

MINUTES
Town of Bowdoinham
Select Board & Board of Assessors Meeting
May 22, 2018 at 5:30 p.m.

1. Call the Meeting to Order & Establish a Quorum

The meeting was called to order and quorum established by Chair Peter Lewis at 5:30 p.m. Select Board members Peter Lewis, David Engler, and Thomas Walling were present. Absent were Select Board members Judy Gray and Jeremy Cluchey. Staff present was Town Manager William Post. Also present was Peter Hall of Smith and Associates CPA'S.

2. Amendments to the Agenda – None

3. Approve Consent Calendar

- A. Meeting Minutes of May 8, 2018

- B. Warrants and Financial Reports:

1. Treasurer's Warrant #64 for \$54,127.76
2. April Financial Report

On motion of Walling/Engler, the Board voted 3–0 to approve the Consent Calendar as approved.

4. Discussion Items

- A. Presentation of FY2017 Audit

The Manager introduced Peter Hall from Smith and Associates CPA'S to present the FY2017 Audit to the Board. Hall thanked the Manager and the Deputy Treasurer for their help. Hall told the Board that they did not start the audit until November of 2017 due to issues they encountered with the previous audit firm, who had performed the FY2016 audit. The delay did cause the FY2017 audit to not be finalized in as timely a manner as they would have liked. Hall assured the Board that this would not be the case in future audits. In terms of the results of the audit the town received a clean unmodified opinion on all the different opinion units that were encompassed within the audit. There was only one exception and Hall explained that they were forced to issue a qualified opinion with respect to the trust funds. This was because historical records that would have supported the segregation of those funds, between the expendable and non-expendable portions, do not exist. In terms of internal control comments, the auditors were pleased to announce that they did not identify any material weaknesses or significant deficiencies that were required to be reported. Hall stated that this was a credit to the town's financial management. Recommendations noted were to continue close oversight by the Town Manager, continue the monitoring of the fund balance, and to continue work on the development of a formal accounting policy and procedures manual.

Hall then reviewed the charts he provided to the Board which depict the overall financial health of the town. He briefly walked through each chart. Government Wide Balances show that current assets grew by 300K, non-current assets grew by 500K, and current liabilities were essentially the same. Non-current liabilities grew by 100K. The Town's

total net position grew by 600K and unrestricted net position was up by 400K. He stated this is certainly good news. For the General Fund, growth in total assets showed an increase of about 200K. General fund total liabilities show an increase of 700K. Hall explained that most of that relates to the classification change made with the prior auditors which moved items that were historically treated as separate other governmental funds into the General Fund and moving them back to where they belong caused the increase in General fund liabilities. Total general fund balance shows a decrease of 400K which is essentially that reclassification issue mentioned prior. Unassigned fund balance was down slightly from last year. Total liabilities are consistent with the prior year and the Total fund balance grew by 800K, again due to the reclassification issue. General Fund Revenues, Expenditures and Changes in Fund Balance show that the Town beat the overall budget by 250K. Peter stated that the Town is in overall good financial position. Board member Engler commented that the Town has a tax club which allows the residents to make their tax payments monthly and in doing so they do not accrue any interest after they get past the due dates in October and April. The Manager added that this practice is allowed through the state statutes. The Auditor stated he would make a note of this. Engler also asked for clarification regarding the reclassification of the fund balance. The Auditor stated that the reclassification was only a mechanical issue in terms of where on the balance sheet different pieces of unbalance get presented. The Manager pointed out that there was not a difference or error in the amount, only a difference in how the funds were classified in the audit.

On motion of Engler/Walling, the Board voted 3-0 to accept the Audit as presented.

B. Discuss Financing Options for Public Works Facility

The Manager presented multiple options for the financing of the Public Works Project. One option is a bond from the Maine Municipal Bond Bank. This option allows the loan to be financed for up to 30 years and generally has a lower interest rate than a conventional bank. The interest rate starts low and increases by 1/10th of a percent over the course of the loan. At 30 years, the interest rate would max out at approximately 4.85%. He explained that the only downfall with this type of financing was that the loan could not be paid off early. The second option would be a loan from a conventional bank. Conventional bank loans cannot be financed for 30 years. Most can be financed for either 20 or 25 years. The interest rate is usually higher and more volatile than Bond Bank loans. The third option is to begin the process with a Bond Anticipation Note (BAN), which is essentially a construction loan. Interest payments on the BAN would begin in the next fiscal year and the BAN would be paid off when the Bond or loan is taken out. The Manager stated that he has worked the BAN interest payments into the Town Warrant for next year, if this is the option they choose to go with. The Board members agreed that the BAN is the way they want to go.

C. Discuss Tax Acquired Property Disposition

The Manager stated that he is looking for some guidance from the Board on what to do with two properties that have been tax acquired by the Town. The Manager reminded the Board members that they have been given the authority by the Town Meeting to dispose of tax acquired property as they deem advisable. There are two mobile homes that sit on leased land. They are occupied, but not by the owners of record. The liens have been foreclosed on but the Town has not taken ownership of the properties as of yet. Ideally, the Town would want to collect all owed property taxes, but in this particular case it is

not realistic. The Manager is looking for authorization from the Board to offer the sale of the two mobile homes to the land owner. Chair Lewis asked if the current occupants of the mobile homes were aware that the property had been tax acquired by the Town. The Manager stated that the occupants have not been made aware of the situation. The Board agreed that a letter should be sent to the occupants first, advising them of the situation. They agree that this would protect the Town from any potential legal issues that could arise in the future. The Board agreed to move forward with the sale of the mobile homes to the land owner, pending the responses from the mobile home occupants.

On motion of Engler/Walling, the Board voted 3-0 to authorize the Town Manager to initiate an offer to sell the two mobile homes acquired by the Town to the land owner, after the issuance of letters to the occupants of the two trailers.

D. Discuss Town Manager's Performance Review Process

The Manager stated that he would be providing the Board with his self appraisal in the next few days. The Board will need to individually complete an appraisal for the Manager and send it on to Board Chair Lewis, who will compile all appraisals into one. The appraisal will be reviewed with the Manager at the June 26th, 2018 Select Board Meeting.

5. Action Items

A. Act of Quick-Attack Fire Truck Financing Proposals

The Town has received proposals for financing the purchase of the Quick Attack Fire Truck, from the following banks; Camden National, Androscoggin Bank, and Mechanic Savings Bank. The Manager is recommending that the Board accept the proposal from Mechanic Savings Bank because they offered a ten-year loan with an interest rate of 3.42%, which is a substantially less rate than what the other two banks proposed. The Manager stated that this would be a conventional loan that could be paid off early without penalty. He also stated that the payment amount is in line with what he has already budgeted for next year.

On motion of Walling/Engler the Board voted 3-0 to accept the financing proposal from Mechanic Savings Bank for a year term at 3.42% interest for the Fire Truck purchase.

B. Act on Contract with Coastal Humane Society

The Manager stated that this is the annual contract to provide shelter services for our Animal Control Officer and our residents. The Town is required by statute to contract with an animal shelter. There are not any changes from the previous year's contract. The cost is included in the FY19 Budget.

On motion of Walling/Engler the Board voted 3-0 to approve the Agreement for Services with the Coastal Humane Society.

C. Act on Ratio Declaration for Maine Revenue Services

After the state looked at the sales of developed parcels in our Town, they determined that our assessment ratio is 90%. The Manager explained that our assessed ratio is our assessed value compared to the market value. By law the Town can declare our assessed value to within 10% of what the state declared. The Manager is recommending that we certify our ratio at 100% with the understanding that we will be making some adjustments to assessed valuations in the coming year. The Manager went on to explain that if we didn't certify our ratio at 100%, then the lesser ratio of 90% would be applied to our Homestead Exemptions and our residents would not get the full homestead exemption on their tax bill. Our overall valuation would also be decreased due to the lower ratio which would cause the tax rate to increase.

On motion of Walling/Engler, the Board voted 3-0 to approve 100% as the Declared Ratio for 2018.

6. Town Manager's Report

The Manager is seeking authorization from the Board to approve change orders up to the amount of \$5,000, for the Public Works Project. This would make it easier to keep the project moving forward without a potential two week delay, due to waiting for the Board to approve the change. The funds needed for the change orders would come from the contingency account set up for the project of which there is approximately \$200,000 available. A change order would come on recommendation from the project engineer and also be reported to the Board.

On motion of Walling/Engler, the Board voted 3-0 to allow the Manager to approve change orders of up to \$5,000.

The Manager informed the Board that the Public Works project is expected to be completed by December 31, 2018. The site work being done currently includes erosion control work and bringing in of the heavy equipment. Foundation work for the salt shed and the main building is scheduled to begin in July, and construction of the buildings is expected to begin in August. The Manager discussed options for the wall panels for the Public Works building. He told the Board that he would provide them with more detailed information at the next meeting.

7. Select Board Member's Request for Agenda Items for Next Meeting

Board Member Walling suggested a discussion be held regarding the development of the waterfront and the possibility of the power lines in that area being placed underground. He mentioned that when reading the responses from the residents regarding the RFP, several of them mentioned the power being placed underground and that other towns had done this when developing their historic waterfront areas. The Manager agreed that putting power underground does solve a lot of issues, but that this type of project is very expensive and not covered under a TIF. The Manager does feel it is worthwhile for this to be considered as a future project.

Board member Engler asked about the status of our Connect Maine grant application. The Manager stated that we would know at the end of this week.

8. Announce Future Select Board Meetings
 - A. June 12th – Regular Meeting
 - B. June 13th – Town Meeting, 7:00 PM Bowdoinham Community School
 - C. June 26th – Regular Meeting
9. Comments from Select Board Members
10. Comments from the Public – None
11. Adjourn

The meeting adjourned by acclamation at 6:44 P.M.

Select Board
Town of Bowdoinham, Maine

Peter Lewis, Chair

Jeremy Cluchey, Vice-Chair

David Engler

Judith Gray

Thomas Walling

Respectfully Submitted,

Patricia Frederick, Administrative Assistant