**MINUTES**

**SELECT BOARD MEETING**

**Monday, February 17, 2020 @ Town Garage 6:00PM**

The Chair called the meeting to order at 6:00 PM

Present: Selectboard: Chair Joe Pollio, Stan Mack, Al Sands and Chris Wallace. Cathy Siano-Goodwin was absent, ill.

Others present: Joan Lake, Dottie Cannon, Suzanne Welch, Christine Tattersall, Sam Battaglino, Eric Stevens, Rooney Gibbs, John Gregory, Cynthia Gibbs, Hardy and Nancy Merrill, Neal Whitcomb, Kevin Hazeltine, Josh Ellsworth, Steven and Zsa Johnstone-Mosher, Will and Lurie Danforth, Kim Record Clerk/ Treasurer, Danny Taylor, and Bill Kearns Town Administrator.

Matt Farkas Fact 8 TV

1. Adopt Agenda. Motion by Al Sands, second Chris Wallace to adopt the agenda as presented. Motion passed 4-0.
2. Approve Minutes: February 3, 2020. One correction on attendance, to add Kim Record. Motion by Stan Mack, second Al Sands to approved minutes as corrected. Motion Passed 4-0
3. Warrants of February 14 and CAT lease payment warrant as signed, presented to Selectboard.
4. Fred Duplessis: (transcript):

Thank you

I see some of the gray copies of the bound report out there (referring to members of the audience having copies) This is the first year This is the first year in the transition to modified cash basis accounting, which hopefully simplifies the accounting at the Town Hall office doesn’t make a huge difference in terms of where you end up, but eliminates a lot of the complexity that a lot of Towns would have dealing with all the changes in accounting, a lot of changes are still to come. So, we have had a lot of towns over the years switch to modified accrual and this is the first one under basis of accounting

So, when you look at our opinions – you have a clean unmodified opinion of the general fund, the capital projects fund. The only qualification we have is in the Trustee of Public Funds and the Library Fund. One of the quirks of the cash basis is that investments are supposed to be kept on the books at cost. Well, some of these have been around for quite a while, and at tis point they are at market value rather than at cost. The theory being that till you sell something it … the market value can fluctuate. Until you sell it you really don’t know what you have. But it is at market value now. There are two ways to correct that. One would be to go back and research what the original cost was for these investments when they were first given or donated; the second would be to simply sell them and re-buy them. That re-establishes cost. Then you would simply have to track it from that point forward but you also make sure that, what the value is, is really the value, because you get it and however you wish to reinvest you can. So that’s a quirk.

But other than that, it’s a clean opinion on everything.

The basic financials have changed how they look. There’s a very combined statement in the beginning that combines all your funds together. I kind of like to look at the individual funds so on Exhibit C on page 6 you get you General Fund, your Capital Projects Fund, Library Fund, Trustees of Public Funds Fund. All of those are maintained separately within you accounting system. The total fund balance in the General fund at the end of the year was about $478,000. Some of that money is restricted for various purposes. There are others that have been assigned by the Board for either return to the taxpayers or other specific items leaving an unassigned fund balance of about $163,000. So, that’s about 14.5% of annual budget expenditures. Your first tax levy does come in until August 15th, that is the first due date for taxes, so you are running about 46 days, 12.5 %. So, it lines up pretty well. You’re in good shape in terms of having money there getting through from a cash flow standpoint of the general fund. It also leaves you a little bit extra if the Board and the taxpayers want to use some of that offset when there are emergencies, unexpect4ed expenses, or to simply keep the tax rate in line. So, having a reasonable fund balance is also important for cash flow, it is also important to be able to manage that tax rate so that there are no spikes. If you have health insurance, oil, or whatever, bad winter with road salt, whatever, it means you have some money in the bank that then the next year or the year after you can keep those rates smooth rather than to have them fluctuate. Where I have seen in other towns that do not have a fund balance to carry forward two things happen, they get spikes in their rates and they must borrow to keep their cash flow going in anticipation of taxes. So, you end up being in good shape.

In terms of your budget actual, starts of page 8 and runs for 7 pages. This is the budget that was passed by the Selectboard and approved by the voters [in March 2018]. In terms of receipts on page 9 you took in about $51,000 more than was budgeted and its in various categories, a lot of it is grants that have come in. And in terms of spending on page 14, you spent about $64,000 less than was planned and again that was in different areas. Some places you went over, some places you went under. But in total between those two - the plan was on a break-even year – but because you did a little better on revenue and a little better on expenses, you actually did $115,000 to the good, which increased your fund balance from a year ago, which is the number we saw in the balance sheet.

There are financial statements on what are called private purpose trust funds. Those are funds where you are the fiduciary. You are responsible for keeping track of all those funds – things like the S.B. Jones, Library, the Grafton Campbell Fund, and there is a schedule on page 34 and 35 that show each of those funds, so they are all tracked separately, but shown in total.

Going forward there are a lot of footnotes, starting on page 17, that explain the basic accounting, what you are how you are covering, what your tax rate is, what debt you have, just a lot of information in there. We talked about those fund balances and what they are assigned or restricted for. And there is a list of that on page 25 and 26. There is a big footnote on the fact that you participate in the Vermont Municipal Employees Retirement System (VMERS) for your retirement system I know there has been a lot of talk that some to of the retirement systems in the State, particularly particular the Teachers’ and the State Employees’ are underfunded. It is not quite as true for VMERS. It is actually on of the better funded plans within the state, and actually in the country. And so, your share of that at this point is about $100,000, but based up0on what the actuaries say that with the current rate structure in place there will be plenty of money flowing into that to pay all municipal employees for as far out as they can see.   
the VEMERS plan is well funded. Not true of the Teachers’ plan not true of the State Employees’ plan, and we are going to see a lot of our tax dollars unfortunately at the state level being eaten up trying to get those two plans back in line. And I know that they are talking about virtually any new revenue that is coming in is going to have to go to that because those are promises that were made to both the Teachers and Employees that they need to deal with. We can’t leave that to future generations to have to deal with. But unfortunately, that has happened. Not true with VMERS.

There are some schedules in the back, finally, because this is an audit done in accordance with Government Auditing Standards, we also have to have a report on compliance with laws and regulations and internal control. There were no compliance issues. There were two recommendations. They really kinda go … they are similar. There were some fund balance entries … what that means that they were posting some items directly to fund balance, that means the revenue and expenses didn’t show up. And they have corrected that and so both of those are dealt with, both relate to the same thing.

In the back we include a letter from the Town explaining their reaction to those findings, so basically, we have the report, the findings and then the resolution by town. We are comfortable that that really addressed those issues.

If there are any questions on the main body of the audit report or any items we talked about?

The Chair asked if the Board had any questions, there were none.

The chair called on Kim Record the Clerk Treasurer who asked:

I know you (the Chair) still have concerns, you and Stan, about the posting towards the expenditures versus what comes in in grants and revenues. You okay with that? My explanation? I know we have gone over it multiple times. They don’t like not seeing the revenue offset the expense.

Comment by Stan having to do with “having an accounting brain needed to understand” the way it is now done.

The chair: It doesn’t make sense I agree.

Stan: In my sense they do not come back to where they belong actually.

Fred Duplessis: The problem is you do not see them though. So those revenue and expenses never show up anywhere. It is as if they never existed. That is what the economists says. Now from your budget standpoint if you don’t like seeing them in the budget, we can show them differently. We can show your budget actuals without those in there and then show a reconciliation at the bottom. So that if there are major grants running through the general fund that you feel are distorting your budget, we can deal with that. We can show you (gesturing toward Kim) how…it will still tie up, but it won’t show against the budget item. So that if the Board decides that that is what is confusing it, that can be fixed as well in the current system.

The Chair: That would help me. That would be a good recommendation. It is very confusing. It is confusing for the residents because you don’t see that the expense was offset by the revenue – it looks like you overspent but you really didn’t because you had grant money to overcome that expenditure (this all was a jumble between Fred and Joe and Stan speaking at once, but this is the gist).

Fred Duplessis: Yes, we can show that as a reconciling item under budget expense. It will still have to be in there but at the bottom of the page so that you do not see that in the budget expenses.

There was more discussion to explain in the budget it would continue to be zeroed out and neither the expense or revenue shown, but all that would be shown at the bottom where the revenue and expense of the item, being covered by the grant, was funded and expensed, because it is not part of the budget…not planned for in the budget. The Plan is a tool and so it has to be useful and if this helps, good.

Kim Record and Fred Duplessis agreed the transition has been good, and Kim – he is a phone call away.

The Chair Thanked Fred Duplessis.

1. Highway Report
   * Roads near Otis Rd and Hall Ranch Road. Bill Kearns explained what needed to be discussed and decided: Decisions to be made:
   * Keep all three roads or keep some of the roads
   * Which to keep.
   * Will the two roads, if kept, that go from Hall Ranch down to Otis become one road in name.
   * Put one or any road back on the map
   * Put back on the map as Class 4 or legal trail. If legal trail, a hearing would be required pursuant to Title 19 VSA 701, beginning at §708, and requires the same procedure for discontinuance, altering layout or reclassification. If added as Class 4, which appears to be what it was, and all landowners agree to that classification, then no one will demand a 708 proceeding and you could proceed.
   * Restrict the use in winter to snowmobiles.
   * Restrict the use and not allow, or limit use by, ATVs.

Will Danforth led the discussion, commenting that, if added, the roads should be returned as Legal Trails.

Josh Ellsworth has done what he could to care for the road that lies on his property, which is the portion off Otis Rd and numbered #3. He is worried about how bad the road is. If the town takes it, the culvert near Otis Rd., about 50 ft. off the road, needs repair. Danny Taylor said it is a stone culvert that needs work and guessed it might need a box culvert which would be expensive. Josh prefers wintertime use only and deny ATV use. ATV use is illegal of Class 4 roads in any case. Neal Whitcomb does not want a class 4 road over his property. John Gregory and Rooney Gibbs believed the culvert could be repaired and not need to be new. Eric Stevens said the road is a class 4 and if brought onto the map should be a class 4 and then if the Town wants to change that, have hearings then. Zsa Johnston-Mosher would prefer no road, disc9ntinuye instead. Al Sands stated the road on the ground goes straight over to the Putnam State Forest Rd. and does not turn up to Hall Ranch, so it does not run through Johnstone property on that path as it is. It was agreed the town needs policy on Class 4 road use and no ATVs. Consensus put the road on as Class 4 and then decide the Class and, if want to change, have hearings. Motion by Al Sands, second by Chris Wallace to put all three roads on map and then have hearings on classification. Motion passed 4-0.

* + Truck bid – Freightliner. Accept the bid from Patriot Freightliner. Danny Taylor said the warranty offered in the package was the best they give. Motion by Al Sands, second Chris Wallace to approve the bid as presented, which is $146,019 plus $8,155 for the warranty. Motion passed 4-0.
  + Excess Weight Permits: Renaud Bros., Valley Crane, and Barrett Trucking - Bill Kearns stated al three had paid fees and provided the Certificate of Insurance. Motion by Al Sands, second Chris Wallace to approve the three excess weight permits and authorize the Town Administrator to issue those permits. Motion passed 4-0.
  + Trees in ROW need cutting. There is no known policy, though it seems there was one when Joe Polio was on the Board years ago. A Policy is needed. The Tree Warden has the authority by law in 24 VSA 871, 2502. Selectboard has the authority under 19 VSA 901 et seq., in particular 904. Discussion of forming a committee, perhaps five members, and doing that in conjunction with naming a Tree Warden, who will be required to inventory Emerald Ash Borer (EAB) diseased trees and work with committee on a plan for removing trees. Decision to find and name Tree Warden first in the process, and then the committee, which committee with come up with a plan and policy. Meanwhile the Selectboard shall write a letter to the owners of these parcels where the limbs of tree or brush are a safety hazard and are causing damage to vehicles passing and ask that they limbs and brush be cleared from interfering with traffic.

1. Commissions per 24 VSA 4433 – report back on School Commission. Hardy Merrill state that the verbiage on the formation of the Commission is fine but not necessary at this time. He and John Turner are interested in being on the commission if formed.
2. Act 60 – new legislation, discussion. Joe spoke of the hearing going to occur in Montpelier and that he will try to go and welcomes others.
3. Town Hall
   * Tuck pointing basement wall, cleanup and vapor shield. Discussion of the three projects. Three different jobs. One to clean out the basement. Selectboard wants now. One to re-point the concrete in the stone walls, which cost would not exceed $2,000 and could be done as a late winter project by Nathaniel Noyes. Same. One to vapor seal all the dirt floor in the areas accessed through the basement and the crawl space beneath the Selectboard’s Office, which should be about $5000. Al Sands moved, second Chris Wallace to proceed with the clean-up and the re-pointing for the estimate and to proceed with the vapor seal of the entire area beneath the Town Hall for a cost not to exceed $5,000. If the costs exceed $5,000 the project needs to be bid out per policy. Motion passed 4-0.
   * The envelope of the building needs to be re-checked. There has been an energy study and that needs to be redone. Eric Stevens suggested the Town hire a consultant to look at the building and help us determine what needs to be done, before we do any more remodeling or decide on heat or air. Eric then went into some detail about the walls that were deficient and need checking. Also, he stated that the study never touched the 1st floor as the SB at the time dropped the project. Discussion followed.
4. Tree Warden 24 VSA 871, 24 VSA 2501 et seq. / Emerald Ash Borer. Al Sands and others urged that the problem is here now and must be addressed right away. A committee must be formed. A Tree Warden needs to be appointed and active. The project areas of priority need to be identified and the inventory done. Some in the audience, Joan lake, Dottie Cannon, asked if Al could be appointed, or at least as interim, until a person could be appointed. The ad for membership on a committee on the EAB and for Tree Warden be put into the Grafton news.
5. Listers’ Certificate – No Appeal or Suit Pending – Selectboard to acknowledge with signatures. Was signed by Selectboard and returned for filing with the Town Clerk.
6. Town Attorney discussion, selection. Sent to Exec session
7. Gravel. Set to Exec session.
8. Other Business. Matt Trieber is retiring, reported Chris Wallace and the democratic committee is working with the other towns to come up with a recommendation to the Governor for a replacement.
9. Public Comment - None
10. Potential Executive session re: contract negotiation, property. Motion by Chris Wallace, second Stan Mack to adjourn to Executive Session. 8:00 PM.
11. Motion to exit Executive Session. 8:25 PM. Discussion on who to hire. Each member stated they had individually rated the Attorneys and each of them had Salmon and Nostrand, Larry Slason as their choice. Discussion re potential conflicts with other towns because of School merger issues. The Town Administrator can address that with Mr. Slason. Motion by Al Sands, second Chris Wallace to contact Larry Slason, discuss possible conflicts with him, if satisfied the conflicts do not exist or can be mitigated or otherwise mitigated, extend in form him that Salmon and Nostrand has been approved as the Town Attorney per the terms in his letter. Motion passed 4-0. Motion by Stan Mack, second Al Sands to appoint Bill Kearns interim Administrative Officer. Passed 4-0.
12. Date of Next Selectboard Meeting: March 2, 2020
13. Adjourn Motion by Al Sands, second Chris Wallace to adjourn at 8:37 PM

Respectfully submitted, William G. Kearns