



2011 OCT -4 A 10: 38

RECEIVED
TOWN CLERK
DEEP RIVER, CT.

SELECTMAN'S OFFICE
174 Main Street
Deep River, Connecticut 06417

BOARD OF SELECTMEN

DEEP RIVER TOWN HALL

Regular Meeting – September 27, 2011

Attendance: Selectmen Dick Smith, Art Thompson, Dave Oliveria. Also: Margo Hilfinger, John Greene (*videography*); Tom Lindner (*Treasurer*); Charlie Stannard (*ValleyNewsNow.com*); Jody Mislick, Richard Strukus, Richard Nagot, Lori Guerette, Jonathan Kastner, John LaPlante; Ted MacKenzie, Bill Bouregy, Sally Carlson-Crowell, Fran Strukus, Joe Mizejeski, Lina Lynn Schmelzer (*Deep River Town Hall Restoration Association*).

This regular meeting was called to order at 6:35 pm by Dick Smith

Minutes: Regular Meeting – September 13, 2011

A motion was made by Thompson, 2nd by Oliveria, to accept the minutes of the regular meeting of September 13, 2011.

APPROVED 3 – 0

Executive Session – Pending Litigation

The Board went into Executive Session at 6:38 pm to meet with Attorney Kevin Tighe, an attorney for the Town's insurance carrier, Trident. The Board reconvened at 7:47 pm.

Motion by Oliveria, 2nd by Thompson, to approve settlement discussed in Executive Session concerning pending litigation.

APPROVED 3 – 0

Deep River Town Hall Restoration Association

At the regular meeting of September 13, 2011, the Board of Selectmen, at Thompson's suggestion, agreed to invite the DRTHRA Board to present an update on the status of restoration work and to provide a financial report. Several members were present, including Bill Bouregy, Sally Carlson-Crowell, Ted MacKenzie Joe Mizejeski and Fran Strukus. After Bill Bouregy summarized his prepared report (*a copy is attached to these minutes*), Thompson noted that the letter of invitation had included several questions, including the following:

- 1] Referring to the plans prepared by Luchs, Beckerman & Bird, Architects, in 1982: had the work that was the subject of the plans been completed?

MacKenzie had a set of the plans with him, but explained that they pertained mostly to the Town Hall's first floor, and that the work they envisioned had been substantially completed.

- 2] What is the current membership of the DRTHRA?

Bouregy said that the Board of Directors constituted the entire membership at this time.

- 3] The resolution passed by the Board of Selectmen and approved by Town Meeting in 1981 does not specify a completion date or define "restoration." Does the DRTHRA have an estimate of when restoration could be called complete?

During discussion MacKenzie noted that major work in the auditorium itself had been completed, citing the following examples: stage curtains, painting and repair of the ceiling, wainscoting stripped and painted, seats refurbished and sound system installed. MacKenzie said that it is the staircases, which do not meet code, that prevent full use of the facility.

Smith responded that the sprinkler system, installed throughout Town Hall in the 1990s, had made our limited use of the auditorium possible. The steel and concrete staircase installed in the 1980s is code-compliant, but today's code would require that the staircase be at the end of the building, rather than in the center. Smith has asked Building Official Dick Leighton to ask for a ruling from the State for a modification for the wooden spiral staircase that serves as the entrance to the auditorium at the Elm Street entrance.

Because Town Hall is on the National Registry of Historic Buildings, and because that stairway is such an important element in the aesthetics of the building, the State Fire Marshal's office may consider whether to allow it to serve as a legal egress if certain other conditions, such as sprinklers (already in place) and code-compliant handrails are met. Such a modification would allow greater flexibility of the auditorium's use.

Smith said that he is sympathetic with the Association's concerns about damage caused by exuberant children, but he also expressed his strong feeling that Town Hall belongs to the residents of Deep River, and that they should have priority use of it, including Parks & Recreation children's programs. Over the past two decades taxpayers have made considerable investment in their Town Hall, an amount that will reach approximately \$1,000,000 when the new heating and air conditioning system and office renovations are completed early in 2012.

Jody Mislick, former DRTHRA Treasurer, said that a donation of approximately \$218,000 by the Charles Messerschmidt Fund had been intended to go toward restoration of the auditorium, rather than to form the basis for an endowment, as suggested in the DRTHRA's report. Mrs. Mislick said that she had resigned from the association due to her belief that Charles Messerschmidt would be disappointed that the donation had not been used for its stated purpose in a timely manner. Tom Lindner agreed.

Rich Strukus and Richard Nagot expressed their feelings that there should be a completion date specified for the auditorium itself.

The Selectmen and the DRTHRA Board agreed to schedule joint meetings to discuss future plans and to draft an amendment to the current enabling resolution that would specify a time frame for completion, and which would spell out where responsibilities for the remaining work and continuing operation of the auditorium should lie.

Village Street Bridge

Smith reported that all Federal & State agencies involved with the Village Street Bridge have given their approval for construction to begin. The tentative schedule is:

| | | |
|--------------|------|-------------------------------------|
| October | 2011 | Advertise for construction |
| November | 2011 | Open bids |
| January | 2012 | Notice of award of contract |
| April 2, | 2012 | Notice to proceed with construction |
| November 30, | 2012 | Construction completed. |

Garden Club

Oliveria moved, 2nd by Thompson, to approve the establishment of the Deep River Garden Club, and to authorize the DRGC to open a checking account using the Town's tax ID number. Signatories would be Treasurer Tom Lindner and two committee members.

APPROVED 3 - 0

Rich Nagot, a member of the new Deep River Garden Club, complimented the Town for the new welcome signs at Exit 5 and at the south end of Main Street. He feels that they should be properly landscaped. Smith replied that he has spoken with Janice Kmetz, one of the founders of the new organization, and has agreed to deliver some decorative rocks and topsoil, with the Club to be responsible for planting and landscaping.

Any Other Business to Come Before the Board - Audience of Citizens:

John LaPlante discussed handicap access to the Piano Works Condominiums, in which he lives. Smith agreed to contact the property management company to try to resolve the handicap issue.

LaPlante also spoke about the significance of the statue of the elephant purchased recently by Deep River Rotary, and which will be on exhibit on the Town Hall grounds. LaPlante stressed the elephant's historic economic importance to Deep River in the days of the ivory trade, as well as the symbolism regarding the uncountable elephants that were slaughtered simply for the value of their ivory tusks.

Adjournment:

Thompson moved, Oliveria 2nd, to adjourn at 8:35 pm.

APPROVED 3-- 0

Respectfully submitted,

Richard H. Smith,
First Selectman

RHS/jk

DEEP RIVER TOWN HALL RESTORATION ASSOCIATION, INC.
INTERIM FINANCIAL REPORT

September 27, 2011

Recently, the Restoration Board of Directors voted in favor of obtaining an audit of the books of the Treasurer, in accordance with the Restoration By-Laws Article V., Section 4. When the audit is complete, the detailed and up-to-date report will be presented to the Board of Selectmen. Meanwhile, The Directors present this Interim Report for the request to attend the September 27, 2011 Board of Selectmen meeting.

Up to 2005, Restoration maintained a checking account at Essex Savings Bank and a money market account at UBS Financial Services, Inc. (previously A. G. Edwards, & Sons. Inc.) In December 2005, the balances in said accounts totaled approximately \$40,000. Some funds were obtained by dues from members through about 2002, and outright and testamentary donations. Other funds were obtained by fund-raisers run by the Restoration; the largest of these were the auctions held in the late 1990s. Funds were spent primarily on materials and services used by the crew on the auditorium restoration work. Occasionally, services were contracted for auditorium restoration work, such as elevator installation and ceiling and dome painting. Funds were also spent for auditorium equipment, such as lighting, sound and projector.

In approximately 2005, the Restoration received funds from the Charles Messerschmidt Trust, totaling approximately \$218,000. In January 2006, the Restoration established investment accounts totaling \$240,000, using the Messerschmidt funds plus some Restoration money market funds. As a policy, the Restoration manages the investment accounts consistent with the principals of an endowment fund.

An endowment fund is created to lock up a pot of money that can never be accessed itself, but will be a perpetual source for a "stream" of funds that can be spent as available. The "locked up" part is invested so it will grow in value and earn dividends and interest; what is earned is the "stream" that can be spent.

Traditional endowments often have the separate "principal" and "income" categories for use of the funds, which allows only money earned on the investments to be spent. The original invested money (the "principal") itself cannot be spent. The money earned is the "income" that can be spent. A more modern approach can allow the use of increased value of the investments ("principal"), along with the money earned ("income"), for spending purposes. Such a policy can be written with access to a percentage of the "time weighted rate of return" over a chosen period of time. The modern approach gives (1) tighter control over use of funds based on the total performance of the account, and (2) greater flexibility to decisions on how to invest the endowment in today's more sophisticated markets.

Endowment fund policies are catered to meet the exact circumstances of the organization and the financial arrangements. Such funds are often made irrevocable, so no one in the future can ever take them apart to get at the money faster and deplete the fund.

DEEP RIVER TOWN HALL RESTORATION ASSOCIATION, INC.
INTERIM FINANCIAL REPORT

September 27, 2011

Page Two

The Restoration is currently in the decision-making process of formalizing the endowment fund. Proper analysis is being given to items such as the financial markets over the past ten years, the performance of the investment accounts since inception, the anticipated restoration expenses, and the potential of additional fund-raising.

Market volatility has been heightened over the past four years. The severe drop which began in 2008 bottomed out in 2009. The Restoration investment accounts hit peak levels in May 2011, approximately \$297,000. The lowest point occurred in March 2009 at about \$171,000. Total dividends and interest for January 2006 to present is about \$61,000. Due to the market volatility, the total capital gain/loss for the same time is approximately -7%.

Spending from the investment accounts did not occur until June 2008. Spending for June 2008 to date has totaled approximately \$33,700. The majority of spending has included payments used for materials and services used by the crew on the auditorium restoration work. In January 2011, Restoration engaged an independent contractor as its Manager/Promoter for the auditorium, incurring a monthly fee.

The completion of the auditorium restoration includes the following:

1. Stage curtains, front and back;
2. Window curtains;
3. Floor repair and finish, stage and seating area;
4. Rotunda chandelier;
5. Re-finish wainscoting;
6. Sound and lighting control wiring, upgrade to CAT 5 cabling;
7. Balcony – railings, seating, second staircase exit;
8. Preservation, maintenance and upkeep of restored areas.

The anticipated expense of items 1. – 6. and 8.; above, is estimated at current cost of \$20-30,000. There is no estimate available for item 7. Based upon the endowment fund policy, and the goal to avoid erosion of the principal, the anticipated time for availability of funds for the items 1. – 6. expenses is 5-10 years.

The Restoration has established and filled the Manager/Promoter position as an important element of the restoration program. A primary purpose of the restoration of the building is for the use of the building. The second floor is, as noted, a Victorian era theater, when built it was intended to be used as such. The Manager/Promoter has the responsibility for the use of the auditorium on the practical level, such as opening and closing, enforcing maximum number of

DEEP RIVER TOWN HALL RESTORATION ASSOCIATION, INC.
INTERIM FINANCIAL REPORT

September 27, 2011

Page Three

persons allowed by the Fire Marshall special exception, operation of technical equipment (lighting and sound), attendance at all events and enforcement of use policies. The additional responsibilities include generation of press releases in state and local publications, generation of local radio and/or television promotions, and consistent communications with organizations within 20 miles of Deep River for promotional purposes.

The Deep River Town Hall auditorium is a rare and exceptional facility. It has been deemed to be acoustically perfect in its design, with a grand balance between the symmetrical and asymmetrical effects. The Manager/Promoter's first challenge is to draw the attention of groups and organizations seeking the use of a theater. The follow-up will be promotion for audiences to attend.

The Manager/Promoter is preparing an Exhibit of the auditorium for presentation in the very near future. The Restoration has approved an expense of up to \$3,000 for the Exhibit. The Exhibit will open at the Deep River Library on November 1. In following months, it will travel to libraries and other facilities in neighboring towns, and perhaps beyond. The Exhibit includes pictures and programs from over 100 years of events at the auditorium, articles from local newspapers and magazines, architectural features, and more.