

Note: Draft minutes are subject to corrections, additions and deletions.

December 21, 2015

PRESENT: Rick Griffin, Chairman
Rusty Bridle, Vice-Chairman
Mary-Louise Woolsey, Selectman
Phil Bean, Selectman
Jim Waddell, Selectman
Frederick Welch, Town Manager
Mark Gearreald, Town Attorney

SALUTE TO THE FLAG

I. Public Comment Period (4:52)

II. Announcements and Community Calendar (4:58)

Selectman Bridle: the Firefighters are sorting through the toys for the children, and would like to thank the people of Hampton for donating the toys for the Hampton Firefighters Toy Bank; they have over 50 families they are helping; hope everyone has a very Merry Christmas.

Selectman Woolsey: the UNH Road Scholar program John Burke has achieved Roads Scholar 1; Chris Seamans has achieved Master Roads Scholar Safety Champion; Chris McInnis has achieved Roads Scholar 1 and Safety Champion.

Selectman Bean: it has been a great year in Hampton; looking at the Audit tonight, which has improved dramatically; Happy Holidays. I was in Concord today and signed a declaration of intent for special election as State Representative Rockingham District 21, and will be pursuing that office as an Independent.

Chairman Griffin: I wish everyone a Happy Holiday.

III. Consent Agenda (8:45)

1. Hampton Cemetery Deed: James & Gail Scott

Selectman Woolsey MOTIONED to MOVE the Consent Agenda SECONDED by Selectman Bridle.

VOTE: 5-0-0

IV. Appointments (9:00)

1. David Pope

- a. 1052 Ocean Blvd – In-kind repairs/construction of seawall/revetment

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Mr. Pope: we are here to get your permit for the revetment at our house, as the rocks move around and we would like permission to move them back. I would like if possible to get a long-term maintenance permit, just to maintain the rocks.

Town Manager Welch: they are all set with the requirements.

Chairman Griffin: what about long-term maintenance

Town Manager Welch: you do not have a policy concerning that; you would have to develop one, along with Conservation and the Planning Board.

Mr. Pope: how long does the permit go for? Town Manager Welch: ends May 15, 2016

Selectman Bean MOTIONED to APPROVE the Permit conditions as written with stipulations for the Use of Town Property for Revetment Reconstruction at 1052 Ocean Blvd SECONDED by Selectman Woolsey.

VOTE: 5-0-0

Chairman Griffin: it has come to our attention that one of the Board members has submitted questions in advance for other people including former selectmen and residents. Has everyone received this information?

Selectman Waddell: no

Selectman Bridle: no

Selectman Bean: yes

Chairman Griffin: The problem is that submitting questions to the Auditor for private citizens on the morning of the meeting, when the Auditor is expected to show, and answer questions from the one member of the Board is an abuse of the Auditor's time; and an untimely imposition, where the questions are detailed and require potentially much more study time before answering. It has been two weeks since the Board has had the draft copy of the Audit. Another problem is if a single Board member has questions about the audit, they should be submitted to me, or the Finance Director, and not to the Auditor's independently. This could lead to confusion on the part of the Auditor, as to whether one selectman is speaking for the Board or just the selectman, as himself or herself, and there may be a cost that comes from submitting these questions. A selectman should not unilaterally be submitting questions to our Auditor's that come from private citizens, whether those citizens are former selectmen or not. The proper channel would have been to obtain permission of the Board as a whole and let us decide if we want to be doing that.

Selectman Bean: I agree with you wholeheartedly, there are lines of communication. You were uninformed about the request as the rest of the Board was, the Finance Director was uninformed, the Town manager was uninformed; until very early this morning our Auditors were uninformed about the request, and it is just not appropriate.

Chairman Griffin: we are going to be coming up with a protocol of dealing with these questions, but they are not going to be discussed this evening.

Selectman Woolsey: I submitted the questions on behalf of me, which were kindly brought to my attention by constituents, and if people ask for information through their selectman,

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whoever that selectman might be, I think that is perfectly acceptable, and I expect at least a rough answer from Mr. Eagen.

Selectman Bean: it is a three-page email, which I read, and I was in the office on other business this afternoon and the Finance Director informed me of that; she was not informed of this information request; the Town Manager was not informed on this information request. There is a concern about the 15,000 other residents in Town, if they all have informational requests, where does this process go. What will that do to the billing for our Auditors? There is no control, there is no leadership and it will result in mayhem. You have just stated Mr. Chairman that you will develop a protocol to have these answered by the Board, and I think that is fitting, it is appropriate and it is professional staff communication.

Chairman Griffin: like I said we would not be dealing with these questions tonight, we will decide a protocol and will deal with them later.

2. Scott Eagen, Plodzik Auditors (17:15)
 - a. Town Audit

(Please see the 2014 Town of Hampton Audit Report on the Town of Hampton website.)

Mr. Eagen: I wanted to start tonight with the reviews of the December 31, 2014 financial report. To highlight a few items on there just stating what we are auditing; the financial statements of the governmental activities, each major fund and the aggregate fund information for the Town of Hampton, NH for the year ending December 31, 2014; and the related notes, which collectively comprise of the Towns financial statements. This is the first year that the Town has received an unmodified opinion on its financial statement since the implementation of GASB 34. There were two deficiencies that caused an adverse opinion; for the governmental activities financial statements, which are your government wide financial statements. Firstly, Capital Assets were omitted previously and Kristi and her staff undertook the large process of accumulating the information to record all the Town's assets including infrastructure, which was implemented for this particular year. It was a large undertaking; I think maybe two weeks ago we came up with the final revisions that had the questions answered, to be able to issue this report, which caused a delay. We are looking at historical infrastructure and if you would look at when the Town was supposed to implement; the Town is considered a phase 2 government for GASB 34, which means that implementation was required in 2003. The other reason for an adverse opinion and was related to non-compliance with GASB 45; and that is a standard related to other post-employment benefits. No material weakness or sufficient deficiencies; no material non-compliance related to the financial statements. There were no major control issues within the financials. It is a favorable opinion. The Town began the year with \$4.8 million; the amount of surplus to reduce the tax rate, which was \$1,000,000; results of operations revenue surplus of \$371,000; unexpended balance of \$296,000. Unassigned fund balance is \$4,641,181. There are new GASB regulations coming up next year that needs implementing. The upcoming GASB 68 is disclosure requirements of tax abatements, which will be effective for 12/31/16 audit.

Selectman Bean: this is our Finance Director's first round and what a quantum leap towards an excellent audit. Mr. Eagan: Usually when there is a change over at the finance director's position, it can be choppy, but not so with Kristi; Kristi and her staff they did a great job.

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Selectman Bean: in excess of liabilities over \$55,000,000. Mr. Eagan: yes and that should be the net position; this means that would be your net worth.

Selectman Bean: can you comment on the success of the Finance Director and her staff in the long-term debt, in a gain of \$438,000. Mr. Eagan: yes, there was a debt refunding during the year, and by refinancing and taking advantage of the change in interest rates; present value savings of \$438,000.

Selectman Bean: is it very unusual for a Town to have as much money as we do in the trust fund. Mr. Eagan: it is unique

Selectman Bean: could you explain the difference between GASB 45 and GASB 68. Mr. Eagan: GASB 45 deals with health benefits and other types of programs other than retirement; GASB 68 deals with retirement

Selectman Bean: Director fantastic job, fantastic audit.

Selectman Waddell: I just want to reiterate to the public that this should have been done in the past (GASB 34) and was done well and was done in one year. Mr. Eagan: yes, it is a big undertaking to implement the capital assets, but when you add on the fact that this should have been done in 2003, it just makes the job all the more difficult when you have to go back and provide the supporting documentation.

Selectman Waddell: that was one reason the document was so long in getting out, as to people were saying where's the audit, where's the audit, where's the audit; there was a reason the audit was late, it wasn't that somebody was not doing their job. Mr. Eagan: correct.

Selectman Waddell: can you explain what the unassigned fund balance is. Mr. Eagan: it would be a surplus of the Town; you have assets in the form of cash and receivables, true liabilities, accounts payable things like that. Then you have other restrictions on your reserve, some are statutory where you are not allowed to spend the money in the case of a real estate trust fund. You have other commitments on money that has pledged for expenditure in a future period or as a budgetary encumbrance or other restrictions on that money that has not been spent. It does not meet the definition of a liability, but there is a future claim on that money; the unassigned fund balance is what is left, it is the surplus if you will

Selectman Waddell: but it is not necessarily a cash savings account. Mr. Eagan: it is not a cash savings account.

Selectman Bridle: can you explain what the difference is between an unmodified and modified fund. Mr. Eagan: unmodified is saying that the financial statements are fairly stated in all material respects. Modified is that I cannot say that your financial statements were fairly stated prior to this. I could not say that your government wide financial statements were fairly stated because the capital asset figures were omitted; the long-term liability related to the other post employments were omitted; as were the related required disclosures for those items; they were missing material information.

Selectman Bridle: now that we have that it, it is because of all the work from our finance department. Mr. Eagan: yes, until you went through the process of inventorying everything, getting into a spreadsheet, getting it into financial software that could depreciate it and come up with all the required disclosures that you need, that is the only way to remedy the issue with the opinion.

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Selectman Woolsey: is there a master list that shows us exactly what properties are owned; stipulated as part of GASB 34. Mr. Eagan: Kristi maintains a capital asset listing, which is a listing of all the assets, and that is something I evaluate and retain with my work papers with my audit, but the district maintains all those records.

3. Kristi Pulliam, Finance Director (1:22:10)
a. November Financials

Ms. Pulliam: the target was 91.67%; the month total income without capital reserves \$592,000; motor vehicles \$276,000, which was \$37,000 over the months target. Other major contributors to the month were payment in lieu of taxes at \$120,000; interest on taxes at \$8,000; building permits at \$18,000; departmental income at \$40,000; franchise fees at \$66,000 and the real estate trust at \$46,000. The expenses for November; the target was 91.67%; the department total without debt services was 88.29% which equates to 3.38% under the target or \$789,000. Overall, the departments as a whole are under the target. The Town Manager's Department 92.77% a little over target; the Finance Department the postage line is at 108.33%, which is postage for the whole Town. Assessing contracted services is over at 106.37%; MIS are \$8,000 under; Planning Board advertising over by \$2,000; Cemetery part time wages and contracted services over; Police Department 88.4%; Fire Department is 88.84%; Highways & Streets is over; Municipal Sanitation is below 83.58%; Transfer Station as a whole is over at 102.76%. Recreation Fund for the beach sticker donation is at \$16,709 with \$21,000 awarded in scholarships; private detail is below by \$21,000; EMS fund growing just over \$500,000; Waste Water collected \$196,000, and \$82,000 is earmarked for projects.

Town Manager Welch: we would like to present a proposal to you which will decrease the gas and diesel accounts sums.

Ms. Pulliam: Jamie Sullivan has been working on this with my staff and we have implemented WEX last week, which is a credit card type of account. They will be billing us the cost for the gas or diesel minus the taxes; with the pump prices so low and the state is \$2.67, which is a lot higher than the pump price. We went in and adjusted every gas and diesel line in the budget; this is for vehicles only down to \$1.95 and all the diesel accounts down to \$2.06, which ends up bringing the administrative column of the budget down by \$112,638. We will need a vote from you, to put this new budget forward to the Budget Committee.

Selectman Waddell MOTIONED to request the Budget Committee amend the Budget submitted by the Selectmen for their consideration SECONDED by Selectman Woolsey.

VOTE: 5-0-0

V. Approval of Minutes (1:45:10)

1. December 07, 2015

Selectman Woolsey MOTIONED to APPROVE the December 07, 2015 Minutes SECONDED by Selectman Bridle.

VOTE: 5-0-0

VI. Town Manager's Report (1:45:25)

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1. Town Offices and facilities are closed on Friday, December 25th in celebration of Christmas.
2. There will be no Selectmen's Meeting on Monday, December 28th.
3. Warrant articles for Town Meeting must be filed by 5PM January 12, 2016.
4. Property owners who wish to file for elderly, blind, veterans and any other exemptions allowed by State Law or for Current Use must do so by March 1, 2016. Please inquire of the Assessing Department, as State forms are required to be completed in many cases.
5. Residents of the Hampton Beach Precinct who wish to avail themselves on the alternate property tax rate should contact the Assessing Department to obtain and complete the required form.
6. Town Offices will be closed January 1st. If you have a vehicle registration that needs to be completed before the end of the month please do not wait until the final day when lines are sometimes very long.
7. Everyone please enjoy a safe and very Merry Christmas and a Happy New Year.
8. There will be a special election to fill the State Representatives seat, it begins Tuesday, January 19, 2016, and will begin at 7:00a.m. and close at 8:00p.m. If there is a primary, the election date would be March 8, 2016. If we do not have a primary then January 19, 2016 will be the Election Day. Candidates interested may file with the Town Clerk December 21-22 during normal business hours; can file with the State December 21-24, 2015 and Monday December 28, 2015 if you are interested in being a candidate.

Town Manager Welch: I went through the 300+ pages of the Ten Year Highway Program and I pulled out for you every one of the items dealing with Hampton or a Town around Hampton that may affect us. It also includes the work necessary for the Taylor River Dam; it has either replacement or removal, so they have not made up their mind yet.

Town Manager Welch: we received a communication today for Eversource Energy, which is the electric utility that supplies high-tension wires that run through Town; and for the next several weeks, they are going to be between 7:30am-5pm having helicopter crews hovering low over the wires inspecting the wires.

Town Manager Welch: the Health Trust has notified us that the Cadillac Tax in the Obama Health Care bill has been delayed until 2020. We did receive today and will be having a meeting with Primex next week a proposal for them to provide Property and Liability Insurance and Workers Compensation Insurance to the Town. There is somewhere in the area of a \$100,000 increase in insurance, and it is important to find out if it is compatible with our current coverage.

Town Manager Welch: the Chairman of the Precinct approached me last week and indicated they are concerned over the new rates for Fire Inspection that was approved by the Board for the fireworks for the Precinct and they do not have the money in their budget. My suggestion would be since we do this cooperatively with them you might consider abating those costs only for the precinct, but everybody would have to pay their share of costs for the Fire Department for fire services and supervision of all fireworks displays. You can amend the ordinance, but you can do it administratively at this point, and that would solve their problem.

Selectman Woolsey: my recollection was they could not meet that payment in their current budget.

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Town Manager Welch: we have a draft warrant article to correct an error that goes back to the 1960s. There are two portions of this old roadway that needs to be abandoned one is 1,676 square feet and the other is 1,758 square feet. The owner of the parcel above wishes to purchase the parcel below. In order to combine the lots together, it would be impossible for the person to redo the lot below because they would have no frontage. We are looking to discontinue that to help them out so they can do whatever they want with their property. The upper portion of the discontinuance will go with the upper property and the lower portion would go to the lower property. We are doing it this way so the lower portion actually has frontage. It is a non-money article.

Town Manager Welch: the State of NH through the Department of Safety and the Department of Homeland Security has awarded Hampton a \$100,000 grant for the new generator at the Waste Water Treatment Facility that is projected to be in the bond, so the \$500,000 generator can now be reverted to a \$400,000 generator.

Town Manager Welch: we had a request from the Safe Roads to School Program to do some off-site improvements to the Academy; we understand that would be in the budget for the Academy renovations and it would provide some quieting of some traffic coming out of Academy Avenue. The school would be required to come to the Board, to be funded by the school and will be no cost to the taxpayers. We had two warrant articles submitted by the school dealing with the renovations of the Academy building. Two parcels of property known as the Arnold Property and the Martel Property sit between the old courthouse and the frontage of the school that is owned by the Town. The Arnold is property used for bus parking; the Martel property is used for parking. In order to complete the school project they would like the Town to consider reverting those two properties to the school district. They are the users of it and would need a Town meeting vote, that would have to go on the warrant if the Selectmen approve.

Town Manager Welch: compensated leave trust fund; Kristi has indicated there is going to be a generous portion of funds left over and we are going to propose to you two individual things that we think should be done, it is up to the Board to do that. One has to be done tonight and the other can be done later. If there are funds left in the employee separation cost subline account and the bank buyback program subline account and there usually is every year. In the past the Board has authorized those funds be transferred to the compensated leave trust fund, which is the \$1.4 million discussed tonight to debt and is not funded. If you did that, it would allow us to either continue or withdraw the article that was approved in the warrant.

Selectman Bridle MOTIONED if there is sufficient funds remaining to transfer the funds to the Compensated Leave Trust Fund SECONDED by Selectman Waddell.

VOTE: 5-0-0

Selectman Woolsey: In the 12/7/15 minutes, I mentioned about a ramp at Plaice Cove, there is an American with Disabilities Act. Town Manager Welch: we could put in a set of wooden steps that could be removed during peak winter time, there is just no way to get them down there, without building a ramp; part of the problem is a ledge and the ocean throws rocks there and we would have to go down to shovel them constantly. At the far end of the upper parking lot build out an access ramp and have one of those elevators to go up and down for people in a wheel chair, but it is very expensive. The state does not want us building anything down there. I will continue looking into that, as it needs to be resolved.

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VII. Old Business (1:37:12)

1. Bid 2015-011 Scarifier

a. Purchasing Policy Waiver Section 718-4.B (2)

Town Manager Welch: the cost is \$21,292 and that includes the interim increase in cost from the manufacturer to the supplier and we would ask the Board to approve that, so we can go ahead and purchase that piece of equipment; there were only two bids.

Selectman Bridle MOTIONED to APPROVE the Purchasing Policy Waiver Section 718-4.B (2) for Bid 2015-011 Scarifier SECONDED by Selectman Woolsey.

VOTE: 5-0-0

2. Warrant Articles (2:03:33)

Town Manager Welch: we have a number of warrant articles that are in the mix, which are as follows: Police facility video, security system, purchase Police Tasers, SCBA filing station, Fire Department radio system upgrade, replace fire command vehicles, drill yard fire training, fire turnout gear, replace fire telephone system, and replace fire ice rescue system. The cost of those is \$444,500. Kristi gave you some figures, which showed we are going to have \$740,000 left in the budget at the end of the year. The proposal here is to earmark \$444,500 from the current budget to purchase this equipment with the Selectmen's permission and to withdraw all of these articles from the warrant. Our best guess at the moment is there would be about \$500,000 placed in surplus at the end of the year, even with these purchases.

Selectman Woolsey: I think it is a cleaner way to do it than tap the undesignated fund; these things I would rather not leave to chance on the warrant. I agree with what you are saying here, to meet the needs of the departments.

Selectman Waddell: I think it is a good idea to do this, they are real necessities the departments need. The funds that are left are not because of a poor budget; it is left because we put a stop on spending money to make sure we had money at the end.

Town Manager Welch: correct, we had a \$300,000 deficit in the DPW because of the snow problems; we shut down everything except of essential expenditures.

Selectman Bean MOTIONED to take \$444,500 from the budget for the purchase of the above-mentioned equipment SECONDED by Selectman Bridle.

VOTE: 5-0-0

Selectman Woolsey: I think it is silly to discontinue E Street.

Town Manager Welch: what we did was we went back to the creation of the Hampton Beach Improvement Company and we read the deed, which transferred the current property where the Casino is. They transferred from the corner of D Street to the corner of E Street, and all the lots contained in that circle and then they skipped across E Street; and went from E Street to F Street, so E Street is still there and it is still Town property. My point is if it is there and still Town property, this would clear up the defective title.

3. Status Report on Trustees of the Trust Funds (2:12:29)

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Attorney Gearreald: last week the Board voted 4-1 to issue a letter to the Trustees of the Trust Funds reminding them of the obligations they had that were imposed by the Attorney General's Office and to remind them of inquiries that would be helpful to elucidate whether or not Mackensen and Company still has ties to Warren Mackensen. Since this letter I have received inquiries from Chairman Silberdick asking various questions, one of which was whether a meeting could be conducted with only a portion of the Trustees in person and others there that would allow interaction with the public; that is possible by RSA. No meeting has been scheduled and verification was made as to whether personnel would be available to broadcast, as the Selectmen have requested. An inquiry was made to me that that would have expertise in securities law that the Trustees could hire if they so choose by way of outside counsel and I have provided them with some names, including the Attorney General's Office. There seems to be some thought that the Trustees are being driven by a member of this Board to do what the Attorney General's Office has told them to do. As to whether or not they need to have Mr. Mays there at one of their meetings so that he can be personally questioned publically about those items that they have said are relevant to them in their decision-making. Mr. Mays has sent a letter to the Trustees, I have shared that with the Selectmen, and frankly, I do not believe that all the questions they need to ask have been answered.

Selectman Bridle: the issue before the Trustees is being confused by Mr. Silberdick; this is not an issue of Mr. Bean pushing around the Trustees, it is a public confidence vote. The public has a right to be concerned about the SEC agreement as it relates with the Mackensen Company. The Board has voted 4-1 to express their concern that we believe the Trustees are not taking this situation seriously enough. I believe it must be properly explored and the public's interest be protected. I recommend that the Trustees fully explore this situation and inform the public what is being done, so they may be confident that the trust funds are safe and being properly invested.

Selectman Waddell: at every event that I have attended I have asked many people on this, all Town residents and taxpayers; in the banking industry, business owners, and everyone said this should be looked at more and in more detail then it has been. It has not been transparent and a lot have voiced that Mackensen be dropped.

Chairman Griffin: I will confirm that this is a popular conversation and people seem appalled. If there are other attorneys hired, they have to come before the Board of Selectmen to be hired, correct.

Attorney Gearreald: that is correct, if they wish to have the Town pay for that attorney, as this Board is in charge of the legal department budget for outside counsel.

4. Grist Mill – Mr. Norm Hurley & Mr. Jim Metcalf (1:37:20)

Town Manager Welch: Ice Pond Dam; we made a decision to select new engineers; DPW is ready to send out a proposal to the engineers; we want to see this project done. We need to redo everything that was done for the decommissioning, because we are reversing the process.

Mr. Hurley: we have been in touch with Fred and Chris, and they had informed us they were sending out a more widespread RFQ. We are on Board with that, it is nice to hear the time frames are moving on.

Selectman Woolsey: the Hampton School District warrant predicated on a study conducted by the school district on the rehab of the Academy. I agree with submitting these articles with

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one caveat inserted, that we are willing to give up the property only if the bond article for rehabbing the academy passes.

VIII. New Business (2:20:55)

1. Bid 2015-029 Landfill Monitoring Services
 - a. Purchasing Policy Waiver Section 718-4.B (2)

Town Manager Welch: we have gone out to bid, as we do once every two years, as required by the Department of Environmental Services. A great deal of monitoring goes on during the year, and reports have to be filed. There were two bidders, the low bidder was \$7,900, which is the company that we are suggesting be accepted; and the high bidder is \$11,750 and that is per year for two years. We would request the Board approve the lower bidder.

Selectman Bean MOTIONED to APPROVE the Purchasing Policy Waiver Section 718-4.B (2) for Bid 2015-029 Landfill Monitoring Services SECONDED by Selectman Bridle.

VOTE: 5-0-0

IX. Closing Comments

Chairman Griffin: I would like to thank all the employees in the Town, we have had some good examples here tonight of people that have done a wonderful job; Kristi the financial guru and Kevin Schultz he has done a great job and is under-appreciated. Most of all I would like to bring up Jamie Sullivan, as I do not think the people out there realize the tremendous value that the Town has gotten by having him in the position that he is in, and he has saved the Town a lot of money.

Town Manager Welch: saved over \$30,000

Selectman Bean: if you look at fuel and negotiation costs, it is well over \$100,000 and is approaching \$150,000.

X. Adjournment

Selectman Bean MOTIONED to adjourn the meeting at 9:19PM SECONDED by Selectman Bridle.

VOTE: 5-0-0

Chairman