

**MINUTES**  
**SELECT BOARD MEETING**  
**TOWN OF COVENTRY**

**Monday December 19<sup>th</sup>, 2016 at 5:00 p.m.**

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**Board Members Present:**

Michael Marcotte / Chairman; Bradley Maxwell; Scott Morley

**Town Officials Present:**

David Gallup/ Road Commissioner; Amanda Carlson/Select Board Clerk

**Guests:**

Paul Gillies; Kelly Kindestin; Judith Ballinger; Gerald Ballinger; Amanda Jensen; Robin Ballinger; Jessica Mott; Leo Piette; Alana Sargent; Jeff Graham; Deb Tanguay; Alan Feltmarch; Maurice Jacobs

**Press:**

Elizabeth Trail / Barton Chronicle; Laura Carpenter / Newport Daily Express

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**1. Mike Marcotte called the meeting to order at 5:02 p.m.**

**2. Attorney Paul Gillies for General Legal Discussion**

- Attorney Paul Gillies stated that he has filed a complaint with the Sherriff on behalf of the Board, as well as a preliminary injunction with the Superior Court. He is confident that the Board should see action on these quickly.
- The preliminary injunction requests immediate relief from the court and includes several counts directly related to the forensic audit report prepared by Jeff Graham; as well as the Treasurers ineligibility to keep the office after not settling accounts with the auditors at year end.
- The defendant has twenty days to respond to the claim, after which depositions will be conducted and the case will be heard by the Superior Court Civil Division.
- The Treasurers refusal to produce public records on request was used as an accelerator in the claim.
- Mr. Gillies noted that Scott Morley and Jeff Graham will be called as witnesses in the case.
- The complaint can be amended if further issues are discovered.

- Paul Gillies assured the Board that they have been careful to act within their legal rights and should continue to do so and monitor the cooperation from the Treasurer's office.
- Mike Marcotte stated that the Treasurer is continuing to work against the Board, and the Board would like to work with her and assist her in performing her duties with the administrative changes that have been implemented.

### **3. Kelly Kindestin from VLCT – PACIF**

- Kelly Kindestin stated that the insurance policy for the Town covers up to five hundred thousand dollars for theft. The VLCT - PACIF will require the forensic audit to review along with a proof of loss form.
- Kelly informed the Board that the coverage did not include expenses to uncover any loss, such as the cost of the audit or an attorney. Coverage is for the amount missing from the Town only. She will review the policy and send to the Board for clarification on what can be included.
- Scott Morley asked what the time limits on the coverage were and was told that the Town would be covered for any and all years that it held a valid policy with the VLCT.
- The Board explained that previous audits were conducted and showed some similar findings of monies missing. Kelly will review the previous audit reports to determine if claims can be filed based on those in addition to the two-year audit performed by Jeff Graham.
- Resident Leo Piette questioned why the Town spent such a large amount on a forensic audit when the cost of investigation could have been done at the insurance carrier's expense. Kelly stated that the insurance company will work with the Town's but will typically not hire auditors directly.
- Scott Morley explained that over the many years the Treasurer has been in office, the situation had become very complicated. The Board needed this type of audit to be able to see and understand all of issues and the interrelated complexities that were present; and to unravel and fully understand the problems and issues that needed to be addressed to move forward.
- Ms. Kindestin explained that when the claim is submitted then there will be questions, reviews of controls and procedures and investigations by the VLCT – PACIF insurance. The Board requested that all correspondence on this matter be done electronically and not by mail to the office. By unanimous authority of the Board, all email correspondence from Kelly Kindestin or other members of the VLCT-PACIF insurance regarding this claim, will be sent to Mike Marcotte, Select Board Chairman.
- The Board questioned once the issue was investigated if insurance coverage would continue with the current Town Treasurer in office. Kelly stated the Town would be covered but is unsure if the coverage on the current Treasurer would be allowed to continue. She will need to confirm this with the underwriting department.

- Kelly stated that the VLCT will be looking to the State Police investigation to make determinations in the case.
- Kelly Kindestin will review the policy information and make arrangements for follow up meeting. The Board granted unanimous authority for Kelly to meet with Scott Morley at their earliest convenience. Jeff Graham will be asked to attend the meeting as well.
- The Board expressed their appreciation to Kelly Kindestin for attending the meeting and the willingness to assist the Town with the claim process.

#### **4. Robin Ballinger from Python Wrestling Group**

- Robin Ballinger spoke on behalf of the Python Wrestling group expressing their concern regarding the Board's request to review the space use at the end of the year.
- Mike Marcotte explained that the Community Center use is reviewed yearly and each fall the availability of times and dates is examined and discussed to ensure all community based groups have an equal opportunity to use the space. There are no guarantees made to any organization and each one is assessed yearly.
- The group was reminded that the Town is responsible for items stored at the community center and should be aware of all things left here for liability purposes. During the season the equipment can be stored on site but should be removed at the end of the season.
- Scott Morley assured the group that any changes being implemented in the Community Center procedures were not directly related to the Python Wrestling Group or how they conducted themselves. He explained that in the last year the Board has been actively examining the condition and the use of the center and making changes to improve the space as well as ensure the system for use is better organized and structured.
- The Board stated unanimously to Robin that communication is key and that if there are any concerns or questions to please contact the Select Board directly and not the Town Clerk. The Board is responsible for the building and will continue to ensure it is being used appropriately.

#### **5. Approve the minutes of the December 12<sup>th</sup>, 2016 meeting**

- Bradley Maxwell made the motion to approve the minutes of the December 12<sup>th</sup>, 2016 meeting.
- Seconded by Scott Morley. The Board signed and approved the minutes as written.

#### **6. Allow for public comment**

- No public comment.

#### **7. Delinquent tax report requested from Delinquent Tax Collector**

- The Delinquent Tax Collector left a note for the Board that stated no changes in delinquent taxes. The Delinquent Tax Collector was not present to comment.

- The Board noted that the report presented last week still only included the 2016 delinquent taxes and not prior years as requested.
- The Board will continue to request the report from the delinquent tax collector to be provided with the information required.

#### **8. Request Treasurer's report to include detailed list of Town revenue for preceding calendar week**

- Income report provided by the Town Treasurer for the week of 12/12/16 to 12/16/16 showing total received by the Treasurer: \$813.52: *Cash; \$25.00 Checks; \$768.52*
- No deposit slips or receipts were provided. The Board noted that the report provided was a summary document and not the source document. The Treasurer was not present to comment.
- The Select Board Office has not been receiving complete income reports and deposit verifications as requested to keep an accurate set of financial records. The Select Board financial computer system will not be updated until proof is provided.
- The Board noted that the income report showed payment on taxes in the amount of \$470.52. This amount would affect the delinquent tax report that was not provided and stated that there were no changes that week.
- The Board received three months' worth of invoices from the Newport Fire Department for review. The Board granted unanimous authority for Mike Marcotte to contact the Fire Department and request all invoices be sent to the Select Board Clerk electronically starting immediately. Invoices should be received and reviewed monthly.

#### **9. Graham update**

- Jeff Graham noted that on the forensic audit provided to the Board there are item totals that might be adjusted.
- Jeff stated that this past week, three more tax payer notifications were received by his office confirming an additional \$2,000 that was paid in cash without any record of deposit to the Town account.
- There are still 57 letters that have not been returned to his office confirming the tax payment information. The Board will need to follow up on those.
- Jeff received missing information from Jane Clark at Community National Bank that was needed for the audit. With those items received, the financial audit should be completed this coming week.
- Jeff Graham asked the Board to clarify voted funds and if they are considered committed or restricted. Committed funds are voted under the boards general budget and allow the Board to redistribute funds within their budget line items. Restricted funds are voter identified by line item and can only be used for the identified purpose. Change of use can only be granted by vote of the Town.

- After the Board discussed the differences it was unanimously decided that the conservative approach was better going forward. The funds will be considered restricted and change of use can only be determined by the voters. This will need to be clear in the Town meeting warning, explained to the voters, as well as stated in the investment policy.
- Jeff Graham will be sending the Board; Management and Grouping Reports, along with the final audit report for review at the next Board meeting on Wednesday December 28<sup>th</sup>, 2016.
- Scott Morley stated that although the audit work is complete, the Town will still need to retain the services of Jeff Graham beyond the scope of his original contract. Scott requested that Jeff be available to meet with the VLCT-PACIF insurance representatives as discussed; meet with the State Police and the Attorney as needed; and assist as an expert as the Board continues with events related to the investigation. Jeff agreed to assist the Town going forward.
- Jeff Graham questioned the Board on what they would like done with the boxes of Town records that his office has in its possession that were related to the audit. The Board agreed unanimously to allow Graham & Graham, P.C. to hold all the records for the time being.

#### **10. NEMRC update**

- Item tabled. No update at this time.

#### **11. Signing authority on bank accounts**

- Mike Marcotte provided signature forms from the bank.
- Mike Marcotte and Brad Maxwell signed the signature forms. Forms will be presented to the Treasurer, Cynthia Diaz, for signature.
- The action does not make any adjustments to the accounts; the form is an authorization to add Bradley Maxwell as a signatory for the accounts.
- The Board stated that payments will continue to be signed by the Board Chairman and the Treasurer and that Brad will only be used as a backup in the event Mike Marcotte is unavailable to sign.

#### **12. Other business**

- Scott Morley stated that the new process for paying bills was clearly outlined for the Town Treasurer and she failed to follow the instructions provided. One issue is that original invoices were not given to the Select Board Office.
- The Board agreed unanimously to open a second post office box for the Select Board office. All vendors will be contacted with the change of mailing address. Any vendors that will provide electronic invoices will be asked to send to the Select Board Clerk.

- The Board granted Amanda Carlson authority to confirm the ordering of a desk for the Select Board Office. The total cost of the desk was quoted at \$1466.00.
- Amanda Carlson received the appropriations requests received by the Town Clerk for use in the Town report. Amanda requested town report items be sent to her no later than January 20<sup>th</sup>, 2017. This will allow for a week of formatting and review by the board before the complete file is due to the printers.
- The Board was given copies of six financial policies from the VLCT for review: *Balanced Budget Policy; Credit Card Policy; Capital Program & Budget Policy; Debt Management Policy; Reserve Fund Balance Policy; Trustees of Public Funds Investment Policy.*

### 13. Sign Orders

Accounts Payable	12/13/16	\$49,223.71
Accounts Payable	12/19/16	\$2,330.18
Payroll	Week Ending December 17 <sup>th</sup> , 2016 – <i>Board Warrant written for \$2,264.62. Deduction amount adjusted on Check #15998 to Cynthia Diaz. Adjustment noted on warrant and approved by Board.</i>	\$ 2,289.62
<b>Signed by the Board for the Treasurer to draw checks totaling</b>		<b>\$53,843.51</b>

**Meeting adjourned at 7:58 p.m.**

**The next meeting is scheduled for Wednesday December 28<sup>th</sup>, 2016 at 5:00 p.m.**

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**Michael Marcotte / Chairman**

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**Bradley Maxwell**

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**Scott Morley**

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**Amanda Carlson / Select Board Clerk**