

**OFFICE OF SELECTMEN
6 HOLLAND STREET
PO BOX 139
MOULTONBOROUGH, NH 03254**

Selectmen's Meeting

December 20, 2012

MINUTES

Selectmen: Joel R. Mudgett, Edward J. Charest, Betsey L. Patten, Jonathan W. Tolman, Russell C. Wakefield; Carter Terenzini, Town Administrator; Hope K. Kokas, Administrative Assistant.

- I. CALL TO ORDER:** Joel called the meeting to Order at 7:00 P.M.
- II. PLEDGE OF ALLEGIANCE:**
- III. REVIEW / APPROVAL MINUTES:** Betsey Made the Motion to approve the Selectmen's Minutes of December 6, December 7, December 13, December 14, 2012. Ed Seconded the Motion. Russ asked that the minutes for the work session of December 14th be amended, page 1, Category #1, adding that he suggested to Ms. Samaha that the Conservation Commission consider getting legal advice for a conservation easement. Betsey Amended her Motion to include Russ' addition. Ed Seconded. The Motion carried Unanimously.
- IV. NEW RESIDENTS:** John T. & Elizabeth C. Vinton, Gary N. Mooers, Mary Jo Bailey, Timothy M. & Gail E. Callahan, Mary A. Huling, Robert D. King, Michael E. & Julie M. Edmunds, Sandra T. Shula, Rhonda R. Blackey.
- V. CITIZEN INPUT:** 1) Al Hume, referring to the Selectmen's consideration of purchasing three parcels of land, asked for an update on what their plans are for the Lions Club property. Joel questioned that three parcels were being considered. Russ said that if the Conservation Commission is considering purchasing land, they have not brought it to the Selectmen. Joel added that at this point they are not considering any land purchase. Mr. Hume said he had concerns, after hearing from a member of the former Recreation Strategic Planning Team, John McRae that once the lease expires with the Lions Club, the Town will have to bring the building up to code, which will be very expensive. Joel said he hasn't heard this, but if and when the Town uses the building it will have to be upgraded. Jon told Mr. Hume that recently the Fire Chief and the Code Enforcement Officer inspected the building and sent a letter regarding items that needed to be brought up to code based on the present use of the building. Russ asked and Mr. Hume replied that he got his information from John McRae during the Blue Ribbon Commission's process.
- VI. NEW BUSINESS:**

1. Review for Approval: Payables & Payroll Manifest & Signature File:

DOCUMENT DATE	DOCUMENT	MAP/LOT#
12/19/12	2012 Cemetery Trust Fund Interest Request	N/A
12/12/12	Cartographic Assoc. Inc. 2013 Maintenance Contract	N/A
12/14/12	Personnel – End of Probationary Period	N/A

12/20/12	Payables Manifest & Signature File, \$2,761,402.16	N/A
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Joel read the Payables Manifest and Signature File as listed above. Russ Made the Motion to approve the Payroll/Payables Manifest & Signature File for December 20, 2012. Ed Seconded. Jon asked why the Town was requesting to receive the interest from the Cemetery Trust Fund. Carter replied that this is a yearly request and the interest offsets the cemetery expenses. The Motion carried Unanimously.

2. Review for Approval: Trustees of the Trust Funds: Ken Taylor, Chair of the Trustees of the Trust Funds, along with fellow Trustees, Jordan Prouty and Jack Porter, told the Selectmen that their charge is to invest and manage the trust funds per the regulations set by the state's Attorney General's office. Recently there has been a change in the law, allowing what is called the "Prudent Investor" program under which the trust funds may be managed. Mr. Taylor added that the rules and regulations are always changing. He said that Mr. Prouty has spent much time over the years dedicated to the Trust Funds, but it is time to look into the future. For the past several years the Trustees have heard from taxpayers that they aren't getting enough interest on the trust funds. The "Prudent Investor" program is an alternative, allowing the hiring of a third party to invest in stocks, bonds, etc. Mr. Taylor said that they have been looking at options for the past several years, and after investigating and requesting references, they recently voted to hire an investment company, Mackensen & Company (as custodian), and to transfer the trust funds and capital reserve funds to the National Advisors Trust Company. The Trustees are requesting that the Selectmen budget approximately \$15,000 as the fee to the investment company. Presently the Trust Funds are earning 1% +/- interest, and Mackensen & Co. are projecting increased earnings of \$100,000 +/- . The fee can't be taken from the Capital Reserve Fund per state regulations and must be taken from the general fund. Joel said that this makes him nervous, as the Auditors in their yearly annual report states that it is required that the trust fund be invested in NH financial institutions with insurance, which Mackensen & Co. is not. Mr. Porter responded that this requirement is for the "Prudent Man" program and not the "Prudent Investor" program. Joel said he was concerned with the risk. Mr. Porter said that most of the funds will be invested in U.S. securities. They made this decision after they talked to other towns and trust companies and Mackensen received high marks. Russ asked what their guarantee is. Mr. Porter said that they are insured up to \$1 million. Russ said that from all that he's heard, the economy is in another recession and this will continue for another six years. Joel again expressed his concern that based on the Auditor's report that the Town's money is invested in NH and is secure. Betsey said that this past summer they approved the yearly investment policy and questioned why the Trustees are coming to them now with this change in policy. She felt that they need to follow a process before making any changes, and asked what Mackenson's strategy is and what the risk is. Betsey felt they need more information. Carter told Betsey that the yearly investment policy that the Selectmen adopt is in regards to the investment policy for the Treasurer to follow. The Trustees of the Trust Fund's policy is a separate investment policy per NH state law and they can engage in the Prudent Investor transaction with notification to the Attorney General's office. This is the Trustee's choice, but what is at question is the Town's procurement policy. The fee that is owed on the "private" money (donations and gifts) may be paid out of the actual interest earnings. The fee owed to the investment advisor on property tax dollars funds (capital and expendable trusts) cannot come from the interest earned and must be paid from the general fund, and as this is just coming to the Selectmen, it is not now included in the proposed 2013 budget. Joel again expressed

his concern based on the Auditor's annual report that it is the Trustees of the Trust Fund's responsibility to invest in keeping with the circumstances. Mr. Porter said that it was the capital reserve funds and not general funds. Joel asked Mr. Prouty for his opinion. Mr. Prouty said that he is against this and the recent vote was two in favor and he was opposed. He felt that there were multiple reasons why this isn't in the Town's best interest. Mr. Prouty said that NH money should stay in NH. Mackensen is basically a two man firm with staff, a small company with one shareholder, although it is incorporated, he doesn't know who the officers are. Presently the trust funds are 110% collateralized, but Mackensen will only insure up to \$1 million and the Town has \$3 million. Jon stated that the question before the Selectmen is to pay the approximate fee of \$15,000. Carter confirmed this, adding that they also need to consider the Town's procurement policy for the general fund only. The Trustees can go ahead with the non-capital reserve funds and pay the fee from the interest. Jon said he isn't concerned about not enough return on the Town's money, adding that he doesn't like the risk, and acknowledged that it isn't the Selectmen's decision. He felt that information about this proposed change should be made more public. Russ agreed and thought that the question should go to the Town and ask for approval. He acknowledged that the Trustees have done their due diligence, but felt that the Trust Funds are the Town's savings account. Joel acknowledged that the Selectmen can't tell the Trustees how to invest the money. He asked the Selectmen if they want to include the fee in the 2013 budget for the investment company. Russ felt that this should be on the Town Warrant as a stand-alone article. Ed thought once the voters know about the proposed change, that they will have questions. Betsey agreed, as the Selectmen are all asking questions now. She said she was not in favor of including the fee in the 2013 budget. Mr. Hume said he agreed with Russ, the Town should be informed, and he too is concerned with the risk. Joel agreed that this should be on the warrant and let the people decide. Carter reminded the Selectmen that the two questions are 1) to include the fee in the 2013 budget; 2) if this follows the Town's procurement policy. He added that if the question is a stand-alone article on the warrant, if approved, it can be added to the budget. He suggested that the Selectmen consider it further at their next work session on January 4th. Betsey felt it should be a free standing warrant article. Jon thought that the Auditor's report referred to all of the Town's money. He added that he would be OK with a free standing warrant article, but if he had to vote on it today, he would be opposed. The Selectmen agreed by Consensus to place the question on the warrant as a free standing article. Mr. Prouty said if it is approved at Town Meeting, then he'd be OK with it. Mr. Porter said that Jordan has done an excellent job over the years and the Trustees appreciate his efforts. Joel thanked all of the Trustees. Carter said he will work with the Trustees on the warrant article question and try to narrow down the actual cost of the fee.

3. Review for Approval: MPD – NH Dept. of Safety Grant: Joel reported that the Police Department has been notified that it is eligible to receive two new portable radios through a NH Department of Safety grant. Betsey Made the Motion to approve the grant request to receive \$4,580.15 to purchase two portable radios. Ed Seconded. Hollis Austin asked what the source of the grant money was and learned that it is from Federal Homeland Security funds. The Motion carried Unanimously.
4. Review for Approval: Citizen's Petition – Winnepesaukee Wellness Center: Joel asked that this be placed in the budget file.
5. Review for Approval: Citizen's Petition – Loon Preservation Committee: Joel asked that this be placed in the budget file.

6. Review for Approval: Citizen's Petition – Interlakes Community Caregivers: Joel asked that this be placed in the budget file. Doug Whitley spoke to the petition, stating that they match volunteers with people in need of transportation, and this service is for anyone in Moultonborough and surrounding towns.
7. Review for Approval: DES Exotic Aquatic Plant Control Grant: Carter reported that the Milfoil Committee has been approved to receive a total of \$41,376 to treat milfoil in Lees Pond and on Lake Winnepesaukee. Ed made the Motion to accept the grant money for the treatment of milfoil and to authorize the Chair to sign the grant agreement and certificate and any contracts. Betsey Seconded and the Motion carried Unanimously.
8. Review for Approval: FY2012 Encumbrance & Carryover Authorization: Joel read the encumbrances to carry over to 2013, a total of \$1,423,073.87. Carter requested that it be approved and allow the Finance Director to deduct any funds expended before the 2012 accounts are closed. Russ so moved and Betsey Seconded. The Motion carried Unanimously.
9. Review for Approval: Playground Drive Soccer Field Update: Carter reported that last May he advised the Selectmen of the impact to the wetlands and need to mitigate the impact with a proposed 1:1 restoration. The permit application was submitted in October. After learning that the Natural Heritage Bureau was against the Town's proposal, DES will not approve the 1:1 restoration, but will approve an enhancement with 3:1 replacement. Carter reminded the Selectmen that originally DES' preference was that the Town makes a payment to the DES' ARM fund. For the 3:1 enhancement, DES and the Natural Heritage Bureau are now citing Army Corps of Engineer's criterion, which doesn't exist in the NH regulations. Carter advised that with even the 3:1 enhancement, he can't guarantee that this will be approved. This will require mitigation from what was originally proposed of 18,000 square feet to a total of 54,000 square feet. Carter pointed out on the original plan where they are now proposing additional mitigation, which will limit what can be done with the land in the future and the ability to offset future impacts, such as work on the softball field, etc. The Selectmen can choose to go with just the 18,000 square feet mitigation and make the approximate \$35,000 payment to the state. Carter recommended going with the 3:1 enhancement and finding the additional square feet, and requested that the Selectmen approve the engineering task order for \$2,100. He added that the Town's consultant disagrees with DES and the Natural Heritage Bureau. Betsey asked if this now has to follow the Army Corps criteria, adding that DES was OK with what the Town initially proposed until the Natural Heritage Board gave its input. Joel asked if there will be enough money to actually build the field. Carter replied he thought there would be just enough. Russ expressed his frustration with DES and was outraged that if the Town initially paid what they requested of \$54,000, then the Town could go ahead and do what it wanted regardless of the wetlands, adding that he felt this was blackmail. Joel felt that their only option was to go ahead with the 3:1 enhancement and the \$2,100 task order. The Selectmen all expressed their frustration, but agreed with Joel. Ed Made the Motion to approve the task order for \$2,100 for the 3:1 enhancement permit. Ed Seconded. The Motion was approved 4 to 1. Russ was opposed as he felt it was blackmail.

VII. OLD BUSINESS:

VIII. OTHER BUSINESS:

1. Board Liaison Reports: Ed reported that he attended the Charrette meeting. Russ said that the Charrette's report contained only suggestions and had no methods to implement or how to fund anything. Ed added that this needs to be discussed. Carter said he had put the engineer on hold for Route 25 and Old Route 109 for a bit. If the Planning Board and Heritage Commission wanted to go forward with the report as planned the Selectmen can decide how to proceed.
2. Administrative Update: Carter said that other than his weekly report, he had nothing else to add.
3. Milfoil Committee Minutes, November 16, 2012: Acknowledged.
4. Advisory Budget Minutes, November 26 & December 4, 2012: Acknowledged.
5. Zoning Board of Adjustment Minutes, December 5, 2012: Acknowledged.
6. Planning Board Minutes, December 12, 2012: Acknowledged.

X. CORRESPONDENCE:

1. Time Warner Cable, December 4, 2012, Possible Program Changes: Joel reported that this is their usual letter of possible program changes.

XI. CITIZEN INPUT: 1) Hollis Austin commented that the intent of the Charrette was to be a brain storming session, to provide food for thought, and ideas of what can be done. He thought that with more people involved it will produce more ideas.

XII. NON-PUBLIC SESSION: None needed.

XIII. ADJOURNMENT: Russ Made the Motion to Adjourn. Ed Seconded the Motion.
Motion Carried Unanimously.
Joel adjourned the meeting at 8:45 p.m.

Approved

Date:

Respectfully Submitted

Hope K. Kokas, Administrative Assistant