

TOWN OF HIGHGATE

Selectboard

Draft Minutes

Special Joint Meeting Selectboards of Swanton, Highgate & Franklin Monday, October 22, 2012 @ 7:00pm

NOTE: All actions taken are unanimous unless otherwise stated.

A. Call to Order & Roll Call

The meeting was called to order at 7:03pm by Henry Rainville, Chair of the Highgate Selectboard

Those present were:

Highgate Selectboard Members: Henry Rainville, Brian Rowell & Luke Choiniere

Swanton Selectboard Members: Joel Clark, Dan Billado, John Lavoie & Dick Thompson (missing, Harold Garrett)

Franklin Selectboard Members: Peter Magnant, Andy Godin, Kyle Lothian, & Yvon Dandurand (missing, Wayne Laroche)

Public: see sign in sheet

Henry Rainville turned the meeting over to Joel Clark, Chair. Following the Pledge of Allegiance, Joel Clark thanked Kelly Merrill for stepping up to represent Swanton on the Tri-Town Recreation Committee. Joel then asked all the Selectboard members to introduce themselves.

Paul Guiliani, an attorney with McKee, Guiliani & Cleveland from Montpelier, was also present at this meeting and sat at the head table with the Selectboard members.

B. Voting on the path of joint ownership

This is a follow up to the last meeting on Oct. 1st with regard to the arena. Paul Guiliani is here to help with questions regarding an interlocal contract. Motion made by John Lavoie to table this issue until later in the meeting, seconded by Dan Billado – **APPROVED**.

The conversation regarding voting on the path of joint ownership continued after section “D” discussion of financing, as follows:

Henry Rainville stated that Highgate, as a board, has agreed to ownership of the building as a Tri-Town effort, and is offering a 99 year lease for \$1.00 per year for the land. Henry explained the town’s reasons for feeling this way, based on the donation of the land in the 1970’s. Joel Clark asked if it would be possible to include the land that the facility is on, as well as the parking lot and a small amount surrounding the facility itself incorporated into the contract. Dan Billado said his take is (speaking for himself only) is that if they are going to have ownership of the building, they want the property too. Maybe not the entire property, but as Joel mentioned, the footprint and the parking lot. The Town of Highgate could subdivide, or do a boundary line adjustment – those things happen all the time. Dick Thompson would like to see the land subdivided in order to do due diligence for the Swanton taxpayers. Kyle Lothian from Franklin spoke to the fact that he feels the TTRC has done a heck of a job, they deserve kudos. He does not see a problem with a 99 year lease, personally. He feels that due diligence is being done by getting that facility up and running. Kyle doesn’t feel that the lease should have any effect on the project at all. He knows the family that donated the land very well. The McCuin Family would only want to

see youth and adults enjoy the property, as it was intended. Joel Clark commented that if it went into ownership (the land), there could be a clause that it would revert back to Highgate if people backed out. Andy Godin stated that there should be no reason to disagree on this if the land would go back to Highgate anyway. Brian Rowells concern is that it was donated by a family in Highgate, and that it could be considered a slap in the face to that family if Highgate were to sell it off to other towns. Brian feels the easiest solution would be a long term lease. Paul Guiliani pointed out that a lease could be longer than 99 years. Another angle would be that if the title to the land stayed with Highgate and ownership of the facility was divided three ways, an interlocal contract could provide that Highgate not sell or dispose of its interest in that land for as long as the lease is in place without giving the other towns the ability to acquire it. Joel Clark feels strongly that there are ways to get there. John Lavoie posed a few questions: If we bond for 20 years to renovate the facility and for 20 years we are paying, and after 20 years the facility still looks good, it has a worth. If one town wants to pull out, is their portion worth anything? Is there a value to that? Do the other towns have to buy you out, or do you walk away? Paul replied that there are two sides to that: The Town of Swanton has received the benefit of having the facility and that is worth something. The other argument is, even if it was in bad shape, it's worth something. Is it fair to say to the other two communities that because you are opting out, we want a check for \$xxxxx dollars? Bob Irish asked if the contract would have a term, and when the contract expires, would everything need to be renegotiated? Betsy Fournier stated that her concern was the lease of the land. TTRC has spent 2.5 years on the building, not the land. That would mean additional for taxpayers to fund. Dan Billado reiterated that we do not need all of the land, just the footprint, the parking lot and some around the building. Betsy also elaborated on what we would all get back in return. For example, in Swanton, the town funds the programs and in return the taxpayers receive activities and programs through Swanton Rec. The TTRC wants to be sustainable. She doesn't know why anyone would feel there would be a lot of money coming back. Dick Thompson commented that everybody here at this meeting would be happy to break even. All were in agreement. Joel Clark asked for clarification regarding any surplus, would that go into a fund? Paul stated that it should be agreed upon in the contract what would happen with any surplus. John Lavoie commented (directed towards Betsy Fournier) that in Swanton the equipment, tractors, etc. that Swanton Rec. uses are not the property of Swanton Rec. They belong to the Town of Swanton. John also asked if the arena has ever been appraised. It would have been appraised in our town wide reappraisal in 2008. When this renovation is complete, it will be worth over five million. Peter Magnant asked about snow removal and paving. If the land is leased, would that be part of the lease? Dan Billado believes a boundary line adjustment should be done. Brian Rowell asked that if ball players use the parking lot, would that have to be part of the contract too? Paulette Tatro commented that a right of way could be considered as well. Paulette's concern as a Highgate resident is that she is hearing "30 years down the road". What does Highgate get in return for all the fund raising and donations received, or for the current value of the building. That is worth something. Highgate is putting all of this in, and have asked for nothing. Brian Rowell only asked to have two good towns on each side of Highgate. Dick Thompson feels that what Highgate receives is a saved recreation facility. Henry Rainville asked to comment to that, adding that Swanton is also getting a saved facility, as is Franklin. This facility is located here in Highgate, but used and available to all of us. Henry asked if, truthfully, we all want to be in this together? Henry has felt this from the beginning concerning Swanton. Joel Clark drew the conversation back to the question at hand. Swanton is asking some tough questions to be able to report back to their taxpayers. Joel feels that tough questions need to be answered. Dick Thompson has a son and grandson that played hockey there. He wants to see this place saved. Paulette Tatro does not want anyone to lose sight of what Highgate has contributed already. Joel feels that what Highgate has contributed already should be part of the initial agreement. John Lavoie said he doesn't want to create a white elephant that we all can't afford. If he is raising the hair on

people's neck, he is doing due diligence for Swanton taxpayers. John would like the facility to stay open, but he is only one vote. He wants to work out the logistics so when they present this in March everything will be on the table. John feels he has been frank all along. Dan Billado stated that he was approached in Swanton at a gas station. The resident was told by a MAHA representative that the arena project was going to cost \$29 per year. The statement should have been \$29 per year per \$100,000.00 property value. Dick Thompson said the Selectboards job is not to "sell" the issue, but to inform the voters and present the facts. Bob Irish added that from a zoning point of view, a subdivision could add additional time and money to the project, and another level of public review, so it is something to think about. Dick Thompson thought that was a good point. Peter Magnant commented on the \$29 per year figure – have we even selected a proposal yet? No, we have not. Dan Billado stated that as a board, Swanton agreed on option #3, but are still waiting for costs associated with the 20' expansion for regulation sized ice. Paulette Tatro asked Paul Guiliani his opinion on the long term lease. He stated that there is no preferred way, and it is irrelevant as long as the towns that are issuing the debt have vested control in the property. For example, in Derby, the facility is owned by the town and a half dozen other towns contribute and are able to use the facility. In other towns, you may see the recreational fields owned jointly. There really is no preferred way, it's all what these three towns decide on. You can argue both sides of it. Kyle Lothian doesn't feel the decision to lease or not should be made tonight. Henry Rainville stated that at the last meeting in Swanton, it was very clear that Swanton did not want to move forward until it was decided. John Lavoie would like to discuss this amongst themselves, and added that everyone is here in the best interest of doing the right thing. We all want the facility to stay. Once we get a template of the contract we can tweak it in a way that is in the best interest of all three towns. This is a large venture, and not done every day, that is why Swanton throws a lot on the table. Swanton has a large share, and wants to make sure they are covered. Swanton has been in a lease situation before, and it has its pros and cons. There is also one Swanton member missing tonight (Harold Garrett). Henry Rainville wanted to make sure they knew where the frustration was coming from, and feels Swanton has been stalling. Brian Rowell feels the lease is a minor issue. We need to get the wheels in motion and have a working relationship and make this work. Dan Billado asked if the Highgate Selectboard had brought the lease issue to the voters, or if the board decided on behalf of the taxpayers. The Highgate Selectboard decided on behalf of the taxpayers. The question was asked of the Franklin Selectboard (because they had been rather quiet), what are they hearing in Franklin about the project? Kyle Lothian stated that he has spoken to a number of people, and this money would be better served on a recreational facility rather than on a detention facility (jail). All were in agreement on that. Kyle agrees that the Selectboard should bring data to the voters and let them decide. His personal feeling is that this is going to cost us now, or cost us later, but either way – it's going to cost us. If we let the facility go, we will be losing a lot. If we consider moving this project to another location, it will be even more money. Joel Clark asked the group if everyone was in agreement to get together in early to mid-November to finalize this. The deadline to warn articles for Town Meeting would be towards the end of January (January 21st was mentioned, but date not confirmed). Dick Thompson commented that it is not difficult to put warnings together. John Lavoie wanted everyone to remember that regarding the contract, that all three towns attorneys will be involved. Paul Guiliani added that from what he sees, we could have a contract in definitive form by January. We can still ask the voters for approval at Town Meeting. Peter Magnant asked about a timeline of events. Bond authorizations have to be done by Australian ballot. As far as the warning, the posting and publication are a little different, but there is a schedule to follow. Tom Racine commented that in Highgate, we have Australian ballot voting going on at the same time as articles from the floor are being voted on. Paulette Tatro asked the Highgate Selectboard, how and when do we get the voters to approve the conveyance of the land? Does it need to be warned for 30 days so people can petition? This could all be incorporated into the contract. Dan Billado said we can decide one thing tonight, which option are

we going with? Jeff Towle was present, and added that the TTRC did a televised presentation just prior to this meeting at 6pm. Kim Gates-Maynard noted that she had just gotten the figures on Friday from the architect with regard to the addition of the 20' for regulation sized ice: Below are the options, with figures, and impact on the taxpayer:

- \$4.148 Million – Option 3 (tax impact \$28.90/\$100k property)
- \$5.19 Million – Option 3 with 20 foot addition to the West for Regulation size ice (\$35.46/\$100k property)
- \$5.47 million – Option 3 with 40 feet addition to the West for Regulation size ice (\$37.38/\$100k property)

Kim Gates-Maynard shared this data with the Selectboards as well as with the camera for the televised episodes of this meeting. Paulette Tatro added that a lot of the information that the TTRC has been presenting comes from the VT Municipal Bond Bank. John Lavoie asked, with the additional 20', does it bring added revenue? Brian Rowell asked, if we add the 20' is that what a new rink would be? With that price, we are getting much closer to what a new rink would be. The TTRC added that there are no new rinks being constructed that are being done at 185', they are all going in at 200'. It is an option that everyone needs to think about. Joel Clark asked for opinions around the table about 185' ice vs. 200' ice:

- Andy Godin – it's too much money for an extra 15'.
- Kyle Lothian - \$4.1 million sounds logical.
- Yvon Dandurand – he was concerned that this facility was not just ice, that isn't going to fly. A part of him is nervous about not going with full regulation sized ice for down the road.
- Peter Magnant – it is a lot to ask of municipalities to expand to 200'. We can still have a very nice facility and a lot of good games at \$4.15 million. He feels a lot better about that than the \$5.1 million option.
- Henry Rainville – agrees with Peter Magnant.
- Brian Rowell – also agrees with Peter Magnant.
- Luke Choiniere – agrees with keeping it at 185' and feels this would make our facility unique.
- Joel Clark – if we are willing to spend \$4.1 million, he is all for going for the 200' length regulation ice. He knows he is in the minority right now.
- Dan Billado – agrees that \$4.1 million may be an easier sell to the taxpayers, however, doing it right at \$5.1 million the first time would be easier in the initial planning phase.
- Dick Thompson – has watched a lot of hockey there and never realized it was not regulation sized ice.
- John Lavoie – feels that \$4.1 million is the figure we need to sell. \$5.1 million is closer to the price of a new building.

Kim Gates-Maynard thinks everyone needs to think about it, at least overnight. Bob Irish asked, speaking on behalf of MVU, would the head masters association (VPA) continue to sanction MVU with play off games at our home facility if the ice does not meet regulations? He would like the opportunity to talk with the MVU athletic director. Heidi Britch-Valenta commented that Terry McLaughlin, McLaughlin Management & Design, had advised that to get the maximum hourly rate for ice time we would want to be regulation size. Kelly Merrill said to be self- sustaining it could be hard to rent out the space and bring in opportunities if we are not at regulation. Peter Magnant asked if there was an ice shortage, yes there is. Andy Godin has a hard time believing that people won't play hockey at 185'. Joel Clark asked everyone if they had had enough for tonight, as the meeting had been two hours already. All were in agreement, *(please refer to section "F")*

adjournment). The next joint Selectboard meeting will be held in Swanton on Wednesday, November 7, 2012 @ 6:00pm.

C. Mechanics of developing an interlocal contract

Paul Guiliani came prepared to lead the conversation, and he is glad to help. He apologized up front if he did not have all the facts. He understands there is a skating facility in Highgate, owned by the Town of Highgate, and operated by a non-profit (MAHA). His assumption is that this facility needs significant upgrades and repairs. He feels our situation lends itself to an interlocal contract. These situations range from jointly owned and operated landfills to recreation facilities and more. The biggest piece of an interlocal contract is arranging for improvements and how they are going to be financed. There is no right or wrong answer, and he stressed that whatever is decided going forward that the guiding principal is flexibility. The law does not say how it should be done, but there are benchmarks in place that need to be followed. Joel Clark stated that this is the second time the boards have gotten together. There has been a lot of work done by the Tri-Town Committee prior to all of this. The land the arena sits on it up for discussion, a possible lease for 99 years at \$1.00 per year. The ownership of the building would be based on population. Paul Guiliani asked for clarification on the land piece, and it was explained that the land was donated to the Town of Highgate by a local family for the purposes of recreation. Dan Billado stated that a few months back they had received copies of deeds on the land. He did not see why the land can't be conveyed. Henry Rainville clarified why the Town of Highgate feels this way regarding conveyance of the land. Dick Thompson did not see any any wording in the deed with regard to conveying the land either. Brian Rowell stated that the land would need to be subdivided if they were to do anything different. Joel Clark asked the TTRC if they had a price to go the extra 20' to make the ice surface regulation size. Kim Gates-Maynard stated that they have the additional quote for that. Paul Guiliani informed the Selectboards that we have choices: #1-interlocal contracts where the town goes out and issues the bonds, and puts money into the facility #2-deal with improvement financing where each town agrees up front to put debt in their own name. It simply depends on how people feel about certain improvements. Henry Rainville asked Paul if there was financially any different. As far as interest rates, the answer is no. Joel Clark feels up front they want each town to contribute their part, and Paul feels this is a logical approach. Brian Rowell stated this should be done on a population basis. Kim Gates-Maynard said that when Paulette Tatro worked on the bond numbers that it was done based on each town's grand list:

- Swanton 55.31%
- Highgate 31.64%
- Franklin 13.05%

This data is very similar as if it were to be based on population. Paul asked about the current arrangement with MAHA running the facility. Are they in charge of operating and scheduling? Yes, they are. Is the lease fee a flat fee per year? Yes, it is, and the amount recently changed. Joel Clark said a manager would need to be hired and someone to market the facility, so we need to look at costs. What would happen if the facility has a bad year? Things such as this need to be included in the contract. Paul asked what the timeline was. Joel Clark informed him that the taxpayers will have to vote on the funds to fix the facility in March at Town Meeting. In this time frame from now until March, what do we need to do? Paul has examples of contracts he will forward for review. The percentage of financial responsibility and how the committee will be constituted need to be worked through. The actual contract would not be that complicated, as far Paul can see. There are some policy issues to address, such as the land. Regardless of ownership, if the facility will be operated by a committee, that could be in the contract now, subject to voter approval, subject to the bond vote for financing. We need something very basic, as we are dealing with a single facility (enterprise) that already exists. We need to memorialize what everyone will agree upon, but he will forward documents for us to look at. Joel Clark asked

Paul Guiliani how he is funded. Paul stated he sends Tom Racine a bill and it is “magically” taken care of (laughter). Paul further stated that the costs associated are not big costs. For now, the challenge is to put to paper what people agree to. Joel Clark asked to go around the table for thoughts:

- Joel Clark – everything is straight forward, or seems to be.
- Andy Godin – has nothing much to add, very straight forward in his mind.
- Yvon Dandurand – we need to move forward to make some decisions.
- Peter Magnant – one concern is that we are going to have to have two votes on one day, which is a total of six votes between the three towns.
- Paul Guiliani – this will take a selling job / education of our tax payers.
- Henry Rainville – wanted clarification on which question to ask the taxpayers first (Paul stated we need to ask the taxpayers about the interlocal contract first, then the bond vote).
- Brian Rowell – he has concerns over the land / lease of the land.
- Luke Choiniere – has concerns if one town, years down the road, wanted to terminate and how that would affect the other two towns (Paul answered that even if a town wanted to terminate, they would still be liable for their bonds, and that the term of the contract would need to be coextensive with the term of the bonds).
- Dan Billado – is anxious to see a sample contract, tweak it, add or take away, that is all we can do for now.
- Dick Thompson – a 99 year lease, he is not sure everyone is comfortable with that. This is a real estate transaction, like purchasing a 3.5 million dollar house on leased land. This needs to be discussed more before they commit.
- John Lavoie – regarding talk about dividing up debt, if there is a surplus, how will that be divided up? The same way (percentage) or does it go into a reserve account? That would need to be part of the contract also. (Paul stated that the appropriate thing to do with surplus is to make plans to deal with surplus and have it incorporated into the contract). Also, with regard to an interlocal contract, does the Selectboard still have control? (Paul answered that anything to do with debt, hiring, payroll, purchasing equipment, etc., the Selectboards will have the ultimate decisions to make.

Questions, comments, concerns from the public: Kim Gates-Maynard stated that they have been meeting for 2.5 years and would like to see something warned for March 2013 Town Meeting. Construction could begin in March 2014. Paul Guiliani asked if there were any contracts from the local high school. Yes, MVU has a contract for one year at a time. Kim also commented that hiring a good management is key for getting the space used and paid for. She feels that the Selectboards micro-managing could be harmful. Dan Billado used the Swanton Rec. Dept. as an example. This program is run with taxpayer dollars and Dick Thompson said they don't micro-manage it. Dan Billado has a vision of this project to run similar to the way Swanton Rec. does. Peter Magnant asked the TTRC about the manager, would they start with a manager prior to construction, so the venue would be well utilized once it is up and running, the scheduling could be well underway. Bob Irish (Franklin Resident, Franklin Zoning, MVU School Board) was present and asked how would the facility get exempt status with all three town involved. Paul answered that you would dedicate the facility to public use, and there should not be a problem. The statute, as it is written today, states that if the facility is owned by a municipality and isn't used to generate income, other than incidentals, and it is dedicated to public use – it is exempt from property taxation. The tax department may take issue with it, but he doesn't feel they would prevail. Peter Magnant asked for clarification on public use. Paul used the Collins Perley Complex in St. Albans as an example. They have made incidental use of the facility. It has not been advertised as a facility for business. If it's a consistent use for private benefit, trade shows, conventions, you could risk losing the exemption status.

D. Discussion of financing

Paul Guiliani briefly touched on the financing piece. The way the statute works is if the three municipalities authorize bonds in varying amounts to go into the project, the maximum term can be 20 years. Going through the bond bank is the easiest and cheapest route to take. As far as timing, once the municipalities authorize the bonds, the three boards can authorize a bond anticipate note. Henry Rainville stated that we have a HUD grant for \$196,000.00. Paul noted that we can borrow against that for construction financing of this project. The process of authorizing the bonds as far as posting and publication would track very well with the interlocal agreement. The question was raised about what towns vote to answer questions by Australian ballot. Swanton is the only of the three towns to vote in this way. Tom Racine feels this will be a challenge in Highgate and Franklin. Paulette Tatro asked if the interlocal contract and the bond vote would have to be by Australian ballot for them to be bonding – the answer is yes. Joel Clark asked if there were any other comments, questions, concerns on this topic. Hearing none, the group circled back to the ownership issue – see “B” voting on the path of joint ownership, earlier on this agenda.

E. Discussion of voting requirements

Please see this discussion, which was mentioned in section “D”, above.

F. Approval of minutes – Oct. 1, 2012 meeting

Motion made by Dick Thompson to approve the minutes from the joint Selectboard meeting on October 1, 2012, seconded by Dan Billado. Discussion: Henry Rainville stated that Highgate had not seen the revised minutes. This approval of minutes will be placed on the November 7th agenda in Swanton. The motion was retracted.

G. Adjournment of Joint Selectboard Meeting

Motion by Brian Rowell to adjourn the Joint Selectboard Meeting at 9:05pm, seconded by Henry Rainville – **APPROVED.**

H. Executive Session

Motion by Henry Rainville for the Highgate Selectboard to enter into executive session at 9:10pm to discuss contracts, seconded by Brian Rowell – **APPROVED.**

Motion by Henry Rainville for the Highgate Selectboard to exit executive session at 9:55pm, seconded by Luke Choiniere – **APPROVED.**

Motion by Henry Rainville to accept SD Ireland’s proposal to repair the middle pier of Bridge 25 with a foam back rod compression fit into the crack and sealed with polyurethane joint sealant for a price of \$10,000.00, if it is a fix that will last longer than one year, seconded by Luke Choiniere – **APPROVED.**

I. Adjournment

Motion by Brian Rowell to adjourn the meeting at 9:55pm, seconded by Luke Choiniere – **APPROVED.**

Respectfully submitted by:

_____ Wendi Dusablon, Town Clerk

Minutes approved by:

_____ Henry Rainville, Selectboard Chair

