III - PHYSICAL DAMAGE COVERAGE	
Towing And Labor	Coverage Extension
Private Passenger Auto, Social Service Van or Bus, Light Truck Medium, Heavy and Extra Heavy Trucks	\$75 Per Tow \$150 Per Tow
Glass Breakage Deductible	Coverage Extension
Additional Transportation Expenses	\$60 per day up to a maximum of \$1,800
Hired Auto Physical Damage Coverage	\$75,000 per "loss"
Hired Auto Loss of Use Coverage	\$750 Per "Accident"
Auto Loan/Lease Gap Coverage (Not Available in New York)	Coverage Extension
Personal Effects	\$500 Per "Accident"
Airbag Coverage	Coverage Extension
Expanded Audio, Visual, And Data Electronic Equipment Coverage	Coverage Extension
Comprehensive Deductible - Location Tracking Device	Coverage Extension
Physical Damage Limit Of Insurance	Coverage Extension

Contracting, Installation, Service and Repair General Liability Extended ElitePac® Endorsement

COMMERCIAL GENERAL LIABILITY
CG 79 88 01 16

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by the endorsement.

1. BLANKET ADDITIONAL INSUREDS

a. Ongoing Operations

SECTION II — WHO IS AN INSURED is amended to include as an additional insured any person or organization you have agreed in a written contract, written agreement, or written permit to add as an additional insured on your policy, but only with respect to liability arising out of your ongoing operations performed under that contract, agreement, or permit when that contract, agreement, or permit requires the additional insured be added with respect to liability arising out of your ongoing operations. If the written contract, written agreement, or written permit does not require that the additional insured be added with respect to liability arising out of your ongoing operations, then **SECTION II — WHO IS AN INSURED** is amended to include as an additional insured any person or organization you have agreed in a written contract, written agreement, or written permit to add as an additional insured on your policy, but only with respect to “bodily injury”, “property damage” or “personal and advertising injury” caused in whole or in part by your ongoing operations performed under that contract, agreement, or permit.

b. Completed Operations

SECTION II — WHO IS AN INSURED is amended to include as an additional insured any person or organization you have agreed in a written contract, written agreement, or written permit to add as an additional insured on your policy, but only with respect to their liability arising out of “your work” performed under that contract, agreement, or permit and included in the “products-completed operations hazard” when that contract, agreement, or permit requires the additional insured be added with respect to liability arising out of “your work” performed under that contract, agreement, or permit and included in the “products-completed

operations hazard”. If the written contract, written agreement, or written permit does not require that the additional insured be added with respect to liability arising out of “your work” performed under that contract, agreement, or permit and included in the “products-completed operations hazard”, then **SECTION II — WHO IS AN INSURED** is amended to include as an additional insured any person or organization you have agreed in a written contract, written agreement, or written permit to add as an additional insured on your policy, but only with respect to liability for “bodily injury”, “property damage” or “personal and advertising injury” caused, in whole or in part, by “your work” performed under that contract, agreement, or permit and included in the “products-completed operations hazard”.

c. The coverages provided in Paragraphs a. and b. do not apply unless the written contract or written agreement has been executed (executed means signed by the named insured) or written permit issued prior to the “bodily injury”, “property damage” or “personal and advertising injury”.

d. Exclusions

(1) With respect to the insurance afforded to additional insureds under a. **Ongoing Operations** the following is added to 2. **Exclusions** under **SECTION I — COVERAGE A — BODILY INJURY AND PROPERTY DAMAGE LIABILITY**:

This insurance does not apply to “bodily injury”, “property damage”, or “personal and advertising injury” occurring after:

(a) All work, including materials, parts or equipment furnished in connection with such work, on the project (other than service, maintenance or repairs) to be performed by or on behalf of the additional insured(s) at the site of the covered operations has been completed; or

(b) That portion of “your work” out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.

(2) With respect to the insurance afforded to these additional insureds under **a. Ongoing Operations** and **b. Completed Operations**, the following is added to **2. Exclusions** under **SECTION I — COVERAGE A — BODILY INJURY AND PROPERTY DAMAGE LIABILITY**:

This insurance does not apply to:

“Bodily injury”, “property damage”, or “personal and advertising injury” arising out of the rendering of, or the failure to render, any professional architectural, engineering or surveying services, including:

(a) The preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or

(b) Supervisory, inspection, architectural or engineering activities.

e. Conditions

With respect to the insurance afforded to these additional insureds under **a. Ongoing Operations** and **b. Completed Operations** the following is added to Paragraph **4. Other Insurance**, **a. Primary Insurance** under **SECTION IV — COMMERCIAL GENERAL LIABILITY CONDITIONS**:

This insurance is primary and will not contribute with any other insurance available to an additional insured under this coverage part provided that:

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

(2) You have agreed in a written contract, written agreement or written permit to include that additional insured on your General Liability policy on a primary and/or non-contributory basis.

2. PROPERTY DAMAGE CARE, CUSTODY OR CONTROL

The following is added to **Exclusion j.** under **SECTION I - COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY**:

Paragraphs (4) and (5) do not apply for the limited purpose of providing the coverage and sub-limits of liability as set forth below.

We will pay those sums that the insured becomes legally obligated to pay as damages arising out of “property damage” to:

(1) Personal property in the care, custody or control of the insured; and

(2) That particular part of real property on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations, if the “property damage” arises out of those operations.

The most we will pay under (1) and (2) above in any one “occurrence” or for all damages during any one policy period is a sub-limit of \$100,000.

These limits are included in and not in addition to the Limits of Insurance shown in the Declarations of the Commercial General Liability Policy.

Our right and duty to defend the insured against any “suit” for damages under (1) and (2) above ends when we have used up the applicable sub-limit of liability in the payment of judgments or settlements under it.

3. OTHER INSURANCE AMENDMENT — SUPPLEMENTAL COVERAGE FOR INSURED’S INVOLVEMENT IN A CONSOLIDATED (WRAP-UP) INSURANCE PROGRAM OR SIMILAR PROJECT

The following is added to **SECTION IV — COMMERCIAL GENERAL LIABILITY CONDITIONS**, Paragraph **4. Other Insurance b. Excess Insurance (1)(a)**:

(v) That is covered by a consolidated (wrap-up) or similar insurance program provided by the prime contractor/project manager or owner of the construction project in which you are involved for your ongoing operations or operations included within the “products-completed operations hazard”, unless such consolidated (wrap-up) or similar program is specifically excluded from coverage on this policy.

4. FELLOW EMPLOYEE EXTENSION

Under **SECTION II — WHO IS AN INSURED** Paragraphs **2.a.** and **2.a. (1)** are replaced by the following:

a. Your “volunteer workers” only while performing duties related to the conduct of your business, or your “employees”, other than either your “executive officers” (if you are an organization other than a partnership, joint venture, or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business. The Employers Liability exclusion (**SECTION I — COVERAGES; COVERAGE A, exclusion e.**) does not apply to this provision. However, none of these “employees” or “volunteer workers” are insureds for:

(1) “Bodily injury” or “personal and advertising injury”:

(a) Arising out of his or her providing or failing to provide professional health care services.

5. CONTRACTUAL LIABILITY (RAILROADS)

Definition 9. Insured Contract is amended as follows:

Paragraph **c.** is deleted in its entirety and replaced with the following:

Any easement or license agreement;

Paragraph **f.(1)** is deleted in its entirety.

6. CONTRACTUAL LIABILITY AMENDMENT — (PERSONAL AND ADVERTISING INJURY)

If it is required in a written contract, written agreement or written permit with the insured that any contractual liability exclusion for Personal Injury be removed from the policy, then Exclusion **e. Contractual Liability** under **COVERAGE B PERSONAL AND ADVERTISING INJURY, 2. Exclusions** is deleted in its entirety and replaced with the following:

e. Contractual Liability

“Personal and advertising Injury” for which the insured has assumed liability in a contract or agreement arising out of an “advertisement”. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement.

7. WAIVER OF GOVERNMENTAL IMMUNITY

We will waive, both in the adjustment of claims and in the defense of “suits” against the insured, any governmental immunity of the insured, unless the insured requests in writing that we not do so.

Waiver of immunity as a defense will not subject us to liability for any portion of a claim or judgment in excess of the applicable limit of insurance.

8. DAMAGE TO PREMISES RENTED TO YOU

The Limit of Insurance for Damage To Premises Rented To You is increased to \$1,000,000.

LIMITED COVERAGE — WORKSITE DAMAGES FORM C

COMMERCIAL GENERAL LIABILITY
CG 79 42 07 09

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies the insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE OF SUBLIMITS & DEDUCTIBLE:

Sublimits Available:

Sublimit available for liability coverage and clean-up coverage extended under this endorsement:

\$1,000,000 each "Occurrence" and in the aggregate.

Deductible Applicable:

Deductible for all coverage extended under this endorsement:

\$1,000 each "Occurrence."

1. Paragraph (1)(d) of Exclusion f. Pollution is deleted in its entirety and replaced as follows:

(d) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the "pollutants" are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor. However, this subparagraph does not apply to:

(i) "Bodily injury" or "property damage" arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the "bodily injury" or "property damage" arises out of the intentional discharge, dispersal or release of the fuels, lubricants or other operating fluids, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent that they be discharged, dispersed or released as part of the operations being performed by such insured, contractor or subcontractor;

(ii) "Bodily injury" or "property damage" sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations being performed by you or on your behalf by a contractor or subcontractor;

(iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire"; or

(iv) Subject to the deductible and only to the extent of the sublimit available for liability coverage and clean-up coverage set forth in this endorsement and solely with respect to Insureds covered by this endorsement pursuant to Paragraph 3. below, "bodily injury" or "property damage" at or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the "pollutants" were brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor.

2. Solely with respect to ongoing operations actually being performed by an Insured and solely with respect to Insureds covered by this endorsement pursuant to Paragraph 3. below, Paragraph (2) of Exclusion f. Pollution is deleted in its entirety and replaced as follows:

(2) Any loss, cost or expense arising out of any:

(a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants" except that subject to the deductible and only to the extent of the sublimit available for liability coverage and clean-up coverage set forth in this endorsement this exclusion shall not apply; or

(b) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants" except that subject to the deductible and only to the extent of the sublimit available for liability coverage and clean-up coverage set forth in this endorsement this exclusion shall not apply.

However, this paragraph does not apply to liability for damages because of "property damage" that the insured would have in the absence of such request, demand, order or statutory or regulatory requirement, or such claim or "suit" by or on behalf of a governmental authority.

3. Notwithstanding anything in this policy to the contrary, this endorsement shall not extend to any person or organization included as an additional insured by an endorsement to this policy.
4. All other terms and conditions of the policy remain unchanged.



Memo

To: Brad Gotshall

From: Amanda Zerbe

Date: October 2, 2020

Re: Kendale Oaks, Ph 3, Beaver Spring Road Dedication

Please find attached the roadway dedication packet for Kendale Oaks Ph 3.

All required inspections have been conducted and approved.

Staff recommends approval of the dedication of portions of Beaver Spring Road to the Township.

**LOWER PAXTON TOWNSHIP
BOARD OF SUPERVISORS**

RESOLUTION 20-28

A RESOLUTION OF THE BOARD OF SUPERVISORS OF LOWER PAXTON TOWNSHIP AUTHORIZING THE ACCEPTANCE OF PORTIONS OF BEAVER SPRING ROAD (ATTACHED EXHIBITS A & B) OF THE KENDALE OAKS PHASE III DEVELOPMENT.

WHEREAS, the Board of Supervisors of Lower Paxton Township, Dauphin County, Pennsylvania desires to accept the following named and described street as public roads, to become part of the public road system of Lower Paxton Township, under and pursuant to the Act of 1933, May 1, P.L.103, No., 69, Re-enacted and amended November 9, 1995, (P.L. 350, No. 60) Section 2316, as amended, 53 Purdon's Statutes Section 67316, all of which streets are dedicated to use as public roads on approved and recorded plans, recorded in the Office of Recorder of Deeds of Dauphin County, Pennsylvania to Instrument Number 20050000051.

WHEREAS, the Developer and Lower Paxton Township will enter into a Maintenance Agreement specifying the improvements and establishing financial security for the proper installation and completion of the improvements.

WHEREAS, in accordance with the provisions of the MPC, and in order to guarantee that the improvements will be free from defects for a period of eighteen (18) months from the date of their acceptance by Lower Paxton Township, the Developer is required to provide financial security for maintenance of the improvements.

NOW, THEREFORE, BE IT RESOLVED that the following named street or portions thereof as hereinafter described is accepted by the Board of Supervisors of Lower Paxton Township, Dauphin County, Pennsylvania as public roads which shall be and become a part of the public road system of Lower Paxton Township.

Beaver Spring Road see attached plat (Exhibit "A" AND legal description Exhibit "B")

RESOLVED this _____ day of _____, 2020.

ATTEST:

**BOARD OF SUPERVISORS
LOWER PAXTON TOWNSHIP**

Chris Judd, Secretary

Lowman S. Henry, Chairman



**LEGAL DESCRIPTIONS AND EXHIBITS
REVIEW REPORT #1**

TO: Amanda Zerbe, Zoning Officer
Lower Paxton Township

DATE: August 24, 2020

RE: Roadway Dedication Legal Descriptions and Exhibits for
Kendale Oaks PH III – Beaver Spring Road

We have completed our review of the following information for the above-referenced project:

Submission:	Dated:	Last Revised:
Road Dedication Plat for Kendale Oaks PH III – 2 Sheets	July 29, 2020	---
Legal Description	July 29, 2020	---

The legal check has been completed for the above referenced project. The legal description is sufficiently correct and checks with the exhibit.

This review is based solely on the documents referenced above and does not relieve the design professional of any responsibility, nor does it imply any design responsibility by Herbert, Rowland & Grubic, Inc.

Jason R. Hinz, P.E.
Herbert, Rowland & Grubic, Inc.

JRH/LB
R000184.0002 (Phase 4451)
P:\00011000184_0002\Admin\4451 - Kendale 2 & 3\Roadway Dedication\PR.docx

c: Peter Wertz (PWertz@mcneeslaw.com)
Shirley Hepschmidt (SHepschmidt@lowerpaxton-pa.gov)
Nick Gehret (ngehret@lowerpaxton-pa.gov)
Jason Stong (jstong@hrg-inc.com)



Herbert, Rowland & Grubic, Inc.
Engineering & Related Services

AN EMPLOYEE-OWNED COMPANY

**POST-DEDICATION FINANCIAL SECURITY ESTIMATE
REVIEW REPORT**

**TO: Ms. Amanda Zerbe
Lower Paxton Township**
DATE: September 1, 2020
**RE: Post-Dedication Financial Security Estimate for
Kendale Oaks Ph. III (Beaver Springs Road)**

As requested, Herbert, Rowland & Grubic, Inc. has reviewed the following information for the above-referenced project in order to establish a recommended amount for the post-dedication financial security for items proposed to be dedicated:

Submission:	Dated:	Last Revised:
Opinion of Probable Construction Cost	Not Dated	---
Plat Plan	July 7, 2020	---

Based upon our review of the submitted information, we recommend that the post-dedication financial security be required in the amount of \$47,298.00, as shown on the attached tabulation. The security amount represents 15% of the total original cost for the construction items proposed to be dedicated, and shall remain in effect for eighteen months from the date of dedication acceptance.

In addition, and prior to the acceptance of improvements proposed for dedication, the following items shall be addressed:

1. HRG, municipal staff, and the developer shall perform a walk-through of the improvements to confirm their acceptability prior to dedication. The developer shall coordinate the walk-through with HRG and municipal staff, and address all issues prior to acceptance and the commencement of the financial security timeframe.
2. Plats and legal descriptions shall be supplied by the developer for review and approval.
3. A deed of dedication shall be supplied by the developer for review and approval.
4. A release of liens shall be supplied by the developer for review and approval.
5. As-built plans shall be supplied by the developer for review and approval.

We request that a copy of the updated financial security be provided to HRG for our internal records. Please feel free to contact our office if you need additional information regarding this matter.

This review is based solely on the documents referenced above and does not relieve the design professional of any responsibility, nor does it imply any design responsibility by Herbert, Rowland & Grubic, Inc.

Jason R. Hinz, P.E.
Herbert, Rowland & Grubic, Inc.

ILU/JRH/LB

R000184.0002(Phase 4451)

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Enclosure: Post Dedication Financial Security Tabulation

c: Shirley Hepschmidt (shepschmidt@lowerpaxton-pa.gov)
Peter Wertz (PWertz@mcneeslaw.com)

<p style="text-align: center;">LOWER PAXTON TOWNSHIP FINANCIAL SECURITY (FS) ESTIMATE KENDALE OAKS PH 2 AND 3 (BEAVER SPRING ROAD DEDICATION)</p>													
<p>INITIAL FS RECOMMENDATION DATE: _____</p> <p>PREVIOUS FS REDUCTION DATE: _____</p> <p>CURRENT FS REDUCTION DATE: _____</p>		<p>08/31/20</p>		<p>HRG NO.: R00184.0002 PH 4451</p> <p>PLAN DATE: _____</p> <p>LAST PLAN REVISION DATE: _____</p>								<p>Financial Security Remaining After Reduction</p>	
Description	Units	Standard Quantity	Dedicated Quantity	Unit Cost	Item Total	Financial Security Reduction		Current Quantity Reduced		Remaining Quantity		Notes	
						Standard	Total (\$)	Standard	Total (\$)	Standard	Dedicated		Total (\$)
STORMWATER MANAGEMENT													
Type C Top Unit	EA		10	\$ 1,700	\$ 17,000						10	\$ 17,000	
18" CMP (includes excavation and backfill)	LF		61	\$ 50	\$ 3,050						61	\$ 3,050	
30" CMP (includes excavation and backfill)	LF		198	\$ 62	\$ 12,276						198	\$ 12,276	
36" CMP (includes excavation and backfill)	LF		190	\$ 68	\$ 12,920						190	\$ 12,920	
Combined Stormsewer/Underdrain	LF		144	\$ 55	\$ 7,920						144	\$ 7,920	
Stormwater Management Total: \$ 53,186													
PAVING AND CONCRETE													
Concrete Curb, 18"	LF		2290	\$ 32	\$ 73,280						2290	\$ 73,280	
Sidewalk	SY		1016	\$ 30	\$ 30,480						1016	\$ 30,480	
Stone Subbase, 6" Depth	SY		5991	\$ 9	\$ 53,919						5991	\$ 53,919	
Superpave Asphalt, HMA Wearing (9.5mm, 1-1/2" depth)	SY		4975	\$ 9	\$ 44,775						4975	\$ 44,775	
Superpave Asphalt, HMA Binder (19mm, 3" depth)	SY		4975	\$ 12	\$ 59,700						4975	\$ 59,700	
Paving and Concrete Total: \$ 282,154													
Sub-Total: \$ 315,320													
10% Contingency: \$ 31,532													
10% Annual Increase: \$ 31,532													
Total: \$ 346,852													
<p>Note: All items (item, sub, final, etc.) rounded to nearest dollar.</p> <p>Note: 10% of original estimate (for contingency) to be held until financial security released in full.</p> <p>Note: For every year beyond the establishment of the initial financial security, the required amount of financial security will be increased by 10%.</p>						<p>Items Proposed for Dedication Total</p> <p>\$ 315,320</p> <p>\$ 15% for Post-Dedication Security</p> <p>\$ 47,298</p>							



570 Lausch Lane • Suite 200 • Lancaster, PA 17601-3057
Tel: 717.291.1177 • Fax: 717.291.2186

Peter Wertz
Direct Dial: 717.581.2314
Fax: 717.291.2186
pwertz@mcneeslaw.com

August 31, 2020

VIA UPS

Amanda Zerbe
Planning & Zoning
Lower Paxton Township
425 Prince Street
Harrisburg, PA 17109

RE: Kendale Oaks - Phase III - Beaver Spring Road Dedication

Dear Amanda:

As you know, we represent Conway Associates, LLC. I enclose the following **original** executed documents for presentation to the Lower Paxton Township Board of Supervisors:

1. Deed of Dedication
2. Realty Transfer Tax Statement of Value
3. Maintenance Guaranty and Street Warranty

I also enclose the following supporting documentation:

4. Final Release and Waiver of Liens – Concept Excavating, Inc.
5. HRG's letter of August 24, 2020, approving the legal descriptions and plats for the portion of Beaver Spring Road to be dedicated

My understanding is that Abel Construction will be providing an 18-month maintenance bond for the street to the Township prior to the Board's meeting on September 15. If the bond is timely received and the Township receives proof of inspection of Beaver Spring Road, I understand that the Board will formally act upon the dedication of Beaver Spring Road at their September 15 meeting. I further understand you will handle the recording of the Deed of Dedication. Please provide me with a copy of the recorded Deed of Dedication in the ordinary course.

www.McNeesLaw.com

Harrisburg, PA • Lancaster, PA • Scranton, PA • State College, PA • Columbus, OH • Frederick, MD • Washington, DC

Amanda Zerbe
August 31, 2020
Page 2

Do not hesitate to contact me with any questions or if you need any additional information.
Thank you for your assistance.

Sincerely,

McNEES WALLACE & NURICK LLC

By



Peter Wertz

PJW/A7661432

Enclosures

cc: Douglas J. Parkins (via email, w/encls.)
Steven Stine, Esq. (via email, w/encls.)
Claudia Shank, Esq. (via email, w/encls.)
Mitchell W. Nye (via email, w/encls.)
Jason R. Hinz, PE (via email, w/encls.)

PREPARED BY: McNees Wallace & Nurick LLC
RETURN TO: McNees Wallace & Nurick LLC
570 Lausch Lane, Suite 200
Lancaster, Pa 17601

PARCEL ID NO: 999-999 (District 35)

DEED OF DEDICATION

Made this 27 day of August in the year Two Thousand Twenty (2020).

Between **CONWAY ASSOCIATES, LLC** a Pennsylvania limited liability company with an address of 474 Mount Sidney Road, Lancaster, Pennsylvania 17602 (the "Grantor"),

AND

LOWER PAXTON TOWNSHIP, a Second-Class Township created and existing under the laws of the Commonwealth of Pennsylvania, with offices at 425 Prince Street, Harrisburg, Pennsylvania 17109 (the "Township").

WITNESSETH, that in consideration of the public welfare and intending to be legally bound and in further consideration of One and 00/100 Dollars (\$1.00) in hand paid, the receipt whereof is hereby acknowledged, the said Grantor does hereby convey to the said Township, its successors and assigns, for public street purposes forever:

ALL THAT CERTAIN tract or parcel of land situate in Lower Paxton Township, Dauphin County, Pennsylvania, known as a portion of Beaver Spring Road, as shown on a Final Subdivision Plan of Kendale Oaks, Phases II & III as recorded in the Office of the Recorder of Deeds for Dauphin County, Pennsylvania, Plan Book J, Volume 9, Page 1, more particularly bounded and described as follows to wit:

BEGINNING at a point on the eastern right-of-way line of Beaver Spring Road, with Beaver Spring Road having a right-of-way width of 50 feet, said point being North 32 degrees 30 minutes 00 seconds West 11.52 feet from the southwest corner of Lot 174; Then across Beaver Spring Road South 57 degrees 30 minutes 00 seconds West 50.00 feet to a point on the western right-of-way line of Beaver Spring Road; Then along the western right-of-way line of Beaver Spring Road North 32 degrees 30 minutes 00 seconds West 475.00 feet to a point; Then continuing along the western right-of-way line of Beaver Spring Road a curve to the right having a radius of 300.00 feet with an arc length of 141.38 feet and a chord of North 19 degrees 00 minutes 00 seconds West 140.07 feet to a point; Then continuing along the western right-of-way line of Beaver Spring Road North 05 degrees 30 minutes 00 seconds West 191.26 feet to a point; Then continuing along the western right-of-way line of Beaver Spring Road a curve to the left having a radius of 25.00 feet with an arc length of 23.55 feet and a chord of North 32 degrees 29 minutes 03 seconds West 22.69 feet to a point; Then continuing along the western right-of-way line of Beaver Spring Road a curve to the right having a radius of 60.00 feet with an arc length of 301.53 feet and a chord of North 84 degrees 30 minutes 00 seconds East 70.59 feet to a point on the eastern right-of-way line of Beaver Spring Road; Then continuing along the eastern right-of-way line of Beaver Spring Road a curve to the left having a radius of 25.00 feet with an arc

length of 23.55 feet and a chord of South 21 degrees 29 minutes 03 seconds West 22.69 feet to a point; Then continuing along the eastern right-of-way line of Beaver Spring Road South 05 degrees 30 minutes 00 seconds East 191.26 feet to a point; Then continuing along the eastern right-of-way line of Beaver Spring Road a curve to the left having a radius of 250.00 feet with an arc length of 117.81 feet and a chord of South 19 degrees 00 minutes 00 seconds East 116.72 feet to a point; The continuing along the eastern right-of-way line of Beaver Spring Road South 32 degrees 30 minutes 00 seconds East 475.00 feet to a point, **THE PLACE OF BEGINNING.**

CONTAINING: 1.1866 acres.

BEING PART OF THE PREMISES which Earl Kenneth Mengel, widower, Dale I. Mengel and Carol Ann Mengel, husband and wife, Legal Owners, and Ken Oaks, L.P., a Pennsylvania Limited Partnership, successor in interest to Kendale Oaks Corporation, Equitable Owner, by deed dated March 11, 2005, and recorded March 18, 2005, in the Office of the Recorder of Deeds in and for Dauphin County, Pennsylvania at Deed Book 5915, Page 94, granted and conveyed unto Conway Associates, LLC, a Pennsylvania limited liability company, Grantor herein.

TO HAVE AND TO HOLD all and singular the privileges aforesaid unto the said Grantee to and for only the proper use and behoof of the said Grantee, its successors and assigns forever, as and for a public road and the installation of utilities and related services, including, but not limited to, sanitary and storm sewers, water mains, street lights, electrical and gas service and cable television lines.

AND THE SAID GRANTOR, for itself, its successors and assigns, by these presents, covenants, promises and agrees to and with the said Grantee, its successors and assigns, that neither the Grantor nor its successors and assigns, shall nor will at any time hereafter ask, demand or recover or receive of or from the said Grantee, its successors and assigns, any sum or sums of money as for damages for or by reason of the physical grading of the said street to the grade as now established by Lower Paxton Township, Grantee hereunder, and if such grade shall not be established at the day of the date of these presents neither the said Grantor, nor its successors and assigns, shall nor will at any time hereafter ask, demand, recover or receive any such damage by reason of the physical grading of said street to conform to the grade as first thereafter established or confirmed by Lower Paxton Township.

GRANTOR covenants that it will warrant specially the property hereby conveyed.

IN WITNESS WHEREOF the Grantor has executed this deed the day and year first above written.

CONWAY ASSOCIATES, LLC

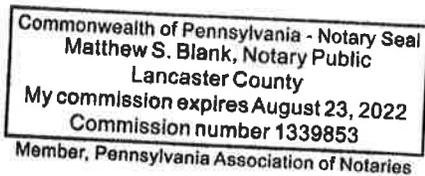
Attest:  _____

By:  _____
Brent O. Stoltzfus
Member

COMMONWEALTH OF PENNSYLVANIA)
Lancaster) SS:
COUNTY OF ~~DAUPHIN~~)

On this 27 day of August, 2020, before me, the undersigned Officer, personally appeared Brent O. Stoltzfus, who acknowledged himself to be a Member of **CONWAY ASSOCIATES, LLC**, a limited liability company, and that he as such member, being authorized to do so, executed the within instrument on behalf of the said company for the purposes therein contained by signing the name of the company by himself as a manager.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.



Matthew S. Blank

Notary Public

My Commission Expires: August 23, 2022

I certify that the address of the within Grantee is 425 Prince Street, Harrisburg, PA 17109

By: _____

Name: _____

Title: _____

Douglas J. Parkins
8/27/2020

REV-183
BUREAU OF INDIVIDUAL TAXES
PO BOX 280603
HARRISBURG, PA 17128-0603

**REALTY TRANSFER TAX
STATEMENT OF VALUE**
COMPLETE EACH SECTION

State Tax Paid: _____
Book: _____ Page: _____
Instrument Number: _____
Date Recorded: _____

SECTION I TRANSFER DATA

Date of Acceptance of Document _____

Grantor(s)/Lessor(s) Conway Associates, LLC	Telephone Number (717) 419-1056	Grantee(s)/Lessee(s) Lower Paxton Township	Telephone Number (717) 657-5656
Mailing Address 474 Mount Sidney Road		Mailing Address 425 Prince Street	
City Lancaster	State PA	ZIP Code 17602	City Harrisburg
			State PA
			ZIP Code 17109

SECTION II REAL ESTATE LOCATION

Street Address Beaver Spring Road	City, Township, Borough Lower Paxton Township
County Dauphin	School District Central Dauphin
	Tax Parcel Number 999-999 (District 35)

SECTION III VALUATION DATA

Was transaction part of an assignment or relocation? YES NO

1. Actual Cash Consideration 1.00	2. Other Consideration + 0.00	3. Total Consideration = 1.00
4. County Assessed Value N/A Not separately assessed	5. Common Level Ratio Factor x 1.57	6. Computed Value = N/A Not separately assessed

SECTION IV EXEMPTION DATA - Refer to instructions for exemption status.

1a. Amount of Exemption Claimed \$ 100%	1b. Percentage of Grantor's Interest in Real Estate 100 %	1c. Percentage of Grantor's Interest Conveyed 100 %
--	--	--

2. Check Appropriate Box Below for Exemption Claimed.

- Will or intestate succession. _____ (Name of Decedent) _____ (Estate File Number)
- Transfer to a trust. (Attach complete copy of trust agreement and all amendments.)
- Transfer from a trust. (Attach complete copy of trust agreement and all amendments.)
- Transfer between principal and agent/straw party. (Attach complete copy of agency/straw party agreement.)
- Transfers to the commonwealth, the U.S. and instrumentalities by gift, dedication, condemnation or in lieu of condemnation. (If condemnation or in lieu of condemnation, attach copy of resolution.)
- Transfer from mortgagor to a holder of a mortgage in default. (Attach copy of mortgage and note/assignment.)
- Corrective or confirmatory deed. (Attach complete copy of the deed to be corrected or confirmed.)
- Statutory corporate consolidation, merger or division. (Attach copy of articles.)
- Other (Provide a detailed explanation of exemption claimed. If more space is needed attach additional sheets.)

SECTION V CORRESPONDENT INFORMATION - All inquiries may be directed to the following person:

Name Peter J. Wertz, Esquire	Telephone Number (717) 581-2314
Mailing Address McNees Wallace & Nurick LLC 570 Lausch Lane, Suite 200	City Lancaster
	State PA
	ZIP Code 17601

Under penalties of law, I declare that I have examined this statement, including accompanying information, and to the best of my knowledge and belief, it is true, correct and complete.

Signature of Correspondent or Responsible Party 	Date 08/31/2020
--	--------------------

FAILURE TO COMPLETE THIS FORM PROPERLY OR ATTACH REQUESTED DOCUMENTATION MAY RESULT IN THE RECORDER'S REFUSAL TO RECORD THE DEED.



1830019105

1830019105

MAINTENANCE GUARANTY AND STREET WARRANTY

Know all persons by these presents that Conway Associates, LLC , a Pennsylvania limited liability company, intending to be legally bound hereby, agrees to remedy all defective work and/or material relating to the construction of the portion of Beaver Spring Road located in Lower Paxton Township, Dauphin County, Pennsylvania that is described in Exhibit A and depicted on Exhibit B, both of which are attached hereto and incorporated herein, and it hereby warrants that said street has been constructed in a good and workmanlike manner and in accordance with the standards set forth in the Lower Paxton Township Subdivision and Land Development Ordinance, except as modified by official Township action.

IN WITNESS WHEREOF, Conway Associates, LLC, has caused this Maintenance Guaranty and Street Warranty to be executed this 27 day of August, 2020.

CONWAY ASSOCIATES, LLC

WITNESS: _____



By: _____



Brent O. Stoltzfus
Member

EXHIBIT A

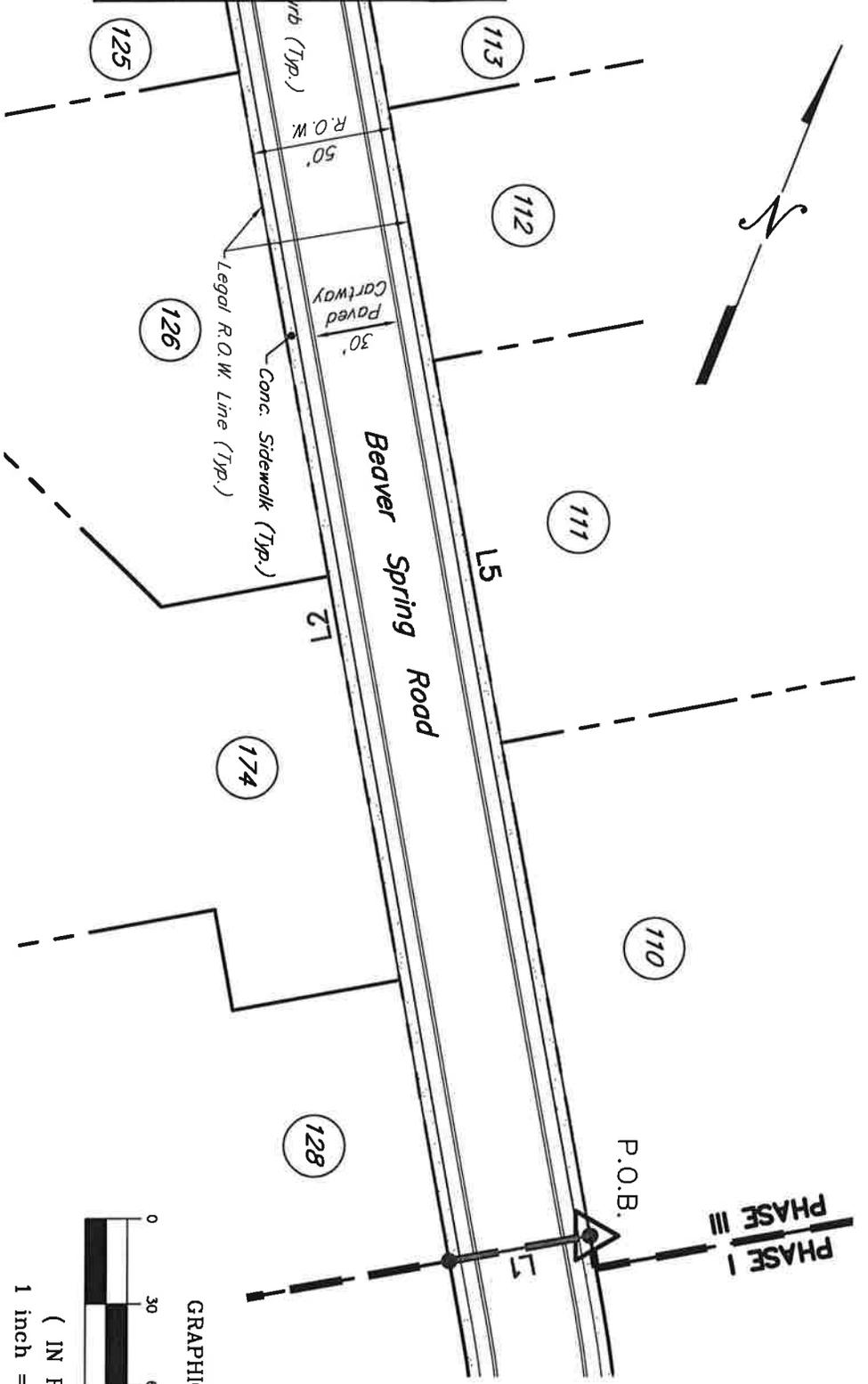
ALL THAT CERTAIN tract or parcel of land situate in Lower Paxton Township, Dauphin County, Pennsylvania, known as a portion of Beaver Spring Road, as shown on a Final Subdivision Plan of Kendale Oaks, Phases II & III as recorded in the Office of the Recorder of Deeds for Dauphin County, Pennsylvania, Plan Book J, Volume 9, Page 1, and as shown on the attached Exhibit "B", Beaver Spring Road Dedication Plat, more particularly bounded and described as follows to wit:

BEGINNING at a point on the eastern right-of-way line of Beaver Spring Road, with Beaver Spring Road having a right-of-way width of 50 feet, said point being North 32 degrees 30 minutes 00 seconds West 11.52 feet from the southwest corner of Lot 174; Then across Beaver Spring Road South 57 degrees 30 minutes 00 seconds West 50.00 feet to a point on the western right-of-way line of Beaver Spring Road; Then along the western right-of-way line of Beaver Spring Road North 32 degrees 30 minutes 00 seconds West 475.00 feet to a point; Then continuing along the western right-of-way line of Beaver Spring Road a curve to the right having a radius of 300.00 feet with an arc length of 141.38 feet and a chord of North 19 degrees 00 minutes 00 seconds West 140.07 feet to a point; Then continuing along the western right-of-way line of Beaver Spring Road North 05 degrees 30 minutes 00 seconds West 191.26 feet to a point; Then continuing along the western right-of-way line of Beaver Spring Road a curve to the left having a radius of 25.00 feet with an arc length of 23.55 feet and a chord of North 32 degrees 29 minutes 03 seconds West 22.69 feet to a point; Then continuing along the western right-of-way line of Beaver Spring Road a curve to the right having a radius of 60.00 feet with an arc length of 301.53 feet and a chord of North 84 degrees 30 minutes 00 seconds East 70.59 feet to a point on the eastern right-of-way line of Beaver Spring Road; Then continuing along the eastern right-of-way line of Beaver Spring Road a curve to the left having a radius of 25.00 feet with an arc length of 23.55 feet and a chord of South 21 degrees 29 minutes 03 seconds West 22.69 feet to a point; Then continuing along the eastern right-of-way line of Beaver Spring Road South 05 degrees 30 minutes 00 seconds East 191.26 feet to a point; Then continuing along the eastern right-of-way line of Beaver Spring Road a curve to the left having a radius of 250.00 feet with an arc length of 117.81 feet and a chord of South 19 degrees 00 minutes 00 seconds East 116.72 feet to a point; Then continuing along the eastern right-of-way line of Beaver Spring Road South 32 degrees 30 minutes 00 seconds East 475.00 feet to a point, **THE PLACE OF BEGINNING.**

CONTAINING: 1.1866 acres.

EXHIBIT B

MATCH LINE SEE SHEET 2 OF 2



RIGHT-OF-WAY AREA = 1.1866 ACRES

PROPERTY LINE DATA		
NUMBER	DIRECTION	DISTANCE
L1	S 57°30'00" W	50.00'
L2	N 32°30'00" W	475.00'
L5	S 32°30'00" E	475.00'

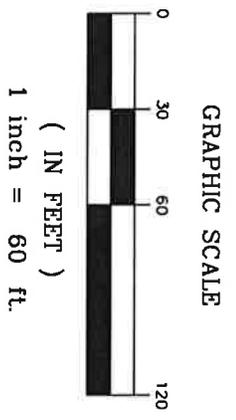


EXHIBIT "B"

**KENDALE OAKS
PHASE III**

BEAVER SPRING ROAD

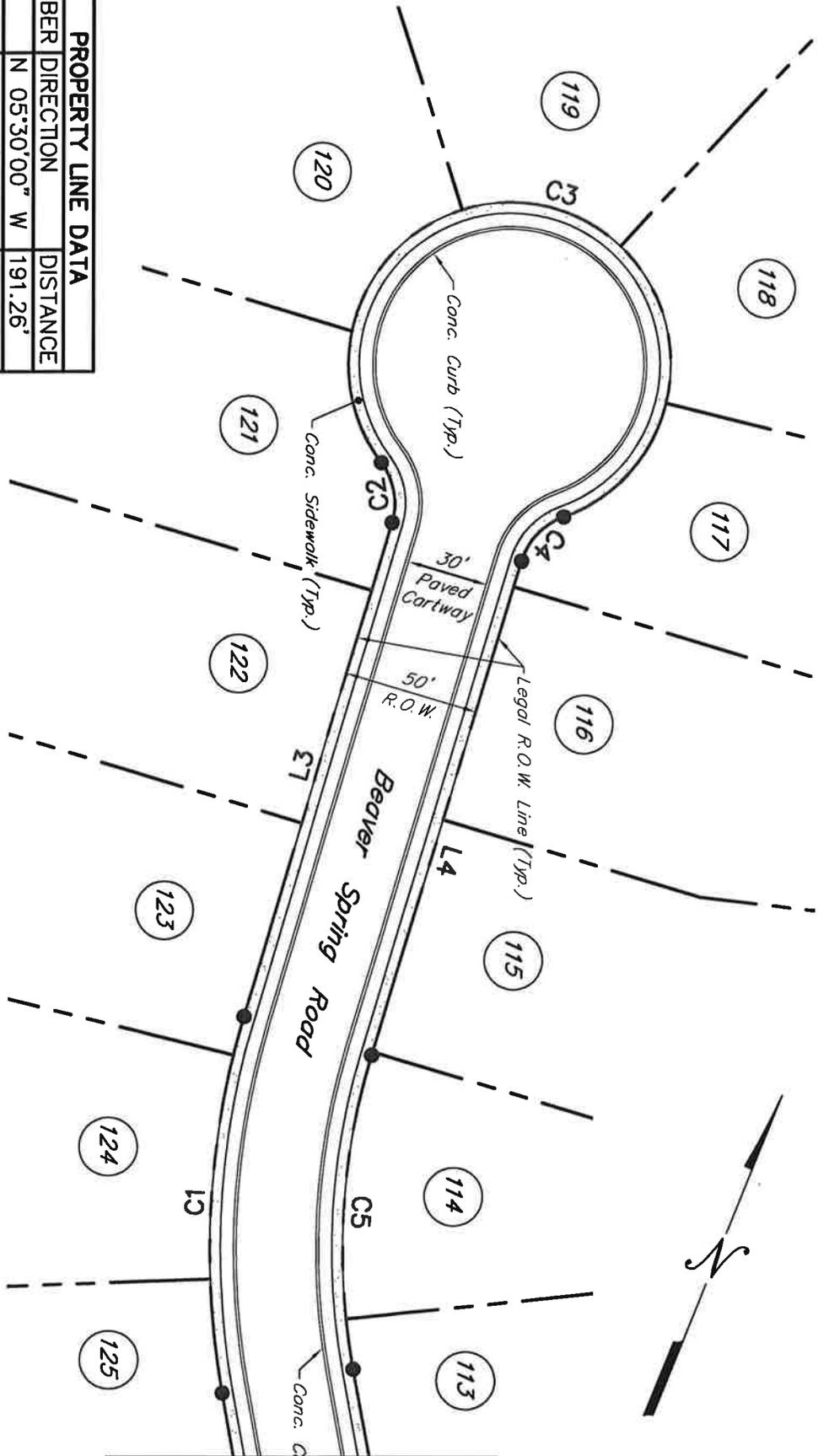
CONWAY ASSOCIATES, LLC
(Owner & Developer)

474 MOUNT SIDNEY ROAD LANCASTER, PA 17602
PHONE: (717) 393-0212

LOWER PAXTON TOWNSHIP DAUPHIN COUNTY, PA

Dauphin Engineering Company
ENGINEERS • CONSULTANTS • PLANNERS
P.O. Box 6249 • Harrisburg, PA 17112
PHONE: (717) 528-3100
E-MAIL: DE@DAUPHINENGINEERING.COM

SCALE:	1" = 60'	DRAWN BY:	M.D.S.
CONTOUR INT.:	N/A	CHECKED BY:	J.W.S.
DATE:	7/28/20	SHEET NO.:	1 OF 2



MATCH LINE SEE SHEET 1 OF 2

PROPERTY LINE DATA		
NUMBER	DIRECTION	DISTANCE
L3	N 05°30'00" W	191.26'
L4	S 05°30'00" E	191.26'

PROPERTY LINE CURVE DATA				
NUMBER	CD	LC	R	L
C1	N	19°00'00" W	140.07	300.00
C2	N	32°29'03" W	22.69	25.00
C3	N	84°30'00" E	70.59	60.00
C4	S	21°29'03" W	22.69	25.00
C5	S	19°00'00" E	116.72	250.00

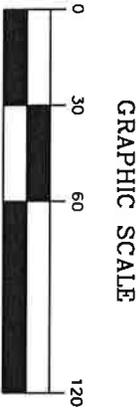


EXHIBIT "B"

**KENDALE OAKS
 PHASE III**

BEAVER SPRING ROAD

CONWAY ASSOCIATES, LLC
 (Owner & Developer)

474 MOUNT SIDNEY ROAD LANCASTER, PA 17602
 PHONE: (717) 393-0212

LOWER PAXTON TOWNSHIP DAUPHIN COUNTY, PA

Dauphin Engineering Company
 ENGINEERS • CONSULTANTS • PLANNERS
 P.O. Box 6249 • Harrisburg, PA 17112
 PHONE: (717) 528-3400
 FAX: (717) 528-3401
 E-MAIL: DCC@DAUPHINENGINEERING.COM

SCALE:	1" = 60'	DRAWN BY:	M.D.S.
CONTOUR INT:	N/A	CHECKED BY:	J.W.S.
DATE:	7/29/20	SHEET NO.:	2 OF 2

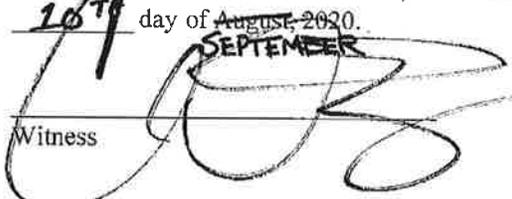
FINAL RELEASE AND WAIVER OF LIENS

WHEREAS, Abel Construction Co., Inc. (hereinafter called "Contractor") has been employed under contract to furnish sitework, sanitary sewer, storm sewer, roadway construction and park & playground construction (hereinafter called "Work") for the Premises known as **KENDALE OAKS PHASE III** (hereinafter called "Premises").

NOW THEREFORE, Contractor does hereby:

1. Release, remise and forever discharge CONWAY ASSOCIATES, LLC (hereinafter called "Owner") of the Premises or their successors and/or assigns, from any and all claims, demands and causes of action which the Contractor has, might have or could have against Owner by reason of, or arising out of, the Work.
2. Waive and release any and all liens or right to lien against the Premises on account of labor and/or materials furnished by the Contractor, which the Contractor has under the law, and statutes relating to Mechanics Liens of Pennsylvania.
3. Agree to indemnify and save harmless the Owner of the Premises on account of any liens, claims, or demands which may be asserted by an employee, supplier or subcontractor of the Contractor on account of labor performed or material furnished by such person to the Contractor in connection with the Work.

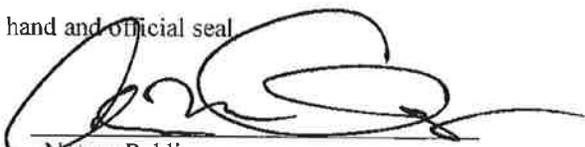
IN WITNESS WHEREOF, the Contractor has hereunto set its hand and seal on this, the 10TH day of ~~August~~ SEPTEMBER, 2020.

Witness  Authorized Signature 

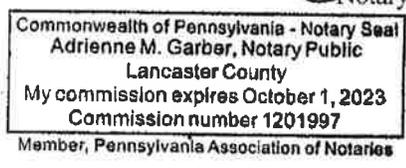
COMMONWEALTH OF PENNSYLVANIA)
) SS:
 COUNTY OF LANCASTER)

On this 10 day of ~~August~~ September, 2020 before me, the undersigned Officer, personally appeared Mitchell Walje, Vice President of Abel Construction Co., Inc., and that he as such Vice President, being authorized to do so, executed the foregoing instrument for the purposes therein contained.

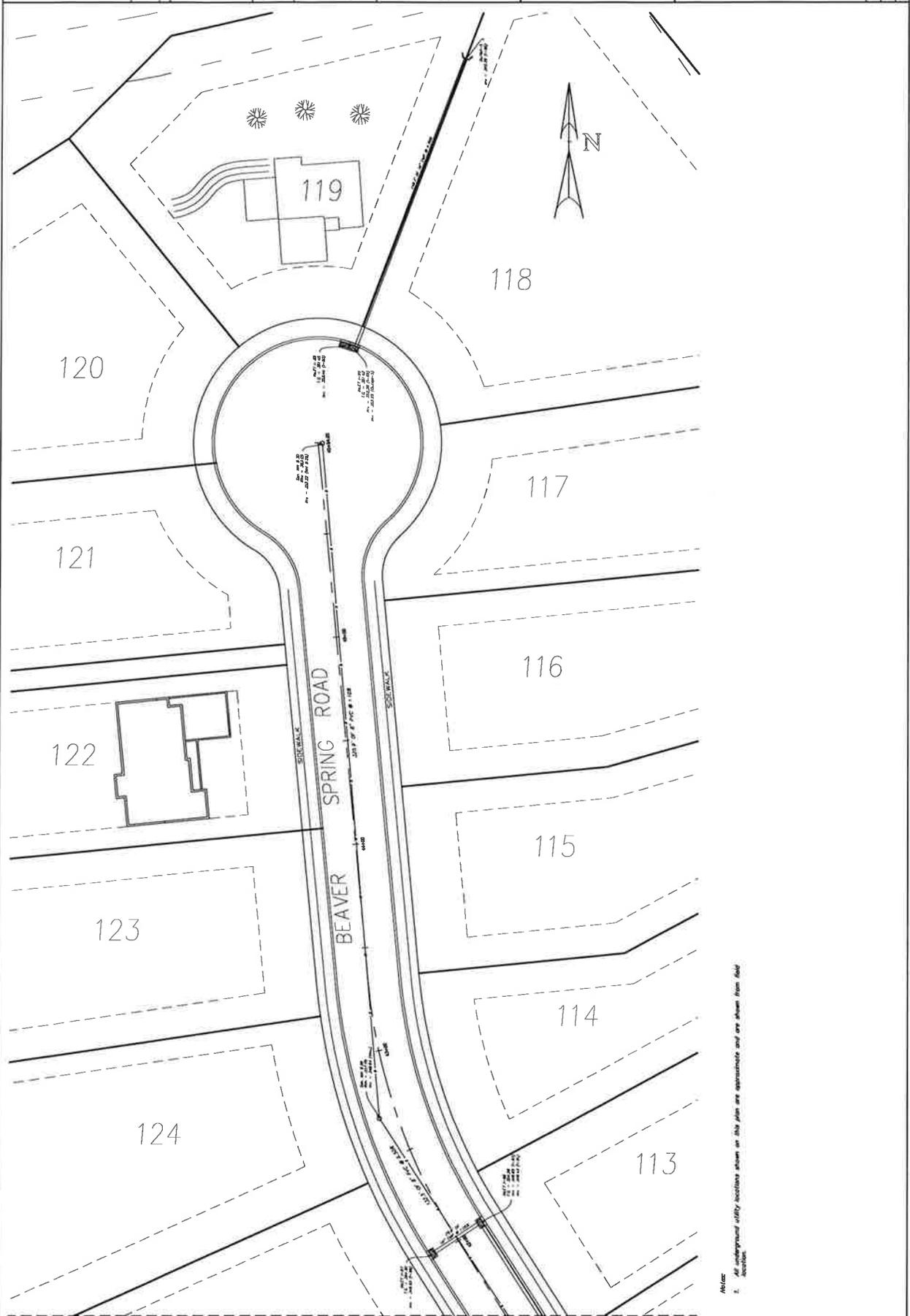
IN WITNESS WHEREOF, I hereunto set my hand and official seal


 Notary Public

My commission expires:



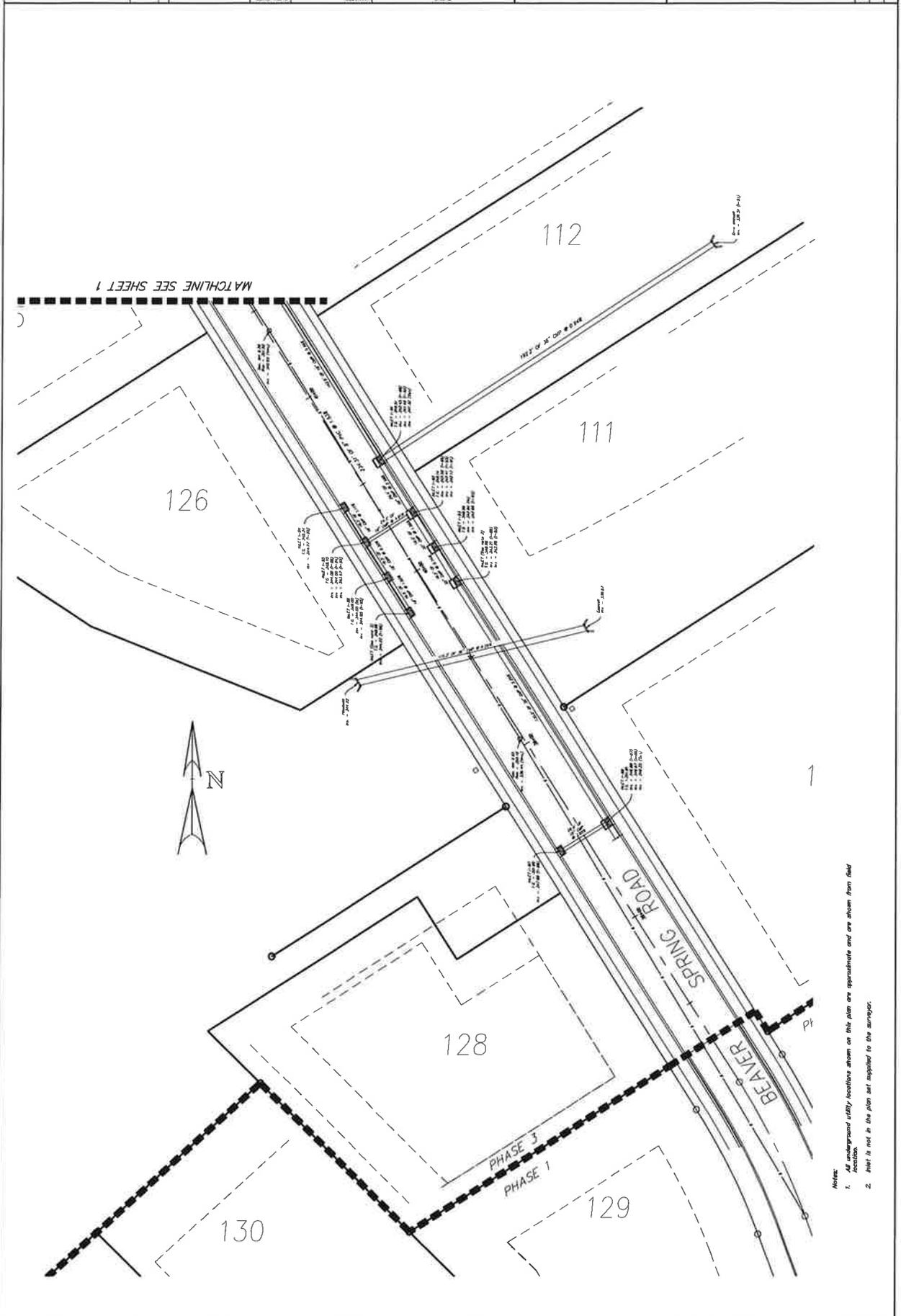
DATE: 22 SEP 2020 SHEET NO: 1 OF 2 DRAWING NO: 5115-7413		(OWNER) KAYTON TOWNSHIP KENDALE OAKS - PHASE 3 STORM AND SANITARY SEWER ASBUILT SURVEY		WEBER SURVEYORS, INC. 931 STONY BATTERY ROAD LANDBVILLE, PENNSYLVANIA 17638 Phone (717) 688-9488 Fax (717) 688-9587		CLIENT: EG Stoltzfus Homes 474 Mt. Solberg Road Lancaster, PA 17602 SCALE: 1" = 30' FEET: 0 10 20 30 40		MANAGER: [] SURVEYOR: [] CHECKED: [] DRAWN: [] DATE: [] REVISION: []	
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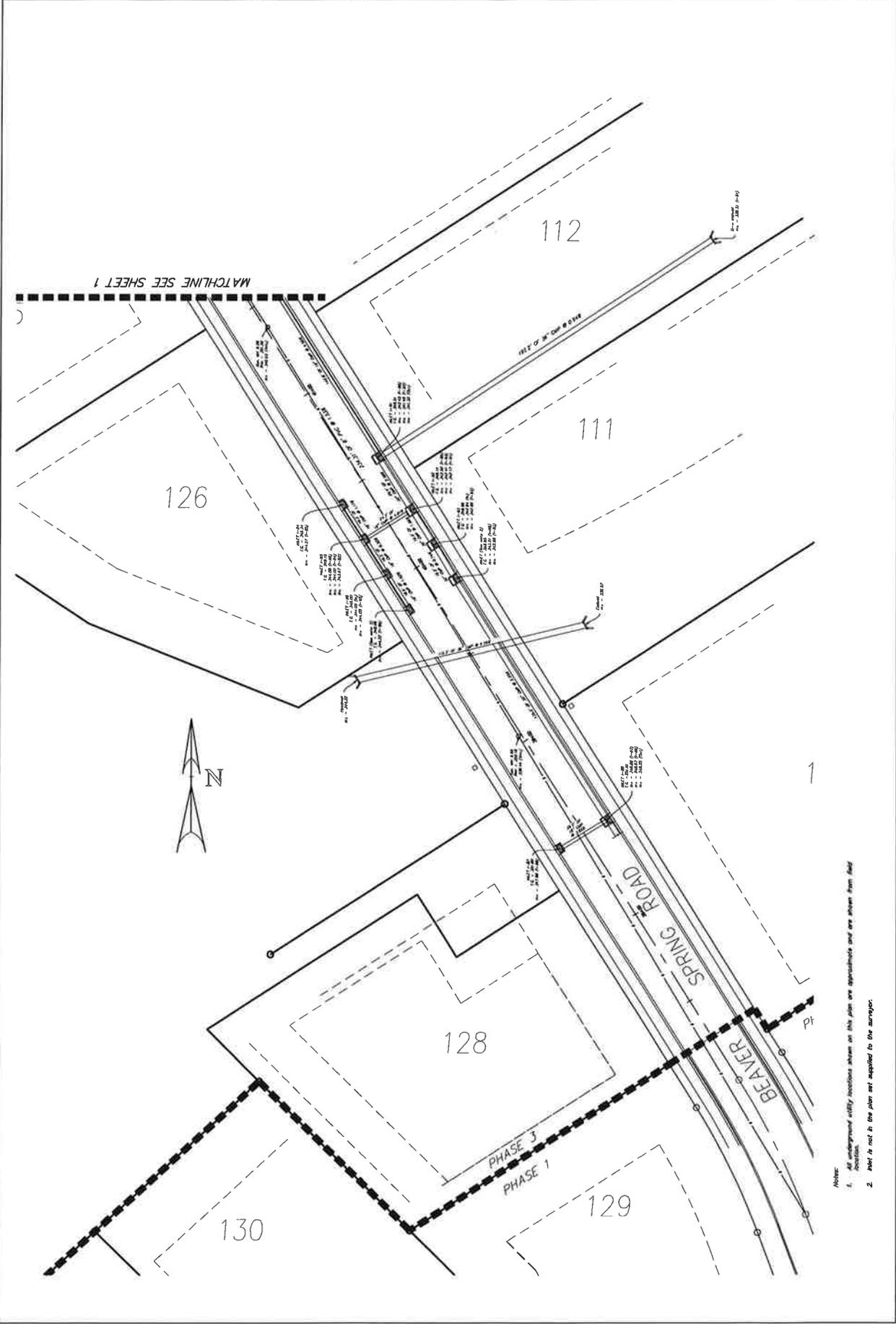
MATCHLINE SEE SHEET 2

Note:
 1. All underground utility locations shown on this plan are approximate and are shown from field observation.

ASBULLT SURVEY STORM AND SANITARY SEWER KENDALE OAKS - PHASE 3		DAUPHIN COUNTY, PA 801 STONY BATTERY ROAD LANCASTER, PENNSYLVANIA 17638 Phone (717) 898-9468 Fax (717) 898-9507 WEBER SURVEYORS, INC.		DATE: 22 SEP 2020 SHEET NO: 3 OF 3 DWG. NO.: 2518-1013
CLIENT EG Stolzfus Homes 424 Mt. Liberty Road Lancaster, PA 17602		SCALE 1" = 20'		NO. DATE REVISION
MANAGER PAUL J. WEBER	DESIGNER PAUL J. WEBER	CHECKER PAUL J. WEBER	DATE 09/22/20	PROJECT NO. 2518-1013



- Notes:
1. All underground utility locations shown on this plan are approximate and are shown from field location.
 2. Area in red in the plan set supplied to the owner.



Notes:
 1. All underground utility locations shown on this plan are approximate and are shown from field observations.
 2. Sheet is not to be plan net supplied to the owner.