

TOWN OF NORTHBOROUGH
SECTION 125
PREMIUM ONLY CAFETERIA PLAN

Amended and Restated
as of December 1, 2013

Effective June 1, 1990

TOWN OF NORTHBOROUGH
SECTION 125
PREMIUM ONLY CAFETERIA PLAN

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TOWN OF NORTHBOROUGH
SECTION 125
PREMIUM ONLY CAFETERIA PLAN

Article I
Purpose of Plan

1.01 Purpose. The purpose of this Plan is to give the Town's employees a choice between receiving their entire compensation in cash or reducing their cash compensation in order to elect certain non-taxable benefits made available by the Town hereunder. The terms of this Plan shall amend and restate the terms of the Town's Cafeteria Plan, so-called, that was adopted and as of the Effective date, such amendment and restatement to be effective as of January 1, 2005.

1.02 Plan Status. It is the intention of the Town that the Plan qualify as a "cafeteria plan" as defined in Section 125 of the Internal Revenue Code of 1986, as amended, for the exclusive benefit of the Town's Employees, and that the benefits provided under the Plan be eligible for exclusion from the income of Employees under the applicable provisions of said Code. The Plan is not intended, however, as a "flexible spending arrangement", as defined in the regulations under Section 125 of the Code.

Article II
Definitions

As used herein, unless the context clearly indicates otherwise, the following words and phrases shall have the meanings herein specified. A pronoun or adjective in the masculine gender includes the feminine and neuter genders, and the singular includes the plural, unless the context clearly indicates a different meaning.

2.01 "Benefit Plans" means the group medical care, vision, dental or disability plan or plans, if any, designated from time to time by the Town, and communicated in writing to Participants, for purposes of providing medical, vision, dental and/or disability benefits hereunder.

2.02 "Code" means the Internal Revenue Code of 1986, as amended.

2.03 "Compensation" means the total cash remuneration received by an Employee from the Town during a Plan Year prior to any reductions under section 4.03.

2.04 "Contract Year" means the 12-month period ending with or within the Plan Year which shall be designated by the Town for purposes of making or changing benefit elections hereunder except as provided in section 4.03(a)(ii) (relating to the election of benefits by a new employee).

2.05 "Effective Date" means June 1, 1990.

2.06 "Employee" means each person who is employed by the Town to the extent permitted under Section 125 of the Code; it does not include any person retained by the Town as an independent contractor; provided, however, that the term "Employee" shall not include persons covered under a collective bargaining agreement unless so provided for under the terms of such agreement.

2.07 "Employee Provided Premium" means the sum of that portion of the total premium cost of the Benefit Plans which is required to be paid by the Employee, as determined by the Town, and as adjusted from time to time to reflect changes, if any, in the percentage of such premiums paid by the Employee and/or changes in the total amount of such premiums.

2.08 "FMLA" means the Family and Medical Leave Act of 1993, P.L. 103-3.

2.09 "FMLA Leave" means a leave of absence that the Town is required to extend to an Employee under the provisions of the FMLA.

2.10 "Participant" means an Employee who participates in the Premium Only Cafeteria Plan, as set forth herein, together with all amendments and restatements.

2.11 "Plan" means the Town of Northborough Section 125 Premium Only Cafeteria Plan, as the same may be amended, modified or restated from time to time.

2.12 "Plan Administrator" means the person designated to administer the Plan under section 5.01 hereof.

2.13 "Plan Year" means the consecutive twelve-month period commencing on June 1st and ending on the following May 31st.

2.14 "Town" means the Town of Northborough, Massachusetts, a municipal corporation established under the laws of the Commonwealth of Massachusetts.

2.15 "Uniformed Services" means the Armed Forces, the Army National Guard, and the Air National Guard when engaged in active duty for training, inactive duty training, or full-time National Guard duty, the commissioned corps of the Public Health Service, and any other category of persons designated as such by the President of the United States in time of war or emergency.

Article III
Eligibility

3.01 Commencement of Participation. Each Employee shall be eligible to participate in the Plan on the date on which he both (i) becomes an Employee of the Town and (ii) meets the eligibility requirements of any of the Benefit Plans. An Employee shall become a Participant upon making an appropriate election under section 4.03; provided, however, that no Participant shall be eligible to elect a benefit under the Benefit Plans unless such Participant also meets the eligibility requirements imposed by such plan.

3.02 Cessation of Participation. Subject to the rights of a Participant or his spouse and/or dependents to elect continuation of health care coverage under section 4980B of the Code, a Participant shall cease to be a Participant in the Plan as of the earlier of (i) the date on which the Plan terminates or (ii) the date on which he dies, terminates employment with the Town or ceases to be an Employee eligible to participate under section 3.01, provided however that in the case of the death of a Participant, such Participant's beneficiaries, or the representative of his estate, may submit claims for expenses or benefits under the Benefit Plans for the portion of the Plan Year preceding his date of death.

3.03 Reinstatement of Former Participant. A former Participant will again become a Participant if and when he meets the eligibility requirements of section 3.01.

3.04 Participation During FMLA and Uniformed Services Leave of Absence. Any Employee who is absent from work due to (i) an FMLA Leave or (ii) a period of duty in the Uniformed Services shall have the right to continue participation in the Benefit Plans. The Employee's right to maintain coverage while on a leave of absence (other than COBRA continuation coverage) is conditioned on the Employee's continuing to have an employment relationship with the Town and making the required contributions as provided in section 4.03.

3.05. Furnishing Information. It shall be a condition of participating in the Plan that a Participant shall furnish to the Plan Administrator all information that the Plan Administrator may reasonably require.

Article IV
Benefits

4.01 Benefit Options. A Participant may elect under this Plan to receive his full Compensation for any Plan Year in cash or to have a portion of such Compensation applied by the Town toward direct payment of that portion of the costs of coverage(s) available to and elected by the Participant under one or more of the Benefit Plans which the Participant would otherwise (but for his participation in this Plan) be required to pay, regardless of whether such payment would be made by the Participant in cash or through after-tax payroll deductions.

4.02 Receipt of Benefits other than Cash. While the election to receive benefits under the Benefit Plans in lieu of cash is made under this Plan, such benefits will be provided under the appropriate Benefit Plan(s) elected. The options available under each such plan, the requirements for participating in such options, the amount of deductibles and co-payments (if any), the amount, timing and conditions for the receipt of benefits and all other terms and conditions of eligibility, coverage and benefits under such options are set forth in such Benefit Plan, the provisions of which are incorporated herein by this reference. Any claim which arises under a Benefit Plans shall be subject to review thereunder and not under this Plan.

4.03 Election of Optional Coverage(s) In Lieu of Cash.

A Participant may elect under this Plan to receive one or more of the optional coverage(s) described in section 4.01, to the extent available to the Participant under the applicable Benefit Plan, in accordance with the procedures set forth herein. If a Participant elects any such optional coverage under this Plan, the Participant's regular cash compensation will be reduced, and an amount equal to the reduction will be contributed by the Town under the Benefit Plan in question to cover the Participant's share of the cost of such Benefit Plan, as such share is determined by the Town. The portion, if any, of the cost of each such Benefit Plan to be paid by the Town shall be paid outside the purview of this Plan.

4.04 Election of Benefits.

(a) Existing Participants. Approximately 30 days prior to the commencement of each Plan Year, the Plan Administrator shall provide written notice of the opportunity to make an election. Existing participants to request to make an election shall be provided the applicable election form (which shall include a compensation reduction agreement) to each Participant and to each other individual who is expected to become a participant by the beginning of the Plan Year. Each Participant who desires to participate in one or more Benefit Plans described in section 4.01 for the Plan Year shall so specify on the election form and shall agree to a corresponding reduction in his or her compensation. The amount of the reduction in the Participant's compensation for the Plan Year shall equal the Participant's share of the cost of each optional benefit elected by the Participant, as determined by the Town and as announced to Employees during the annual "open enrollment" period prior to the commencement of each Plan Year. Each election form must be completed and returned to the Plan Administrator on or before such date as the Plan Administrator shall specify, which date shall be no later than the beginning of the first pay period to which the individual's compensation reduction amount applies. If a Participant elects to have his Compensation so reduced, the amount of such reduction shall be contributed to a Benefit Plans by the Town on behalf of such Participant within a reasonable time, but in no case later than ninety (90) days following the date on which the same would have otherwise been paid to such Participant.

(b) New Participants. Before, or as soon as practicable after, an individual becomes a Participant under sections 3.01 or 3.03, the Plan Administrator shall provide an election form to such individual. If the individual desires to participate in one or more Benefit Plans, described in section 4.01 for the balance of the Plan Year, the individual shall so specify on the election form and shall agree to a reduction in his compensation as provided for in section 4.04. The election form must be completed and returned to the Plan Administrator on or before such date as the Plan Administrator shall specify, which date shall be no later than the beginning of the first pay period to which the individual's compensation reduction agreement applies.

(c) If a Participant does not return a completed election form to the Administrator on or before the date specified in sections 4.03(a) or 4.03(b), such Participant shall be deemed to have elected to receive the full amount of his Compensation in cash, provided however that if a Participant was covered under the Benefit Plans on the last day of the Contract Year immediately preceding the Contract Year to which the election relates, then such Participant shall be deemed to have again elected coverage under the Benefit Plans and shall be deemed to have agreed to a reduction in compensation in an amount equal to the Employee Cost and/or the Employee Provided Premiums thereof as the case may be.

4.04 Irrevocability of Election by the Participant During the Contract Year.

(a) Elections made or deemed to be made under sections 4.02 and 4.03 shall be irrevocable by the Participant during the Contract Year, except that a Participant may revoke an election or deemed election and/or make a new election for the balance of a Plan Year if the revocation and/or election constitutes a "change in status" under Section 4.04(b) and satisfies the consistency requirement of Section 4.04(c); or a Participant may make a mid-year election under Section 4.04(d).

(b) Each of the following events constitutes a "change in status" for purposes of section 4.04(a):

(i) Events that change an Employee's legal marital status, including marriage, death of a spouse, divorce, legal separation or annulment;

(ii) Events that change an Employee's number of dependents, including birth, adoption, placement for adoption or death of a dependent;

(iii) Events that change the employment status of the Employee, the Employee's spouse or dependent, including commencement or cessation of employment, a strike or lockout, commencement of or return from an unpaid leave of absence, a change in work site, and any change in employment status that affects eligibility for coverage under a benefit plan of the Employee's, spouse's or dependent's employer such that the individual would become or cease to be eligible for such benefits;

(iv) An event that causes an Employee's dependent to satisfy or cease to satisfy the requirements for coverage due to attainment of age, student status, or any similar circumstances provided in the accident or health plan under which the Employee receives coverage;

(v) A change in the place of residence or work of the Employee, Employee's spouse or dependent;

(vi) If a judgment, decree, or order resulting from a divorce, legal separation, annulment, or change in legal custody requires accident or health coverage for an employee's dependent child, the Participant may make an election change to cancel coverage for the dependent child if such order requires the spouse, former spouse, or other individual to provide coverage for the child and such coverage is in fact provided, or, may change an election to provide coverage for the dependent child if such order requires coverage for the dependent child under the Participant's Benefit Plan;

(vii) Upon the Employee's, Employee's spouse, or dependent's entitlement (or loss of entitlement) to Medicare or Medicaid coverage;

(viii) A significant increase or decrease in the cost of any Benefit Plan option;

(ix) A significant improvement in coverage under any Benefit Plan option;

(x) A significant cost increase or significant curtailment in coverage under any Benefit Plans option, resulting in an overall reduction in coverage as determined by the Administrator in accordance with applicable regulations;

(xi) A change, including a retroactive change, required under the special enrollment provisions of the Health Insurance Portability and Accountability Act (HIPAA);

(xii) A change in coverage of a spouse or dependent under another employer's plan;

(xiii) If an Employee, Employee's spouse or dependent becomes eligible for continuation coverage under a Benefit Plan as provided in section 4980B of the Internal Revenue Code or any state law of similar import, the Employee may elect to increase payments hereunder in order to pay for such continuation coverage to the extent required; and

(xiv) Any other event permitted under Treasury Regulation Section 1.125-4, or other final or proposed regulations, or subsequent guidance issued by the Internal Revenue Service or the Treasury Department and allowed by the Administrator in its sole discretion.

(c) A change in status satisfies the consistency requirements specified in section 4.04(a) only if (i) the change in status results in the Employee, the Employee's spouse or dependent, gaining or losing eligibility for accident or health coverage under either a cafeteria plan or accident or health care plan of the spouse's or dependent's employer and (ii) the election change corresponds with that gain or loss of coverage.

A change in status results in the Employee, Employee's spouse or dependent gaining (or losing) eligibility for coverage under a plan only if the individual becomes eligible (or ineligible) to participate in the plan. An Employee, Employee's spouse or dependent shall be treated as gaining (or losing) eligibility for coverage if such individual becomes eligible (or ineligible) for a particular benefit package option under a plan (e.g., a change in status results in an individual becoming eligible for a managed care or indemnity option). If, as a result of a change in status, such individual gains eligibility for elective coverage under a plan of the spouse's or dependent's employer, the consistency requirement is satisfied only if such individual elects the coverage under the plan of the spouse's or dependent's employer.

Notwithstanding the foregoing, if the change in status event is the Employee's divorce, annulment or legal separation, death of the Employee's spouse or dependent, or where the Employee's dependent ceases to satisfy the eligibility requirements for coverage, the Employee can only:

- (i) cease coverage for the spouse involved in the divorce, annulment or legal separation;
- (ii) cease coverage for the deceased dependent or spouse; or
- (iii) cease coverage for the dependent who no longer satisfies the eligibility requirements for coverage.

(d) Any revocation and/or new election under this section shall be effective at such time as the Plan Administrator shall proscribe, but not earlier than the first pay period beginning after the revocation and/or new election.

(e) Mid-Year Election (Effective June 1, 2013). Changes mid-year are generally permitted only if the election results from a "change in status" as set forth in Section 4.04(b), above. Notwithstanding Section 4.04(b), however, effective June 1, 2013, an employee who made an election to receive benefits under the Plans in lieu of cash may make one (1) mid-year election change (without the occurrence of a permitted status change as set forth in Section 4.04(b)) in order to discontinue Plan coverage in order to secure coverage through an exchange. For individuals not covered by the Plan, an individual may make a mid-year election to enroll in the Plan to avoid an individual responsibility payment.

4.05 Automatic Termination of Election. Elections made or deemed to be made under section 4.03 shall automatically terminate on the date on which the Participant (i) terminates employment with the Town or (ii) elects under section 4.03 or 4.04 to receive cash in lieu of qualified benefits, although coverage or benefits under a Benefit Plan may continue if and to the extent provided by such plan or as required by law. Upon such termination of a Participant's election, the Plan Administrator may authorize a reasonable rebate to the Participant corresponding to the amount of salary reduction relating to the cost of coverage under any Benefit Plan that was forfeited by the Participant on account of his (i) termination of employment with the Town or (ii) election under section 4.03 or 4.04 to receive cash in lieu of qualified benefits. Such rebate shall be provided by the Town in the form of additional cash compensation payable to the Participant, which compensation shall be fully taxable.

4.06 Changes by Administrator. If the Administrator determines, at any time, that the Plan may fail to satisfy any nondiscrimination requirements imposed by the Code with respect to benefits provided to highly compensated employees (as defined in section 414(q) of the Code), highly compensated individuals or participants (as defined in Section 125(c) of the Code), highly compensated individuals (as defined under Section 105(h) of the Code) or key employees (as defined in section(s) 129(d)(4) or 416(i)(1) of the Code), the Administrator shall take such action as the Administrator shall deem appropriate, under rules uniformly applicable to similarly situated Participants, to assure compliance with such requirements. Such action may include, without limitation, a modification of elections by highly compensated employees or key employees with or without their consent.

4.07 Premium Payments by Participants of FMLA and Uniformed Services Leave of Absence. Any Participant who elects to maintain coverage under section 3.04 while on an FMLA leave of absence or is absent from work for more than 31 days for duty in the Uniformed Services must continue to make any required contributions specified in section 4.03. During such absence, a Participant may choose to make such contributions (i) by remitting payment to the Town on or before each pay period for which the contributions would have been deducted from the Participant's paycheck if leave had not been taken, provided that any delinquent payments must be made within 30 days of their due date, or (ii) at the Participant's written election (on forms furnished by and delivered to the Town not less than 30 days prior to prepayment), by prepaying the amounts that will become due during such leave out of one or more of the Participant's paychecks preceding such leave. A Participant who is absent from work for any paid leave of absence must continue any and all benefits elected under this Plan, and Participant contributions for those benefits that the Participant chooses to continue while on the leave of absence will continue to be deducted from the Participant's paycheck in such absence.

4.08 Maximum Contributions. The maximum amount of elective contributions under this Plan for any Participant with respect to each available benefit shall be as specified in the currently effective schedule of employee health coverage costs announced by the Town, as same may be amended and updated from time to time by the Town to reflect, among other things, changes in the costs of benefits

provided by the Town or the respective shares or such costs payable by Participants and by the Town. Before making their annual benefit elections, Participants shall be notified as to the currently effective costs of the benefits provided under the Plan.

4.09 Adjustment of Compensation Reductions. If the cost of coverage provided by an independent third-party provider under a Benefit Plan increases or decreases during the Plan Year, a corresponding change shall be made in the compensation reductions of all Participants receiving such coverage in an amount to be determined by the Plan Administrator. The Plan Administrator shall notify Participants of the change within a reasonable time thereafter.

4.10 Cessation of Required Contributions. Nothing in this Plan shall prevent the cessation of coverage or benefits under the Benefit Plans, in accordance with the terms of such Plans, on account of a Participant's failure to pay the Participant's share of the cost of such coverage or benefits, through compensation reduction or otherwise. In such case, the Participant shall be prohibited from making a new benefit election for the remaining portion, if any, of the Plan Year.

Article V

General Limitations of Plan Operations

5.01 Notwithstanding any provision of the Plan to the contrary, the administration of the Benefit Plans, and all questions, issues and claims arising under the Benefit Plans, shall be subject to review in accordance with the applicable provisions of such Benefit Plans and shall not be subject to any additional or independent review hereunder. The provisions of this Plan are intended solely for the purpose of providing a mechanism for the Employees to elect between cash and available coverage under the Town's various Benefit Plans and, to the extent that benefits under such Benefit Plans are elected, the mechanism for paying and providing for the benefits thereunder and for allocating the cost thereof among Participants and the Town. The administrative provisions, including the claims procedure, set forth in this Plan shall relate solely to the benefit election procedure and funding provisions of the Plan as so conceived and not generally to the benefits under the specific Benefits Plans.

Article VI

Plan Administration

6.01 Appointment of Plan Administrator. The Town's Treasurer is hereby designated as the Administrator of the Plan.

6.02 Powers. It shall be a duty of the Administrator to see that the Plan is carried out, in accordance with its terms and in a nondiscriminatory manner, for the exclusive benefit of Participants and their beneficiaries. The Administrator shall have

the power to administer the Plan, subject to applicable requirements of law. The Administrator's powers shall include, but shall not be limited to, the following:

- (a) to make and enforce such rules and regulations as the Administrator shall deem necessary or appropriate for the efficient administration of the Plan;
- (b) to interpret the Plan (such interpretation shall be final, binding and conclusive with respect to all claims arising under this Plan);
- (c) to decide all questions concerning the eligibility of any person to participate in and to receive benefits under the Plan;
- (d) to provide Employees with a reasonable and timely notification of benefit options available under the Plan;
- (e) to authorize the payment of benefits; and
- (f) to appoint such agents, counsel, accountants, consultants, and actuaries as may be required to assist in administering the Plan.

6.03 General Fiduciary Responsibilities. The Administrator shall discharge his duties with respect to this Plan (i) solely in the interest of Participants and their beneficiaries, (ii) for the exclusive purpose of providing benefits to Participants and their Beneficiaries and defraying reasonable expenses of administering the Plan, (iii) with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims and (iv) in accordance with the documents and instruments governing the Plan.

6.04 Records and Reports. The Plan Administrator shall be responsible for maintaining appropriate records to reflect the compensation for each Participant for purposes of determining the amount of contributions that may be made by or on behalf of the Participant under the Plan and for submitting all required reports and notifications relating to the plan required by the Code or otherwise.

6.05 Examination of Records and Reports. The Administrator shall make available to each Participant his records and reports under this Plan for examination at reasonable times during normal business hours.

6.06 Reliance on Tables, Etc. In administering the Plan, the Administrator shall be entitled to rely conclusively on all tables, valuations, certificates, opinions and reports which are furnished by, or in accordance with the instructions of, any insurer, or by accountants, counsel or other experts employed or engaged by the Administrator.

6.07 Indemnification of Administrator. The Town agrees to indemnify and to defend any Employee serving as the Administrator or as a member of a committee designated as the Administrator (including any Employee or former Employee who previously served as the Administrator or as a member of such committee) against all liabilities, damages, costs and expenses (including attorney's fees and amounts paid in settlement of any claims approved by the Town) occasioned by any act or omission to act in connection with the Plan, if such act or omission is in good faith.

6.08 Insurance Contracts Control. Notwithstanding anything to the contrary herein contained, if the terms of this Plan and the terms of an insurance contract which funds the Benefit Plans conflict, the terms of such insurance contract shall control unless contrary to law.

Article VII Funding

7.01 The Town shall fund the amounts required to provide benefits under this Plan out of the general assets of the Town at the time such benefits are to be paid for or provided. No separate trust or fund shall be created out of which benefits shall be paid for or provided hereunder, and no Participant or other person shall have any claim against, right to, or security or other interest in, any asset of the Town from which any payment under the Plan may be made.

Article VIII Claims Procedure

8.01 Making of Claims. Elective contributions made through salary reductions shall be made automatically through payroll deductions throughout the Plan Year. In the event, however, that a claim or dispute should ever arise under the Plan, the Participant shall present the claim or dispute in writing to the Plan Administrator.

8.02 Time for Acting Upon Claims. If a claim is wholly or partially denied, notice of the decision, in accordance with section 8.03, shall be furnished to the Participant within a reasonable period of time, not to exceed ninety (90) days after receipt of the claim by the Plan Administrator, unless special circumstances require an extension of time for processing the claim. If such an extension of time is required, written notice of the extension shall be furnished to the Participant prior to the termination of the initial ninety-day period. In no event shall such extension exceed a period of ninety (90) days from the end of such initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date on which the Plan Administrator expects to render a decision.

8.03 Notice of Decision. The Plan Administrator shall provide to every Participant whose claim is denied a written notice setting forth:

- (a) a specific reason or reasons for the denial;

(b) specific reference to pertinent Plan provisions upon which the denial is based; and

(c) a description of additional material or information necessary for the Participant to perfect the claim and an explanation of why such material or information is necessary.

8.04 Action Pending Decision. If a dispute arises with respect to any matter under this Plan, the Plan Administrator may refrain from taking any other or further action in connection with the matter involved in the controversy until the dispute has been resolved.

Article IX Amendment and Termination

9.01 Amendment of Plan. The Town reserves the right to amend this Plan at any time by action of the Board of Directors, without the consent of any Employee or Participant.

9.02 Termination of Plan. It is the expectation of the Town that it will continue this Plan indefinitely, but the continuance of this Plan is not assumed as a contractual obligation by the Town, and the right is reserved to the Town by action of the Board of Selectmen at any time to terminate this Plan without liability. Upon termination of the Plan, all elections and reductions in compensation relating to the Plan shall terminate.

9.03 Legal Enforceability of Provisions. The Plan and the provisions hereof constitute a legally enforceable agreement between the Town and a Participant. Neither the termination of, nor any amendment to, the Plan shall be made retroactively or prior to proper notification of Participants.

Article X Miscellaneous

10.01 Participant's Rights. This Plan shall not be deemed to constitute an employment contract between the Town and any Participant or to be in consideration of or an inducement for the employment of any Participant or Employee. Nothing contained in this Plan shall be deemed to give any Participant or Employee the right to be retained in the service of the Town or to interfere with the right of the Town to discharge any Participant or Employee at any time regardless of the effect which such discharge shall have upon him as a Participant in this Plan.

10.02 Communication to Employees. Promptly after the Plan is adopted, the Town shall notify all Employees of its availability and terms. The Town shall notify all new employees of the availability and terms of the Plan at the time of their commencement of employment. Within a reasonable time [not to exceed thirty (30)

days] prior to the commencement of each Contract Year, or, in the case of a new Employee, within a reasonable time [not to exceed thirty (30) days] following the date on which his employment commences, the Town shall provide to Employees (i) booklets, brochures, or other explanatory items which describe the material provisions of the Plan (to the extent the same have not been previously furnished), including benefits, enrollment procedures, timing of elections and the consequences of failing to make a timely election and (ii) such enrollment forms and salary reduction agreements as shall be required to make, change or revoke elections hereunder. Such information may be provided through electronic media to the extent permitted under DOL Regulation § 2520.104b-1(c) or other applicable guidance.

10.03 Notices. All notices, accountings, reports and other documents required to be given by the Plan Administrator may be given by personal delivery or by mail addressed to the party involved at the last address of such party recorded on the general address files of the Plan Administrator. If given by mail, the date of mailing shall be deemed to be the date as of which such document was given or furnished to the addressee. Any notice required under this Plan may be waived in writing by the person entitled to receive such notice.

10.04 Town's Protective Clauses

(a) If a Participant fails to obtain coverage under the Benefit Plans (whether as a result of the negligence or gross neglect of the Town or otherwise), such Participant's sole and exclusive remedy shall be the return of the amount of the employee provided premiums actually paid by such Participant in the Plan Year(s) for which coverage was not obtained.

(b) If and to the extent payments or reimbursements due under the Benefit Plans are required to be paid to the Town, as agent for a Participant or the spouse, dependent or other beneficiary of such Participant or otherwise, the Town's liability for any claim brought by a Participant or by the spouse, dependent or other beneficiary of a Participant with respect to such payment or reimbursements shall be limited to the amount of the payments or reimbursements, if any, actually received by the Town thereunder in connection with such claim. If payments or reimbursements under the Benefit Plans are not timely received by the Town following the submission of a claim, the Town shall so notify the Participant. Thereafter, the Town shall have no obligation to pursue such claim, and the Participant may pursue, settle or compromise such claim as the Participant, in the sole exercise of his discretion, shall see fit.

(c) The Town shall not be responsible for the validity of any insurance contract which funds the Benefit Plans, or for the failure of the sponsor thereof to make payments provided for thereunder, or for the action of any person which may cause any such insurance contract to be rendered null and void or unenforceable, in whole or in part.

(d) Once coverage under the Benefit Plans is applied for and obtained, the Town shall not be liable for any loss which may result from the failure to pay premiums to the extent premium notices are not received by the Town. Where premium notices are timely received by the Town, the Town's liability for the payment of premiums corresponding to such notices shall be limited to the dollar amount of such premiums and shall not include liability for any other loss which may result from the failure to pay such premiums.

(e) The Town shall not be liable for the payment of any premium due under the Benefit Plans or any loss which may result from the failure to pay such premium if the amounts deferred under section 4.03 are insufficient to provide for the payment of the Employee Provided Premium of the Benefit Plans at the time such premium is due. The Town shall notify a Participant if such amounts are insufficient to pay such premiums but shall not be liable for any failure to make such notification. Such premiums may be paid (i) if permitted under section 125 of the Code, pursuant to an amendment to a Participant's agreement to defer a portion of his compensation under section 4.03 or (ii) otherwise, by a cash contribution of the Participant.

10.05 No Guarantee of Tax Consequences. Neither the Administrator nor the Town make any representation or warranty that any amount paid as premiums or distributed as benefits under the Benefit Plans will be excludable from the gross income of a Participant for federal or state income tax purposes. It shall be the obligation of each Participant to determine whether payments are excludable from the Participant's gross income for federal and state income tax purposes.

10.06 Indemnification of Town by Participants. If any Participant receives payments or reimbursements which do not qualify for exclusion from gross income, such Participant shall indemnify and reimburse the Town for any liability it may incur for failure to withhold federal or state tax from such payments or reimbursements, provided however that such indemnification and reimbursement shall not exceed the amount of additional federal and state tax (together with any interest and penalties) that the Participant would have owed if the payments or reimbursements had been made to the Participant as regular cash compensation, less any such additional tax actually paid by the Participant.

10.07 Limitation of Rights. Neither the establishment of the Plan nor any amendment thereof, nor the payment of any benefits hereunder, shall be construed as giving to any Participant or other person any legal or equitable right against the Town or Plan Administrator, except as provided herein.


10.08 Terminology. Except where otherwise indicated by the context, any masculine terminology used herein shall also include the feminine, and vice versa, and

the definition of any term herein in the singular shall also include the plural, and vice versa.

10.09 Governing Law. This Plan shall be construed, administered and enforced according to the laws of the Commonwealth of Massachusetts and, to the extent applicable, the provisions the Code and any other applicable federal law.

IN WITNESS WHEREOF, the Town of Northborough has caused this Plan to be executed in its name and on its behalf this 24th day of December, 2013.

TOWN OF NORTHBOROUGH

By. 
Name: John W. Codomo
Title: Town Administrator

Town of Northborough

CAFETERIA PLAN ELECTION

Application/Election Form and Compensation Redirection Agreement

Employee Name: _____

Employee Address: _____

Employee Social Security Number: _____

The Employer and I hereby agree that my cash compensation will be reduced by the amounts set forth below for each pay period during the plan year (or during such portion of the year as remains after the date of this agreement).

ELECTION AND COMPENSATION REDIRECTION AGREEMENT FOR COVERAGE UNDER CERTAIN BENEFIT PLANS

I understand that:

--If my required contributions for the elected benefits are increased or decreased while this agreement remains in effect, my compensation redirection will automatically be adjusted to reflect that increase or decrease.

--Prior to the first day of each plan year I will be offered the opportunity to change my benefit election for the following plan year. If I do not complete and return a new election form at that time, I will be treated as having elected to continue my benefit coverage then in effect for the new plan year. In addition, this compensation redirection agreement will continue by its terms in the amount of the required contribution for the benefit option.

OTHER TERMS AND CONDITIONS

I understand that:

-- I cannot change or revoke this compensation redirection agreement at any time during the plan year unless I have a change in family status (including marriage, divorce, death of a spouse or child, birth or adoption of child, termination or commencement of employment of a spouse, or such other events as the Plan Administrator determines will permit a change or revocation of an election).

--The Plan Administrator may reduce or cancel my compensation reduction or otherwise modify this agreement in the event he/she believes it advisable in order to satisfy certain provisions of the Internal Revenue Code.

--The reduction in my cash compensation under this agreement shall be in addition to any reductions under other agreements or benefit plans.

--The amount of my compensation redirection during the year will be credited to an insurance account and such amount will be paid on my behalf.

--My Social Security benefits may be slightly reduced as a result of my election.

I hereby authorize the Employer to withhold a service fee of \$ -0- per pay period from my compensation for administrative costs of the plan.

This agreement is subject to the terms of the Employers Cafeteria Plan as amended from time to time in effect, shall be governed by and construed in accordance with applicable laws, shall take effect as a sealed instrument under applicable laws, and revokes any prior election and compensation reduction agreement relating to such plans(s).

I choose to ELECT the Cafeteria Plan as described above:

Employee's Signature

Date: _____

Accepted and agreed to by the Employer's Authorized Representative.

By: _____

Date: _____