

APPROVED

**Board of Selectmen
8 August 2011
Minutes**

6:00 pm - Chairman Guarino read “This meeting of the Selectmen of the Town of Gilmanton is now open, and the matters presented and discussed here shall be for the purpose of managing the prudential affairs of the town and to perform the duties by law prescribed.” Present were Chairman Guarino, Selectmen Rachel Hatch and Ralph Lavin, Town Administrator Tim Warren and Clerk Lois Dionne. Also in attendance were School Superintendent John Fauci and a number of school board members and members of the general public.

After attendance, everyone stood for the “Pledge of Allegiance”.

Payment Schedule – School Department -Contract Accountant Jen Correia had requested to speak to the Selectmen regarding the payment schedule to the Gilmanton School Board. Attached is a copy of her concerns regarding the current payment schedule. Jen had spoken with the Town Administrator in July about the large payments we make to the school in July and August. In an attempt to come up with an accurate payment schedule, she had requested a monthly cash flow statement from the school board for their last budget year. In a meeting with the school’s superintendent and business administrator on August 2nd, the request for this information had been denied, and the superintendent asked that the Town come up with a payment schedule that they felt was fair.

Without having the requested information, using the school’s estimated 2011/12 budget figures, Jen came up with a payment schedule that she presented and explained to the Selectmen along with a copy of the payment schedule that the school had submitted to the Town.

Jen explained that the need to change this schedule is to ensure that the Town has enough cash flow to finish its fiscal year without having to take a tax anticipation note; usually the undesignated fund balance was such that the Town didn’t need to take a tax anticipation note, but the balance in that account is half of what it had been because of a change the State mandated requiring towns to set aside money for unpaid taxes. The Town is also losing about \$550.00 a month interest adhering to the school’s payment schedule. Jen asked the Selectmen to review the information she provided, and decide

whether they wanted to continue with the payment schedule set up by the school district, or approve the payment schedule she proposed.

Jen said she didn't understand why, when the school isn't in operation in July and August, they are asking for \$1.3 million dollars in July and another \$670,000.00 in August when their big payments are in November and June. She explained that usually you try to make as few payments to the school district as possible before December so you aren't putting an undue burden on the Town's cash flow; usually school districts will only ask for their actual expenditures for that period. Jen said school districts usually ask for the big payments in November and June.

Selectman Hatch recused herself from the discussion, as she is employed by the SAU Office. Chairman Guarino felt the Board should send a letter to the school board along with a copy of Jen's recommended payment schedule, informing them that because the Town made the payment of \$1.3 million dollars in July, the Town wouldn't make any more payments at this time. Ella Jo Regan suggested that they speak with the School Board before making a decision. Jen replied that the payment schedule was the result of a direct request from the school board, so the schedule would be sent to them for comment. She said she had requested the information from the school board, but they would not give it to her.

Selectman Hatch said she goes to DRA each year, and assists in setting the tax rate, but this is the first she is hearing about us only having \$500,000.00 in the undesignated fund balance, and asked why the Board wasn't made aware of this fact. Tim Warren stated that when the auditor had come in March, he (Tim) had informed the Board that, due to a change in accounting practices, the Town had to use the fund balance to cover the unpaid taxes. Selectman Hatch said she did remember that. In the past the Selectmen have used a portion of this money to off set the tax rate for residents.

There was a brief discussion on the importance of keeping an undesignated fund balance.

Chairman Guarino reiterated that he and Selectman Lavin had made the decision that the Town would send a letter and Jen's proposed payment schedule to the school, and wouldn't send the August payment until we get something back from them.

Selectman Hatch asked if Chairman Guarino would allow additional information to be presented at this time. After asking approval from Selectman Lavin, Chairman Guarino said he would allow input until 6:30, at which time the Selectmen were to meet with the fire chief, but it was not to become a debate session.

Superintendent Fauci presented some documentation to the Selectmen; it was the payment schedule they (school) had requested last year. He said the schedule was similar to previous years. Mr. Fauci noted that around March, payments from the Town had ceased. He said Donna Clairmont, business administrator had talked with Town

Administrator Tim Warren about the payments; they were assured they would get the money in a timely manner, and they had received the \$1.4million dollars they were owed. He said prior to giving this year's schedule to the Town, because of last year's payments having ceased, Donna had gone and talked to Tim about the payments, asking if the payments worked for him. Tim had responded that the schedule is fine; it works for the town and the school. Mr. Fauci said Donna had offered being flexible if the schedule didn't work. At a later date, they had received an email that Jen had sent to Tim (The email had been forwarded to them). He said the email had suggested that they (school) reconfigure the schedule. Because of the email Donna Clairmont had talked with Tim, and again offered to change the schedule, but again was told the schedule was correct, and it worked for the Town. Mr. Fauci said they then received an email from Jen requesting the information she alluded to. He said, because he wanted to rectify the payment schedule, he had arranged a meeting between himself, Donna Clairmont, Jen Correia and Tim Warren to try to work out a schedule. During that meeting it was suggested that instead of providing Jen with documentation, they (Jen) look at their (school) schedule and provide them with information so they could have a guideline about the cash flow and what works for the town and for them, and that is where it was left.

Mr. Fauci said they had never received even a phone call when the payments stopped, and they hadn't realized there was a problem

Brett Currier asked if we pay Jen to find out what is in the best interest of the Town, and she comes up with a schedule that makes sense, saves the taxpayer money, and does not negatively affect the school district in any way, why wouldn't that schedule work? He also questioned if big tuition payments have to be paid in July and December, and we pay those payments in a timely fashion, and disperse the other payments over the twelve months as Jen has worked out, what the issue is.

Chairman Guarino stated that is why they are sending the payment schedule to the school board to try to work it out.

Jen Correria stated that there were some inaccuracies in Superintendent Fauci's statement. She agreed that Tim hadn't thought there was anything out of the ordinary with the schedule, but because she works only four hours once a week, considerable time had passed by the time he (Tim) had mentioned it to her, and she took a look at it, and said there was a problem. She said just because Tim had been approached twice before, when it was brought to her attention, it didn't mean she wouldn't have a problem with it. Jen said she had sent an email to Tim, and he forwarded it to the Selectmen, as he should have, but she doesn't know why it was forwarded to the school district. Jen said she had simply requested a statement of cash flow to determine why they needed \$1.3 million in July, and another \$900,000.00 in August. She said when they met with the superintendent, she had again made her request, and was told that they were "offended" that she had asked for the information. Jen said from the superintendent's perspective it

was an amicable meeting, but when she is denied information to come up with a cohesive schedule, she is taken aback. The only thing they offered was to come up with an alternative.

Selectman Hatch stated that she had forwarded the email to the superintendent. Being a taxpayer, a selectman and an employee of the school department, she had become aware of a potential problem with the payment schedule, so she had forwarded the email as a good faith effort to try to help the town and school work better together. Rachel said neither she nor Jen had been aware that the business administrator had contacted Tim twice.

Chairman Guarino stated that he is hopeful that after they receive the letter from the Town, the school board would respond so they can make something that will work for both the town and school.

Ella Jo Regan said she was not at the meeting, but the offer had been made twice to work together to work out a plan, but it has been sent to the Board of Selectmen as a very long, formal presentation; she wished there could be a more amicable approach.

Chairman Guarino stated that if people wanted to wait in the hall until after the Selectmen met with the fire chief, he would be willing to allow more discussion of the issue, but members of the energy committee were also coming in for public input.

6:30 pm – The Selectmen recessed to go look at the new fire truck that the chief had in front of the building.

6:36 pm – Back in Session

6:37 pm – Selectman Hatch moved to enter into Non-Public Session per RSA 91-A:3, II(b) – Consideration of the hiring of a public employee. Selectman Lavin seconded. Motion passed 3-0.

Chief Hempel discussed the filling of the third full-time position in the fire department.

7:00 pm – Selectman Hatch moved to come out of Non-Public Session. Selectman Lavin seconded. Motion passed 3-0.

Chairman Guarino asked members of the energy committee if their schedule allowed them, and if they would be willing to wait until after the discussion of the school payment schedule was completed before discussing their issue. The committee was agreeable to wait.

Public Input – Chairman Guarino read “Public input is reserved to allow residents, without prior notice, to bring forward new information on matters of interest to the Town.

Existing cases or applications shall not be heard. Residents with existing cases or applications shall use the channels established for appeal or submission of new information in their cases. The Selectmen reserve the right to place time limits on public input. No vote will be taken on any matter brought in through public input unless a dire emergency requires such action.”

School Payment Schedule – Cont’d.

School Board Chair Mike Hatch read RSA 198:5 Assessment – The selectmen of the town, in their next annual assessment, shall assess upon the taxable property of the district a sum sufficient to meet the obligations above enumerated, with such alterations thereof as may be voted by the district, and shall pay the same over to the district treasurer as the school board shall require for the maintenance of schools.

Mr. Hatch said the school board is willing to work with the Town, but felt it had come across that the school was doing something sneaky. He asked Donna Clairmont to explain why the “heavy load” was in July and August.

Donna said the school doesn’t receive their first adequacy payment from the State until late August or the beginning of September; they receive three payments, one August/September, one December/January and one in April. She stated that although school is not in session during the summer, this is when a lot of their operating expenses occur getting ready for school such as supplies, books, maintenance inspections that are required by law, health insurance, etc., so July, in particular, is when they need their cash flow. Donna said they don’t have the ability to carry a surplus, so any monies they have at the end of the year are factored in, so they don’t carry any surplus. She reiterated that they have a willingness to work with the Town, but they have to meet their obligations.

Brian Forst felt things might have been able to be handled better. An accountant for the Town brought forth something she was not comfortable with, and asked for clarification. He was concerned about numbers he had heard tonight, and felt things need to be worked out without putting the financial situation of the Town in jeopardy.

Jen stated that the Selectmen’s manifests are signed and public, and she asked why we couldn’t have a copy of the school board’s July manifest explaining their expenses.

Rich Bakos asked if the system is broken and needs to be fixed, or if there is a lack of information being brought to the selectmen. He felt Jen had put together an intelligent recapitulation of what the cash flow looks like. He stated that we seemed to have had the cash before, and asked if the lack of it was due solely to the accounting change from the State.

Selectman Guarino stated that the big change is the State mandating that we have to set money from the unanticipated fund balance for unpaid taxes.

Mr. Bakos asked if there had been a change in the procedure for the school asking the Town for money with the payment in July being frontloaded.

Jen replied that that is the way it has always been, but it was three months ago when Selectman Hatch asked her to take a more active role to make sure things were more equitable for the Town, not in just this instance, but in all the Town finances. She said that as she has the time, she digs into different scenarios; the Selectmen are working on others she has brought to their attention, and because she has been asked to take a more active role, other things will come up.

Selectman Hatch said the Selectmen had a discussion after an independent audit and assessment of the Town was completed, and it was determined that we lack fiscal accountability and policies. She said that is when she had the conversation with Jen asking her to take a more active role.

Mr. Bakos asked if the school was making interest on the money we are paying them, if so, the payments should be made on a basis of need, not request.

Mr. Fauci reiterated that they were unaware that there was a problem until they stopped getting checks, and they started having a cash flow problem. He said he was excited to work with the Town to see the new cash flow schedule to see if it will work for both the town and school.

Brenda Currier asked, if Mr. Fauci is excited to work with the town, why they wouldn't give Jen the information she requested.

Brian Forst stated that the town is one entity with various divisions, not two entities trying to work together.

Karen Clifford stated that she was thrilled to see that we are having someone look into it.

There was no more comment on the issue.

Franchise Fee – Brett asked what had ever happened about the franchise fee. Selectman Hatch stated she had found out when the Selectmen met with the MetroCast representative that the franchise fee was established fifteen years ago by a former Board of Selectmen to charge residents that subscribe to MetroCast Cable; it is a source of income to the Town.

Brett stated that he felt it would be fair to all taxpayers if the current Board of Selectmen remove the franchise fee. It isn't fair to people who pay the fee, because the money is returned to everyone, including those who don't pay the fee.

There was a brief discussion on the fee, the fact that the cable company is a monopoly, and our contract with the cable company is up in 2013. We are joining a consortium with thirteen area towns whose contract with MetroCast will be up the same time as ours to negotiate a new contract. It was asked if we have a commitment with MetroCast, or if there are other cable companies that we could use.

Energy Committee – FDA Loan – Energy Committee members Nate Abbott and Paul Callahan were present to discuss the RFP for insulating the shell and window repairs for the Academy Building. Steve Bedard was also in attendance.

Nate stated that he had asked Steve Bedard to be present because it has come to a point where there is difficulty getting the project started in a timely fashion. He said the Selectmen had sent out RFPs and received bids, and there are questions about the execution of the specifications. The specifications were based on a detailed analysis by Lakes Region Thermal Scan Paul Callahan's company. There had been four proposals received for the project; two for the shell of the building and two for the windows; the energy committee reviewed the proposals, and made recommendations to the Selectmen. Nate said he has heard that there are a lot of ideas about rearranging the project. Nate said he had spoken with the window contractor the energy committee had recommended today, and the contractor said he if he were given the go ahead tomorrow, he would be able to start in October; if the Selectmen don't make a decision, we will lose a good portion of the heating season. Nate said the energy committee had given their recommendation, and they feel the constructive thing to do to get the project going is to have the Selectmen's choice of contractor in, either accepting the bid, and announcing that, or have the contractor you would like to talk to first in and talk about any issues anybody wants to raise from the standpoint of historic preservation, because they understand there are issues with beading board upstairs on the stage, the trim around the circular window and the windows themselves. Nate stated that the energy committee felt that if the Selectmen chose the lowest bidder in each instance, if there were things missing from their quotes, the Selectmen could ask them about it, and if there were an incremental charge, they could see if it fit the budget.

There was discussion about Nate's expressed concern about the possibility of losing the CDFA loan, if the windows are to be restored rather than sealed. There was a good deal of discussion of preserving the historic integrity of the building in relationship to energy savings. The building is registered on the National Registry of Historic Buildings. Selectman Hatch had asked Steve Bedard and John Dickey both of whom know a great deal about, and have restored historic buildings to review the proposals that had been submitted keeping in mind how they would affect the historic integrity of the building. Mr. Bedard's profession is restoring old and historic buildings. Restoration vs. sealing the windows was the main topic of conversation. It was stated that the work on the envelope of the building could be started while they get more information on the windows, because they are two different projects. Mr. Callahan and Mr. Bedard had a difference of opinion on building insulation and window repairs; whether restoring the

windows would make them more energy efficient. Mr. Bedard felt, although restoring the windows is more expensive, it is a better solution, and could be done in stages. He also stated that LCHIP has more money available, and felt we had a good chance to get a grant for \$30,000 to restore the windows. He asked the Selectmen for permission for him and John Dickey to apply for the grant. There will be a mandatory pre-application meeting on Friday. They will make their decision in October.

8:12 pm – Break**8:15 pm – Back in Session**

There was more discussion on the value of restoring the windows.

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MOTION - – Selectman Hatch moved to allow John Dickey and Steve Bedard to apply for an LCHIP grant in the amount of \$30,000.00 for restoration of the windows in the Academy Building on Province Road in Gilmanton. Selectman Lavin seconded. Motion passed 3-0.

Chairman Guarino recapped that the Selectmen would allow Steve and John to apply for the LCHIP grant, and the Selectmen would speak with the contractors, and have interested parties in for a meeting.

Dump Stickers - Town Clerk Deb Cornett met with the Selectmen to discuss the notice she wants to put in the paper regarding the new way the dump stickers will be issued. There will be a fee for the stickers. Residents will be able to purchase the stickers on line with ACH or credit cards or they will be available in the town clerk's office. The applications have also been revamped for on-line use. With minor changes, the Selectmen approved the notice and the changes in the dump sticker applications. The forms will be put on line as a link on the Recycling Facility Page.

Approval of Minutes – The Selectmen reviewed the minutes of their last couple of meetings.

MOTION – Selectman Hatch moved to accept the minutes of August 1, 2011 as presented. Selectman Lavin seconded. Motion passed 3-0.

MOTION – Selectman Hatch moved to accept the minutes of July 25, 2011 as presented. Selectman Lavin seconded. Motion passed 3-0.

Congressman Guinta's office will have a representative at the Academy Building on August 31st from 1:00 pm to 2:00 pm to answer questions residents might have.

Land-Tax Appeals – Tim reported that the Town had prevailed on the three cases residents appealed to the Board of Tax and Land Appeals.

GAT – We sent 131.44 tons to Penacook in July, up from 115.55 tons in July 2010. Year-to-date, we have sent 776.80 tons, up from 768.36 in 2010.

July Recycling Income – Recycling income for July was \$3,048.00.

Auction – Town-Owned Property – Tim informed the board that a .67-acre parcel on Meadow Pond Road had been removed from the list of properties to be auctioned on August 20th. After researching old deeds, at a request from a resident, it is determined the property doesn't exist.

Road Bonds - Tim informed the board that in accordance with State RSA the Town cannot require a road bond for logging operations. There was a brief discussion. Effective immediately we will no longer require loggers to post a road bond.

Employee Picnic – Due to the park being busy on August 23rd, the employee picnic has been moved to August 30th.

Commendations- Police Dept.

We received a letter of commendation (copy attached) complimenting Officer Currier's demeanor and conduct experienced by an individual during a traffic stop.

Tim said he had also received a phone call, which is to be followed up by a letter, from a resident praising Officer Fiske as being the most pleasant and nicest person they had ever met, and the dignity with which she performs her duties.

Shrub-trimming – Old Town Hall – Tim said he had spoken with Brenda McBride and John Dickey about a meeting to discuss the trimming of the bushes at the Old Town Hall. If the time is agreeable with Selectman Hatch, they can meet on Thursday at 3:30. Selectman Hatch agreed to the date and time of the meeting.

Planning Board – Selectman Hatch stated that the Planning Board had done draft two of the subdivision regulations; they are meeting Thursday and hope to begin draft three. Their goal is to have a public hearing on them in September. Tim asked if there had been any discussion about the road standards. He said he had a conversation with Billy Hurst of Wolcott Construction, who said we need to increase the amount of gravel under our roads because of the heavy trucks on the road. Tim said he had made the planning board clerk aware of this.

Work Session – Mandatory Recycling – Chairman Guarino asked that the recycling center be asked to have a representative present at the work session on Monday, August

15th when they will be discussion the committee's recommendation for Gilmanton to adopt mandatory recycling.

CDFA Loan – There was a brief discussion about the meeting earlier with members of the energy committee regarding the CDFA Loan.

After discussion, because the two proposals submitted for windows were not for the same work, or for the same number of windows, Chairman Guarino said he would take the information from Winn Mountain's proposal and use that to come up with a general RFP to enable us to get a proposal for the same work from Olde Windows.

9:22 pm – Selectman Hatch moved to enter into Non-Public Session per RSA 91-A:3, II(a) - Dismissal, promotion or setting compensation for public employees or the investigation of any charges against him, unless the employee affected has a right to a meeting or requests that the meeting be open, in which case the request shall be granted. Selectman Lavin seconded. Motion passed 3-0.

The Selectmen discussed a personnel issue.

9:24 pm – Selectman Hatch moved to come out of Non-Public Session. Selectman Lavin seconded. Motion passed 3-0.

9:25 pm – Selectman Hatch moved to enter into Non-Public Session per RSA 91-A:3, II(e) - Discussion of pending or threatened (in writing) litigation against the Town or Town Officials, Board Members or employees. Selectman Lavin seconded. Motion passed 3-0.

The Selectmen discussed a legal issue.

9:27 pm – Selectman Hatch moved to come out of Non-Public Session. Selectman Lavin seconded. Motion passed 3-0.

9:28 pm – Selectman Hatch moved to enter into Non-Public Session per RSA 91-A:3, II(e) - Discussion of pending or threatened (in writing) litigation against the Town or Town Officials, Board Members or employees. Selectman Lavin seconded. Motion passed 3-0.

The Selectmen discussed a legal issue.

9:35 pm – Selectman Hatch moved to come out of Non-Public Session. Selectman Lavin seconded. Motion passed 3-0.

Paving – Bingham Road – There was a brief discussion on the paving of Bingham Road. We are holding bond money until the paving is done. Tim said it was

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recommended that the road be shimmed and some stones be pulled before it is paved. We have gotten an estimate from Wolcott Construction for the paving, and Mr. Thomasian, who built the subdivision, is also getting prices.

9:42 pm – MOTION – Selectman Hatch moved to adjourn the meeting. Selectman Lavin seconded. Motion passed 3-0.

Respectfully submitted,

Lois Dionne
Recording Clerk

The following was read into the meeting by Jen Correia, Contract Accountant.

I would like to request that the Gilmanton Board of Selectmen review the payment schedule to the Gilmanton School Board.

Back in July the Town Administrator mentioned that the school district would be asking for large payments at the beginning of their payment schedule for budget year 7/1/11 to 6/30/12.

The Town Administrator thought this might be helpful considering the town is always short on cash in December.

I explained to the Town Administrator that this would not be helpful and issued an email expressing the need to reconfigure the school payment schedule.

I further explained that the town does not send out a tax bill to cover the school payments for July through December until November of 2011. So in fact, any money that the town pays the school district is in fact the town's money. This is why it is imperative that the school district only request an amount of payment that is equal to their actual expenditures less whatever income they received for that month.

In order to come up with an accurate payment schedule, I requested a statement of cash flow by month for the last budget year. I was going to use this data to compile a cash flow schedule to present to the selectmen. In a meeting with the school's superintendent and business administrator on August 2nd the town's request for this information was denied. The superintendent requested that the town come up with a payment schedule that the town felt was fair.

This leads me to this presentation. Using information from the school boards annual report, and the financial documents filed with

the Department of Revenue, I have compiled a cash flow schedule that I recommend the town approve.

I have listed total revenues received by other sources in the upper section. Items that are bolded are known dollar amounts and month of receipt. If the month of receipt is not known I simply divided the amount by 12 and spread it out equally.

For expenditures with the exception of tuition payments and warrant articles, I spread the amounts out equally over 12 months. The business administrator told us that the schools biggest payment is to the Gilford SAU for tuition. These payments are made in November and June. The payments are budgeted at \$2,860,493. which is divided in half with one payment of \$1,430,247 in November and one payment of \$1,430,247 in June. Warrant articles and large non operating expenditure should not be made by the school district until after the November tax bills are sent out.

This is similar to how the town has to enter their budget year. From January until the town meeting, the town is not allowed to make any purchases other than normal operating expenses. The town can not make any out of the ordinary purchases.

The need to change this schedule is to ensure that the town has enough cash flow to finish its fiscal year. If large payments are made to the school district this will leave not funds for the town to pay its obligations. If the payment schedule to the school is not changed, in order to pay the town's obligations at the end of the year the town would have to take a tax anticipation note. If the town has to take a tax anticipation note it will be an additional cost to the taxpayer.

In the past the town did not need to take a tax anticipation note because the town had a large unreserved fund balance. Over the

years the selectmen have been using the unreserved fund balance to reduce the tax rate. Unfortunately this year there is only about \$500,000 left in this unreserved fund balance. Unreserved fund balance is important to a town because it helps the town weather the gaps between tax bills. Cash flow is important to any entity. Unreserved fund balance is also needed for emergencies. If the town encounters any unforeseen emergency expense, fund balance can be used with the DOR's permission. If there is no fund balance emergency expenditures cannot be made.

The town is also losing about \$550.00 a month in interest by adhering to the schools payment schedule. Any revenue lost would also be a burden to the town's cash flow.

I would request that the selectmen look over the information I have provided and decided weather they would like to continue the school districts payment schedule or approve the payment schedule that I have proposed.

Thank you.

7/28/2011

Board of Selectmen
Tim Warren
Town Administrator
PO Box 550
Gilmanton, NH 03237

Dear Mr. Warren,

I'm writing regarding an encounter I had with one of your police officers, Matthew Currier.

I recently met officer Currier during a traffic stop and although you wouldn't normally be impressed with someone who is about to give you a ticket, I have to say that Officer Currier's demeanor, conduct and behavior was commendable. He handled himself in a professional, proficient, courteous and respectful manner.

He is a credit to his profession and to the town of Gilmanton. Keep up the good work by hiring this type of person.

Sincerely,


William Ryan
PO Box 956
Alton, NH 03809

Thank you for your letter.

The Board of Selectmen will be in contact with the Police Department regarding this matter.

Very truly yours,

William Ryan
Town Administrator
Gilmanton, NH 03237

