

HAMILTON BOARD OF SELECTMEN &  
FINANCE ADVISORY COMMITTEE  
MINUTES OF JOINT MEETING

May 21, 2018

Selectmen Present: Chair Shawn Farrell, Scott Maddern,  
William Olson, Jeff Hubbard,  
and Allison Jenkins (participating  
remotely)

Finance Advisory Committee Members Present: Chair David Wanger, Nicholas Tensen,  
Darcy Dale, Phillips Stearns, John  
Pruellage

Acting Town Manager: Chief Russell Stevens

Other Town Staff Present: Finance Director Marisa Batista, Director  
of Planning & Inspections Patrick Reffett

Chair Shawn Farrell called the meeting to order for the Board of Selectmen (BOS) at 7:04 p.m. Chair David Wanger called the meeting to order for the Finance Advisory Committee (FinCom) at 7:05 p.m.

Mr. Farrell announced Allison Jenkins was participating remotely due to geographic constraints. William Olson and Nicholas Tensen had not yet arrived.

**Auditor's Presentation of FY'17 Financial Statement and Management Letter**

Finance Director Marissa Batista introduced Auditors Chris Rogers and Jim Piotrowski of CLA (CliffordLarsonAllen). Mr. Piotrowski introduced himself as the manager on the Fiscal '17 Audit Engagement and gave the agenda of what he was addressing: Audit Objectives, Executive Summary, Key Footnote Disclosures and Highlights, Pension and OPEB (Other Post-Employment Benefits) Highlights, Management Letter Comments, and Required Communications with Governance. He said his purpose was not to express an opinion on compliance, but more to identify and notify the Town of any deficiencies. He said they were looking at the internal controls that were in place ensure funds were spent efficiently. He highlighted elements in the booklet. The Government-wide Unrestricted Net Deficit totaled \$6.1M. Due to pension and OPEB liabilities, the year-end totals were \$22.9M. The General

Fund Balance was \$5.8M of which \$4.3M was unassigned. Water was \$916K; Waste Removal, \$73K. Enterprise Funds were discussed.

Due to the culvert project on Bridge St., the Town was required to have a single audit in addition to the general audit. Federal awards require an audit of expenditures, compliance, and internal controls. \$819K had been spent; the threshold was \$750K to trigger the single audit. The Hazard Mitigation grant was \$741K. In response to a question from Scott Maddern asking if how the Town handled its Bridge Street culvert project reporting was telling of other things, Mr. Piotrowski said yes it was telling, and he noted CLA didn't identify any cause for concern based on Federal spending and had found no deficiencies in financial reporting.

As of July 1, 2014, \$6M of OPEB was unfunded, but the most recent accounting noted the increase and decrease over the prior year. There was a net increase of \$1M from the prior year and the proportional increase was more than 1% of one point. Pension increased due to the increased deferred inflows and outflows by Essex Regional Retirement System actuarial studies. The discount rate of return had decreased from the prior year. A 1% decrease in the discount rate would increase the pension liability to \$12.9M, whereas a 1% increase would reduce the liability to \$8.8M. In response to some OPEB-related questions from Mr. Wanger, Mr. Piotrowski said it was beyond the scope of the audit, but OPEB liability would have an impact on the Town's bond rating. Ms. Batista said they could get a report from the Essex Retirement Board. Funding was a separate piece as it was based on statutory requirements. Mr. Maddern noted the School's reluctance to fund OPEB. Mr. Piotrowski said the obligation was that of the Schools and not Town. Mr. Wanger responded that the Town was responsible for 65% of the School budget and the unattended liability would affect the assessment to the Town. Mr. Rogers said although the School District did its own reporting, a rating agency might consider it a factor in the Town's overall financial health.

Mr. Tensen arrived to the meeting at 7:19 p.m.

The Management Letter offered recommendations and comments regarding communication. Internal controls were identified regarding the segregation of duties and access to the software system for the Veteran's Memorial Pool. Non-member pool access, recommendation for safeguards, and reconciliations were identified. A lack of policies (password security) governing the Information Technology Department was noted. The previous years' comment regarding security measures regarding water billing and adjustments, which are the duties of certain employees, should be tightened. The Recreation Department needs to have policies in place for a higher level of employee understanding of duties and procedures. A Policy and Procedures Manual should be implemented for financial planning and employee responsibility procedures.

A Risk Assessment Monitoring Plan with policy and procedures was needed to monitor risks that arose especially with new security risks and accounting standards. An information comment to GASB [Governmental Accounting Standards Board] 74 and 75 were noted. New requirements would require the total OPEB liability to be on financial statements.

Required Communications included a letter to the Board regarding previous significant accounting practices, estimates disclosures, this year's audit, and financial disclosures. No significant difficulties with management were identified. Mr. Rogers reported internal controls were in compliance with laws and regulations, contracts, and grants.

### **Actuary Presentation of OPEB Actuarial Valuation**

Kurtis Thompson from Odyssey Advisors described the total liability, which had dropped from \$6,959,107 in 2014 to \$4,567,505 in 2017. The net OPEB liability of \$4,296,524 had decreased as funding had increased. The discount rate increased from 4% to 6.75% causing \$2M in savings. The Town of Hamilton was way ahead of the curve as most towns had a 3.5% discount rate. The discount rate was based on the current level of assets, funding policies, contributions each year, benefit payments, the municipal index rate, and the investment rate. Hamilton's Investment Policy Statement was aggressive with a portfolio cap of 7% based on municipal bonds, investment rate, and cash flow.

Expenses dropped by \$125K from 2015 to 2018. The Town was paying down liability more than they were accruing expenses. While the contribution was 75K in 2017, \$100K was contemplated for the future based on the funding policy. While \$125K had been budgeted, the funding was based on the average of the previous five years.

The discount rate increased causing a decreased liability of \$2.2M. The Mortality Table increased the liability by \$500K due to increased mortality rates in Massachusetts, which caused an increase in benefits paid. Assumptions were presented, including the discount rate, termination rates, retirement rates, election percentage (which was 80% with the majority of people receiving benefits for a spouse), and healthcare cost inflation (which was 5%). Projections included increases, which were less than expected. Increases would increase liability.

Compared to other State towns, Hamilton was in the 80% to 90% range of funding completed. Costs were lower than other towns. The unfunded actuarial liability as a percentage of the payroll was 90%. Benefit payments were \$4,640 per covered retiree. Retirees paid 45% of health benefits; 50% was the State limit. Healthcare costs are higher in New England, and most healthcare plans were considered "Cadillac Plans." A tax is being considered for such plans for 2022. If the tax were enacted, plan changes could be implemented to avoid paying the tax, such as offering cash to employees rather than

expensive healthcare plans. Evaluating the situation every two years would allow for any increases in benefits or demographics. Most retirees were on the health plan for two years before turning 65 and filing for Medicare. Mr. Wanger asked about borrowing to fund OPEB liability, as the School had at one time proposed. It was recommended by Mr. Thompson not to do so.

William Olson arrived to the meeting at 7:53 p.m.

### **Quarterly Update from Finance Director Marisa Batista**

Ms. Batista discussed the Third Quarter Report General Fund revenues and expenditures. Revenues were received at 80.84% this year compared with 70.72% last year for the third quarter due to prepayment of real estate taxes. Waste receipts were now recorded in the General Fund; previously they were deposited into the Waste Enterprise Fund. Expenditures were 72.45%; they were 69.04% in the prior year. The previously vacant Finance Director and Department of Public Works (DPW) Director positions accounted for a portion of the expenditure savings the previous year. Costs of dealing with snow and ice were higher in FY'18. Sanitation and Waster Enterprise funds were in the General Fund this year. The library assessment for the full year had recently been deposited; in previous years, payments were quarterly.

Ms. Batista said the Finance Department was finishing the budget, as well as reviewing OPEB and the audit. She was involved with Financial Policies, Patton Homestead accounting and fund reconciliations, and working on year-end transfers, which would be presented to the BOS and FinCom. Waste required a transfer of \$50K due to zero sort recyclables. According to the 10-year contract, Casella needed to reach \$75 per ton or the Town would pay 100% of the costs. Ms. Batista noted the \$5K to \$7K monthly bill as the Town had not exceeded the \$75 requirement. The Recycling Committee would meet with the Selectmen to discuss future options. The FY'19 Waste budget would need to be revisited.

Another transfer, for \$3K, was for street lighting. FY'18 was the first year the Town was not working from a credit after the installation of LED lighting. One department needed to transfer \$3K to pay for utilities, which had been decreased in the FY'18 budget. Reserve fund transfers totaled \$5,700 leaving \$2.2M in free cash after Town Meeting. The Bridge Street culvert project had a deficit of \$163K. 75% of the project was funded through FEMA [Federal Emergency Management Agency] and 25% through Chapter 90 funds. The Town was going to MEMA [Massachusetts Emergency Management Agency] to request additional funding for the overage. It was not expected that the funding would be available by year-end. Transfers would be covered by other town accounts. Fuel would be reviewed before Special Town Meeting.

### **Financial Policies**

Mr. Maddern discussed the Financial Policy process. Ms. Batista will develop the policies with the appropriate departments then come to the BOS for a first reading. A second reading would then follow. FinCom will also review and approve the policies before the BOS would adopt them. Implementation of the policies will involve education of the staff.

### **Adjournment of FinCom Portion of the Meeting**

Darcy Dale made a motion to adjourn the FinCom portion of the meeting at 8:22 p.m. Phillips Stearns seconded the motion. The FinCom unanimously (5-0) to adjourn.

Ms. Batista left the meeting.

### **Brad Hill—Potential Funding for Miles River Restoration**

Massachusetts State Senator Bruce Tarr and State Representative Brad Hill were both present. Representative Hill recalled the March storms, which caused power outages across the Town. He had met with National Grid, Fire Chief Phil Stevens, and DPW Director Tim Olson to discuss power outages over the last five years. Power outages from 2015 to 2018 were studied and it was determined that in one year, 50% of outages were due to car accidents while the rest were due to trees falling on equipment. Faulty equipment was not to blame. In 2015, 80% of the outages were from fallen trees. In 2018, 53% were due to fallen trees and 12% due to broken limbs. Car accidents were not an issue. For electricity, which is brought in from Beverly, 98% of the cases are due to fallen trees with only one case of faulty equipment. A plan to take down problematic trees needs to be implemented, which includes considered permitting from departments, such as the Conservation Commission (ConsCom), as well as seeking permission from individual property owners to grant access to the trees and power lines. Mr. Maddern noted this involves not just National Grid, but Verizon and Comcast, as well.

Representative Hill recalled some history of the Miles River Task Force, in which the towns of Beverly, Wenham, Hamilton, and Ipswich participated and identified issues with the river and how it was choked with vegetation and sediment due to fertilizers that had flowed into the river. He said in old days, oxen were used to dredge the river to keep it clear. The river no longer flowed and was a mosquito-generating problem. The Army Corp of Engineers had considered restoring the river, but funding had disappeared so the project was placed on hold. Each Task Force community was asked to contribute \$5K to study the problem. All agreed except Ipswich, so no study was conducted. Recently Task Force member Mike DeRosa was asked if the group still wanted to proceed with a solution. The study would be funded, as would up to \$10M in restoration funds. Mr. Hill said the communities involved needed to become energetic regarding the three-year process. A

meeting would be held in a month with State and local leaders to discuss and advocate for the project. The Ipswich River Watershed Association and Essex County Mosquito Control would also be involved. One entity would take the lead for the project. A decision would be made by Sept. 30 to get feasibility study funding and have the ecological project move forward.

Senator Tarr said it was very competitive to get into the Army Corp of Engineers' work plan, but this project had regional significance. While the feasibility study would be paid for, there may be a non-cash matching fund component, such as DPW construction or restoration. It was suggested that ConsCom Coordinator James Hankin be a point person, as he knew the process and history of the project. Senator Tarr said the State Senate would be taking action on a local aid bill the following day. He noted the previous concerns of the Town regarding local aid. The Governor came in low on unrestricted government aid, Chapter 70 funds, and Regional School transportation funding. Both the House and Senate were increasing all three, which would be a considerable bump over the government proposal. Hamilton/Wenham, Triton, Manchester/Essex had come together to support regional schools. Senator Tarr said there were new revenues streams, such as marijuana and gaming, which could be put into educational spending. Senator Tarr noted the Special Education Circuit Breaker was incorrectly funded; reimbursement was set at 65% rather than 75%. The number was now proposed to be 73% and up to 75% in the supplemental budget. The \$12.5M used to close the gap should flow by the end of the year and would be used to lay a foundation for the following year. Future reviews would be conducted every five years to ensure the budget was appropriate. The full benefit of economic recovery would be noticed in transportation for regional schools and tuition reimbursement for school choice. Municipal police training would be enhanced, as well.

Community Preservation Act (CPA) funding and Registry of Deeds receipts were discussed. A \$30 increase at the Registry was being proposed with a 40% chance of passing expected. Mr. Farrell noted the Town was expecting an 11% match currently.

Representative Hill commented on the need for a generator at the Council on Aging (COA) building and discussed a potential grant to purchase. Mr. Maddern spoke about healthcare cost controls and the impact of high costs on small towns. Senator Tarr responded that a bill on that might be ready by the end of July.

### **Selectmen/Town Manager Reports**

Jeff Hubbard said he wanted to advertise the Memorial Day services and highlight the parade happening Memorial Day weekend.

Mr. Maddern said he attended a meeting between the Pattons and the residents at Patton Ridge regarding the Medical Marijuana facility. Neighbors were worried about potential odor at the farm/facility that might affect their quality of life and property values.

William Olson updated the Board regarding the Hamilton Affordable Housing Trust (HAHT). Harborlight Community Partners was pulling out of its agreement regarding the Longmeadow Way project and looking at its options. They are now proposing a 7-unit family housing project at Willow Street. The Planning Board was working on the Master Plan for housing, starting with looking at accessory apartments. They needed an associate member to replace Mr. Olson's term with the Planning Board.

Ms. Jenkins had contacted other towns regarding State-owned properties pertaining to the citizen's petition/warrant article 5-4. Ms. Jenkins noted the Town Hall Building Committee and DPW Director Mr.[Tim] Olson conducted a briefing regarding the building. The RFQ [Request for Qualifications] was due May 30.

Mr. Farrell reported the Recycling Committee was crunching data and planning a presentation to talk about tipping fees and tonnage with a discussion on the impact of weekly trash pickup. The ConsCom had conducted a site walk at the Ameresco solar project at the landfill regarding utility poles to be erected in the buffer zone. The cap had been certified. He discussed the rain barrel program; 50 barrels were purchased this year. The textile recycling program will begin June 6.

Acting Town Manager Chief Russell Stevens announced the Town pool will open June 9 and the Two Town Fair would be held June 23. An attorney had been hired to investigate the Kaminski property and State curatorship program issues (warrant article 5-4). The opinion would be available soon.

Director of Planning & Inspections Patrick Reffett arrived to the meeting at 9:11 p.m.

### **Public Comment**

None

### **Consent Agenda**

- **Approve Minutes from the joint meeting between the BOS and FinCom on March 19.**
- **Approve Minutes from the Board of Selectmen Meeting on April 7.**
- **DPW seeks permission to sell one cemetery plot to Megan Houser, former Hamilton resident.**

Mr. Farrell noted the April 7 minutes were approved April 17, but had not been signed.

**Decision:**

Mr. Hubbard made a motion to approve the Consent Agenda. Mr. Maddern seconded the motion. The BOS voted unanimously (5-0) to approve the Consent Agenda.

**Victoria Masone—Update from Energy Manager**

Town Energy Manager Ms. Masone and David Turner of Ameresco updated the BOS regarding the solar project at the landfill. The project was on two parallel tracks. Ameresco had submitted a contract, which was being reviewed. Questions arose regarding tax assessment of the land. The Board of Assessors determined an appropriate number, which will be part of the contract document.

The Power Purchase Agreement was discussed. Special Town Meeting is needed to approve the land lease. No major issues had been identified by the Zoning Board of Appeals (ZBA) with regard to approval of the project. The hearing was continued to June 6 when a vote will occur. ConsCom had a site walk May 12 on allowing utility poles to be constructed in the buffer zone. The hearing regarding that can't happen until the ZBA approval is finalized.

The Landfill closure certification was received from the Department of Environmental Protection (DEP). The Post Closure Use Permit described using the landfill as a solar project. The Interconnection Application with National Grid would be completed in January. The project would be put into the SMART program at the end of summer to ensure obtaining the higher rate of kilowatt reimbursement.

Mr. Turner said Ameresco cannot start construction without the lease. He outlined the construction timeline. Procurement would take eight to 10 weeks. The goal was to complete the project within 12 months of approval.

Ms. Masone said the payment would be \$3K a year based upon Former Town Manager Michael Lombardo's negotiations. Mr. Maddern suggested Ms. Masoni investigate other town contracts. Ms. Masoni said the payment could be a lease payment or P.I.L.O.T. (payment in lieu of taxes). The project needed to be financeable within certain parameters. The assessment had been set at \$10,900 by the Assessors. The electricity savings would be \$20K.

Ms. Masone also discussed electrical aggregation—contracting with Good Energy, L.P. of Conway, Mass., to put out bids in the fall for aggregated purchase of electricity. Once out to bid, the Town would investigate prices to determine if they wanted to pursue them. Mr. Maddern asked her to send a timeline for follow-up and notifying residents.



### **Whistleblower Policy—Final Reading**

Donna Brewer arrived to the meeting. She and Ms. Jenkins discussed changes made to the Whistleblower Policy draft, which included notifying the BOS Chair about the existence of a complaint earlier in the complaint/resolution process. However, if a complaint is against the Chair, it would, of course, not go to him/her. Because the draft being looked at wasn't the most recent, the BOS decide to table the final reading to the next meeting.

### **Schedule Date for Special Town Meeting**

#### **Decision:**

Mr. Maddern made a motion to set the date for the Fall Special Town Meeting for Oct. 13, 2018 at 9 a.m. at the Hamilton-Wenham Regional High School. Mr. Hubbard seconded the motion. The BOS voted unanimously (5-0) to approve the motion.

A schedule of deadlines leading up to Town Meeting will be developed by the Interim Town Manager.

### **Appoint Planning Board Alternate (Fill Term of Janel Curry)**

The Planning Board had not recommended a candidate to date. Discussion was deferred to a later meeting.

### **Medical Marijuana—Cultivation & Processing Discussion**

Mr. Maddern said he attended a meeting with the neighbors and submitted layouts of the site. There were two permitting operations. Topsfield created a special zoning district for the facility on half an acre. A 1.5-acre facility was proposed behind the current farm stand in Hamilton. The applicant moved the building to lessen the view. The proposed operation would have fewer employees than when the farm was previously operating. Vehicles would be present one to two times a week. The neighbors' concerns were primarily with odor. Rain water would be captured from the roof; solar glass would allow light to permeate and the building itself would muffle the sound with filters for air exchange. Mr. Maddern said the Town needed to consider potential impacts to the Town, negotiation an impact fee, and determine property taxes for the building as part of the Host Community Agreement with Green Meadows, LLC. The fees vary from 1% to 3% based on conditions.

Mr. Farrell questioned the hours of generator operation and had lighting concerns. Mr. [William] Olson asked if the Right-to-farm bylaw allowed for the use. Mr. Farrell responded it would be approved under the Right-to-farm by-law while it was also a commercial

business. A preference for hiring local veterans would be encouraged. Mr. Maddern said waste was regulated and would need to go to Department of Environmental Protection (DEP). Light needed to be bright enough to allow a camera to capture faces for security.

Mr. Reffett said the applicant wanted to work with the Town, but the Town did not have zoning addressing medical marijuana. He noted the ban on recreational cultivation, manufacturing, and sales,

Jean Ayles, 11 Patton Ridge, asked if there would be a change in zoning. Mr. Maddern responded nothing was in process. The primary bylaw being used was the Right-to-Farm bylaw. Ms. Ayles was concerned with the valuation of her house.

Jody Fenton, 4 Patton Ridge, requested an evaluation of property values. Mr. Maddern responded this did not occur for other farm neighbors. Mr. Maddern expressed respect for the Patton family and their legacy. He said the important thing was to determine the list of impacts to have a basis for discussion. Mr. Hubbard noted the importance of the potential effects on homeowners and the Town's property.

Craig Walker, 7 Patton Ridge, was concerned with odor and noted in Colorado, they called it "putrification." He asked for a guarantee regarding what would be tolerable or acceptable for an agricultural site. Mr. Walker added that weddings could not occur at the Patton Homestead site if the odor was intolerable.

Robert Patton of Green Meadows Farm, LLC, said there was no room for error in the Phase II Management profile and he would be visiting other facilities to determine the best technology to ensure odor was not a problem. Mr. Maddern ask that Green Meadows return to the BOS to discuss odor control.

**Decision:**

Mr. Maddern made a motion to authorize himself and the Town Manager to negotiate a Host Community Agreement with Green Meadows Farm, LLC, for the production of medical marijuana. Mr. Olson seconded the motion. The BOS unanimously (5-0) approved the motion.

**Appointment of Interim Town Manager**

Chief Stevens said three applicants had been considered and Former Ipswich Town Manager Robin Crosbie was selected. Ms. Crosbie will work 25 hours per week until the new Town Manager is selected. Mr. Maddern highlighted her previous experience and said she will establish office hours and is proficient with time management. He thanked Chief Stevens for his service and help with the transition. The BOS will evaluate whether Ms.

Crosbie will attend Hamilton Affordable Housing Trust (HAHT) meetings on a meeting by meeting basis as her time is limited.

**Decision:**

Mr. Maddern made a motion to appoint Ms. Crosbie as Interim Town Manager. Mr. Hubbard seconded the motion. The BOS voted unanimously (5-0) to appoint Ms. Crosbie.

**ANNOUNCEMENTS**

- **Board and Committee Openings:** There is one open position on each of the following boards: Open Space Committee, Board of Health, and Historic District Commission/Historical Commission. Also, the Town is recruiting for the Town Manager Screening Committee.
- Wenham Museum Military History Day will July 14 at Patton Homestead from 10 a.m. to 3 p.m.

**New Business**

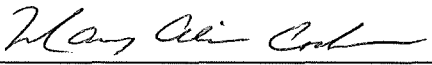
The Screening Committee will be discussed at a separate meeting as it was not listed on tonight's agenda. They did a quick poll of when they might be available to discuss the matter and set a tentative date for Thursday.

**Adjournment/Entered Executive Session**

Mr. Farrell made motion to enter into Executive Session at approximately 10:22 p.m. *to discuss litigation strategy regarding Varsity Wireless v. Town of Hamilton and not to return to regular session.* He added *open session would potentially be detrimental to the negotiation.* Mr. Maddern seconded the motion. A roll call vote was taken with "ayes" from Mr. Maddern, Mr. Hubbard, Mr. Olson, Ms. Jenkins, and Mr. Farrell. The BOS unanimously approved (5-0) the motion to enter into Executive Session.

Mr. Farrell then made a motion to adjourn the regular meeting. Mr. Maddern seconded the motion. The BOS unanimously approved (5-0) the motion to adjourn. A roll call vote was taken with "ayes" from Mr. Maddern, Mr. Hubbard, Mr. Olson, Ms. Jenkins, and Mr. Farrell.

Prepared by:

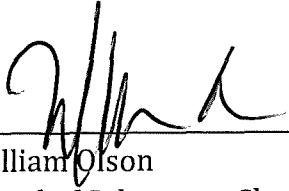
 | 7-13-18

Mary Alice Cookson

Date

Minutes Secretary

Attest:



William Olson  
Board of Selectmen Clerk

8/13/18  
Date