

Minutes of a Continued Meeting of the Council of the Town of Blackstone, Virginia, held in the Council Chambers located at 100 W. Elm Street, Blackstone, Virginia, on Thursday, May 7, 2009

There Were Present:

Mayor: William D. Coleburn

Council Members: L. Benjamin Green, John W. Hill, Jr., C. Duncan Quicke, Barbara Thompson, Alfred V. Tucker, J. A. Wilson, Jr., Constance T. Wynn

Town Attorney: Kennon C. Walden, Jr.

Town Staff: Jennifer H. Beck, Director of Transportation and Community Development; David Dunn, Assistant Town Manager; Nicholas C. Kuzmiak, Police Chief; David Ostrander, Director of Public Works; J. Larry Palmore, Town Manager; Joan R. Palmore, Town Clerk; Charles C. Wells, Finance Director

Those Absent: None

Mayor Coleburn called the Continued Meeting to order.

PRELIMINARY AUDIT REPORT

Paul Lee with Robinson, Farmer, Cox, Associates, presented the Audit Report for fiscal year ended June 30, 2008. He stated that this is a draft report. He explained that the Town is in the same financial shape as it was this time a year ago. He added that tax collections went well, right at 98.6% on real estate and personal property. He asked Council to look at the management letter because we are still having the same reporting issue that we had last year and he explained that this is mainly because of the changes in the auditing standards. He stated that as an auditor, he really can't be involved in posting accruals either revenues or expenses. Some of the problems we have run into have been with the water, sewer and utility accounts. He stated that other localities have hired a consultant to come in, at the end of the year, and help with posting some of these accounts. He added that these are basically the same comments as last year. Mr. Lee stated that an accounting consultant could help with the general ledger, balancing between the funds and the cash-in funds. He added that when investigating further, they found some outstanding checks that had not been included. He explained that it is a matter of getting this taken care of on a monthly basis. He suggested someone outside of the accounting process initial them daily. Mr. Lee informed Council that this year, for the first time in several years, the Town has had to have an A-133 Audit. He explained that there is some additional reporting that is

going to have to be done once we get this finalized. The two biggest grants were the transportation grant for the bus garage and the ISTEA grant for the carriage museum. The bus grant went fine, but on the carriage museum, there wasn't any Davis Bacon Act reporting. In the Town's case, he doesn't know that VDOT monitored this very well and he isn't sure how much instruction VDOT gave the Town. Mr. Lee stated that he also does not know what would come of this finding, other than they are required to report it. The Town will probably have to file some type of corrective action on this. Mr. Lee asked Council to consider adopting an accounting policies and procedures manual.

Mayor Coleburn asked who could draw up this manual for the Town.

Mr. Lee answered that his firm could do that or there are some other firms that do it also. He stated that it would probably cost around \$5,000.00.

Councilman Hill asked does his firm write this manual for each individual locality or do they go by some form.

Mr. Lee answered that they will tailor it to fit Blackstone.

Councilman Hill asked how long would it take to do this.

Mr. Lee answered that it should take maybe a month with only a day of field work. He stated that they offer this service to their other clients as well.

Councilman Green asked about the old outstanding checks on the bank reconciliation.

Mr. Lee answered that these need to be investigated.

Councilman Green asked who conducts the A-133 audit.

Mr. Lee answered, his firm did this.

Mayor Coleburn asked about the general fund balance as of June 2008.

Mr. Lee answered this year we have a deficit of \$400,000 in the general fund.

Mayor Coleburn asked what did the Town make in profit selling electricity and water and sewer.

After further discussion, Mr. Lee explained that the Town transferred about \$700,000 from the electric fund to the general fund which would be the profit. He also stated that most localities, the size of Blackstone, are not going to set the water and sewer rates high enough to off-set the depreciation.

Mayor Coleburn stated that Robinson, Farmer, Cox assisted the Town last Fall with a problem we had with an employee embezzling funds. He asked is the Town straight on this.

Mr. Lee answered, yes.

Mayor Coleburn asked when will we get the audit report.

Mr. Lee answered that if the Town has all the things corrected that are in the Management Letter they would have the audit report to the Town much sooner each year.

Manager Palmore stated that the Carriage Museum issue with the Davis Bacon Reporting slipped through the cracks. He does not remember if VDOT told us to do this or not. He has asked GMW Contractors to provide us with payroll for that time period so we can take corrective action. He asked Council to authorize Robinson, Farmer, Cox to set up an Accounting and Policies Procedures Manual specifically for Blackstone.

The motion by Councilman Hill to authorize Robinson, Farmer, Cox to draw up an Accounting and Policies Procedures Manual for the Town and to have it in place by July 1, 2009, was seconded by Councilman Tucker and approved as follows. Vote:

Councilman Quicke	-	Aye
Councilwoman Wynn	-	Aye
Councilman Green	-	Aye
Councilman Wilson	-	Aye
Councilman Hill	-	Aye
Councilwoman Thompson	-	Aye
Councilman Tucker	-	Aye

Manager Palmore recommended accepting the Audit Report at the May 18th Regular Meeting.

BOND ISSUE - MEDICAL CENTER

Mayor Coleburn welcomed Steve Mulroy and Bob Lauterberg with VML/VACO Financing.

Mr. Mulroy addressed Council and handed out copies of a document regarding the bond issue. He stated that essentially the security from the loan is a general obligation from the Town. The loan amount is \$2.5 million. Bond Counsel has determined that because the facility is considered a for-profit facility there would be an additional \$3,000.00 charge for the work associated with doing the necessary paperwork. The interest rate will be set next Friday when

they sell the bonds and close on the loan. They do have indications that the rate will be between 5 and 5.5%. He added that these bonds are at market so they are subject to the market conditions. He stated that typically they provide a parameter and they do their best to get the rate suggested. He explained that tonight they are looking for Council to authorize the Town Manager to sign the documents subject to them meeting the criteria of between 5 and 5.5% on the interest rate.

Councilman Hill asked the Town Manager to inform him and the entire Council before we sign the documents, of what the rate is.

Council discussed this further.

Manager Palmore talked to Council about the new budget. He stated that his instructions from the Finance Committee are zero raises and decreases where needed. Right now, it looks like we are going to have layoffs in several areas. He explained that we made \$200,000 less in the sale of electricity last year than we did the year before. The water consumption in Town has also gone down. Because of the decrease in water usage, the Water Plant is one department where we will have to layoff. We also have to look at the Police Department and the Street Department. He informed Council that next year there will be an eleven percent increase in electricity which is far less than he thought it would be. He added that the revenue is just not there like it used to be.

Council discussed the Police Department.

Manager Palmore informed Council that Police Officer Danny Joyner has resigned. He explained that Mr. Joyner is in the National Guard and because of this we are required to keep his position open for five years but since he has resigned that opens this position back up.

Manager Palmore stated that after the Finance Committee meets again, we can present the proposed budget to Council.

Assistant Town Manager Dunn stated that he attended a VDOT meeting recently and they are dealing with a \$3 billion shortfall.

Manager Palmore asked about the primary and secondary road funds. Are they going to be cut at all.

Assistant Town Manager Dunn stated that he did not get a straight answer on that from VDOT.

Town Attorney Walden discussed a fixed rate and an annual payment versus a monthly bond payment. He feels it would be better for the Town to pay monthly.

Mr. Mulroy stated that they can certainly bill the Town on a monthly basis.

Town Attorney Walden stated that his job and the Town Manager’s job is to pass these risks to Bon Secours. He mentioned the costs and expenses of the loan agreement. Essentially what we are going to do is pass those costs on to Bon Secours. Their lawyers are clear on this. The only thing that interests him now is our first payment being due June 1st. He is worried that Bon Secours is going to say the building is not ready and they shouldn’t have to pay yet.

Manager Palmore stated that he thought originally the payments were scheduled to start July 1st not June 1st.

Mr. Mulroy stated that they could change the documents to capitalize interest.

Council discussed this further.

Manager Palmore stated that he met with Cabel Ackerly with Bon Secours this afternoon and we are still moving forward on the June 1st opening date.

Councilman Wilson made a motion to approve the attached Resolution authorizing the Town Manager and the Mayor to sign the bond documents with the interest rate not to exceed 5.5%, in the amount of \$2,055,000 after the changes are made and the Town Attorney has approved the changes. The motion was seconded by Councilman Tucker and approved unanimously. Vote:

Councilman Quicke	-	Aye
Councilwoman Wynn	-	Aye
Councilman Green	-	Aye
Councilman Wilson	-	Aye
Councilman Hill	-	Aye
Councilwoman Thompson	-	Aye
Councilman Tucker	-	Aye

Manager Palmore discussed the janitorial position we hope to create in July.

FLOOD PLAIN MAP

Councilman Quicke stated that his understanding on the flood plain map is we need to do something as soon as possible.

Assistant Town Manager Dunn explained that originally the DCR representative said we didn’t need to do an ordinance but then last week they called us and told us we do need to adopt this ordinance. Mr. Dunn stated that he is concerned with the ordinance because it only applies if we are in a flood plain which we are not.

Mayor Coleburn suggested putting this on the May 18th Agenda.

Council agreed by Common Consent.

Manager Palmore stated that he recently received good news on the checkerboard water tank. We can paint it whatever color we choose.

Councilman Green asked what is the estimated cost to repaint it.

Manager Palmore answered that it will cost approximately \$5,000 to \$10,000 a year per water tank over a five year period.

Council discussed this further.

Mayor Coleburn stated that when we get ready to paint it, he will turn this over to the Building and Property Committee to choose the color.

ADJOURNMENT

There being no further business to bring before Council, Mayor Coleburn declared the meeting adjourned at 6:02 p.m.

MAYOR
OF THE TOWN OF BLACKSTONE, VIRGINIA

_____ APPROVED AND ADOPTED

TOWN CLERK
OF THE TOWN OF BLACKSTONE, VIRGINIA