

# MEMORANDUM

**DATE:** November 7, 2019  
**TO:** Brattleboro Selectboard  
**VIA:** Peter B. Elwell, Town Manager  
**FROM:** John O'Connor  
**SUBJECT:** FY2019 Audited Financial Statements and Single Audit

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## Brattleboro 2019 Financial Statements and Independent Auditor's Report

The auditors issued an unmodified opinion on Brattleboro's 2019 financial statements stating "In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Brattleboro, Vermont as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America". There were no audit adjustments proposed by the auditors resulting from their audit.

The General Fund closed the year with a use of fund balance of \$376,583, which was \$393,417 better than budgeted, due primarily to favorable budget variances in the town manager's office, employee benefits and the police department. The General Fund closed the year with a fund balance of \$3,131,610 of which \$2,047,513 was unassigned, \$337,119 was committed and \$746,978 was non-spendable. The unassigned fund balance was \$240,938 above the targeted 10% of 2020 budgeted expenditures.

There is a substantial amount of additional financial information on the Town's activities contained in the 60 pages of the financial statements and independent auditors report.

## Single Audit

The Report on Schedule of Expenditures of Federal Awards, Internal Controls and Compliance with Laws and Regulations (Single Audit) is a document that reflects all federal awards/grants received and expended by the Town, either directly or as a pass-through from a state agency. There are no audit findings on the FY2019 report regarding expenditures.

The audit includes a review on Internal Control over Financial Reporting and the FY2019 report did not identify any deficiencies in internal control considered to be material weaknesses.

The "Notes to Schedule of Expenditures of Federal Awards" did not identify any material weaknesses, significant deficiencies or audit findings related to the financial statements or the internal control over major programs of federal awards.

The FY19 Auditor's Report and the  
FY19 Single Audit  
are separate documents.

Those documents can be found on the  
Town's website ([www.brattleboro.org](http://www.brattleboro.org))  
on the Finance Department's page,  
or you may obtain copies by contacting  
the Town Manager's Office (251-8151).

TOWN OF BRATTLEBORO  
Finance Department  
230 Main Street, Suite 208  
Brattleboro, VT 05301  
Phone (802)251-8104 • FAX (802)257-2322

MEMORANDUM

DATE: December 27, 2019  
TO: Brattleboro Selectboard  
VIA: Peter B. Elwell, Town Manager  
FROM: Kim Ellison, Grants Manager  
SUBJECT: Jason Lively/Duo VT

For the 01/07/2020 Selectboard meeting, please add the following to the agenda:

The Small Business Assistance Program loan committee met on December 19, 2019 to review a loan application and recommend approval of the following:

1. An SBAP loan to Jason Lively/Duo VT in the amount of \$27,000 amortized over 5 years at 3% per annum with interest only for six (6) months in the monthly amount of \$67.50 and then monthly payments in the amount of \$485.15. Security and collateral will be a 2<sup>nd</sup> position UCC on all business assets and a personal guaranty from Jason Lively.
2. The loan is contingent upon the current owners of Duo Restaurant paying off a loan to Brattleboro Savings & Loan; paying off the SBAP loan to the Town of Brattleboro in the amount of \$9,268.08, and obtaining discharges of all liens.

Request a Motion:

To approve the SBAP Loan Committee's recommendation to provide a loan to Jason Lively/Duo VT as follows:

\$27,000 amortized over 5 years at 3% per annum with interest only for six (6) months at \$67.50 and then a monthly payment of \$485.15. Security and collateral will be a 2<sup>nd</sup> position UCC on all business assets and a personal guaranty from Jason Lively.

SMALL BUSINESS ASSISTANCE PROGRAM  
COMMITTEE MEETING –10.00 AM  
Thursday, December 19, 2019

MINUTES

Committee members present: John O'Connor, Debbie Boyle, Patrick Moreland and David Schoales

Staff present: Kim Ellison

Applicant present: Jason Lively accompanied by  
Keith Arnold

Meeting called to order at 10:0 a.m. in the Hanna Cosman meeting room.

The meeting was called to order to review an application from Jason Lively/Duo VT to purchase the assets and the name of Duo Restaurant from Adventure Restaurant Group (Keith Arnold). Keith will hold a note in the amount of \$50,000 for the purchase of the assets. Jason is looking to the SBAP loan program to finance the 1<sup>st</sup> month's lease, initial payroll and food and liquor purchases until the restaurant produces cash flow. The staff will remain the same.

Jason previously worked at Duo for 3.5 years and explained his plans for the restaurant, becoming a part of the Brattleboro business community and connecting with the Brattleboro Development Credit Corporation's Instiga8 business development program.

Following some questions and discussion, the following motion was made by David:

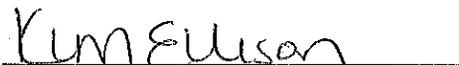
To recommend a loan in the amount of \$27,000.00 to Jason Lively/Duo VT for a term of five (5) years at 3.00% interest with interest only for six (6) months. The loan is contingent upon the following: (1) Adventure Restaurant Group paying off loans at Brattleboro Savings & Loan and the Town of Brattleboro, obtaining discharges of all liens; (2) a personal guaranty from Jason Lively; and (3) filing a UCC on the business personal property and equipment.

**Motion passed 4-0**

The Loan Committee has also received a request from Northeast Processing LLC to subordinate the Town's Mortgage and UCC to a new 6-month Line of Credit to Brattleboro Savings & Loan in the amount of \$250,000.00. Following discussion and review of current financials, a motion was made by Patrick to recommend to the Selectboard to authorize the Town Manager to execute any and all documents to subordinate the Town's liens to the new Line of Credit.

**Motion passed 4-0**

Meeting adjourned at 10:40 a.m.

  
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Kim Ellison, Clerk

TOWN OF BRATTLEBORO  
Finance Department  
230 Main Street, Suite 208  
Brattleboro, VT 05301  
Phone (802)251-8104 • FAX (802)257-2322

**MEMORANDUM**

DATE: January 2, 2020  
TO: Brattleboro Selectboard  
VIA: Peter B. Elwell, Town Manager  
FROM: Kim Ellison, Grants Manager  
SUBJECT: Northeast Processing

For the 01/07/2020 Selectboard meeting, please add the following to the agenda:

Northeast Processing LLC requests the Town to subordinate its mortgage and UCC to a new \$250,000 6-month Line of Credit to Brattleboro Savings & Loan. The SBAP Loan Committee originally recommended the Selectboard approve the request at a meeting on December 19, 2019. Following that meeting, the Town learned that it would not be subordinating to BS&L's original mortgage amount of \$332,000, but to an additional advance of \$251,000 plus the new LOC in the amount of \$250,000.

The SBAP Loan Committee met again on January 2, 2020 to revisit the request based on the new information. Based on additional financial information provided, and assurance that the new LOC is for six (6) months only and will be paid in full at maturity, the Loan Committee again voted to recommend the Selectboard authorize the Town Manager to execute documents necessary to subordinate the Town's 2<sup>nd</sup> mortgage and UCC.

Request a Motion:

To approve the SBAP Loan Committee's recommendation to authorize the Town Manager to sign any and all documents necessary to subordinate the Town's mortgage and UCC liens on Northeast Processing LLC to Brattleboro Savings and Loan's revised 1<sup>st</sup> mortgage and UCC.

SMALL BUSINESS ASSISTANCE PROGRAM  
COMMITTEE MEETING –1:00 P.M.  
Thursday, January 2, 2020

MINUTES

Committee members present: John O'Connor, Patrick Moreland and Adam Grinold (by phone)

Staff present: Kim Ellison

Meeting called to order at 1:00 p.m. in the Hanna Cosman meeting room.

The meeting was called to order to review the request from Northeast Processing to subordinate a new Line of Credit in the amount of \$250,000 with Brattleboro Savings & Loan. On December 19<sup>th</sup> the Loan Committee recommended the Selectboard approve the subordination request based on the assumption that the Town would be subordinating the new LOC to a 1<sup>st</sup> mortgage in the amount of \$332,000. Following that meeting, BS&L informed the Town the new LOC would not be a separate security document but a "future advance" on the existing recorded 1<sup>st</sup> mortgage. A previous advance in the amount of \$251,000 had also been issued in addition to the original loan of \$332,000. This would make a total of \$833,000 owed to BS&L secured by the 1<sup>st</sup> mortgage. This raised some concerns about the Town's security based on the assessed value of the property securing the Town's 2<sup>nd</sup> mortgage.

Based on conversations with Carl Christiansen and Victor Morrison from Northeast Processing, and Bob Davis from Brattleboro Savings & Loan, the Town was assured that even though the 1<sup>st</sup> mortgage will secure the LOC, the term is for six (6) months and will be paid in full at maturity. This would reduce the 1<sup>st</sup> mortgage original amount to \$583,000.

The Loan Committee continues to support this emerging and growing business. A motion was made to recommend the Selectboard authorize the Town Manager to execute any and all documents to subordinate the Town's mortgage and UCC to the revised 1<sup>st</sup> mortgage to include the Line of Credit in the amount of \$250,000.

Meeting adjourned at 2:00 p.m.



Kim Ellison, Clerk

SMALL BUSINESS ASSISTANCE PROGRAM  
COMMITTEE MEETING --10.00 AM  
Thursday, December 19, 2019

MINUTES

Committee members present: John O'Connor, Debbie Boyle, Patrick Moreland and David Schoales

Staff present: Kim Ellison

Applicant present: Jason Lively accompanied by  
Keith Arnold

Meeting called to order at 10:0 a.m. in the Hanna Cosman meeting room.

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Jason previously worked at Duo for 3.5 years and explained his plans for the restaurant, becoming a part of the Brattleboro business community and connecting with the Brattleboro Development Credit Corporation's Instiga8 business development program.

Following some questions and discussion, the following motion was made by David:

To recommend a loan in the amount of \$27,000.00 to Jason Lively/Duo VT for a term of five (5) years at 3.00% interest with interest only for six (6) months. The loan is contingent upon the following: (1) Adventure Restaurant Group paying off loans at Brattleboro Savings & Loan and the Town of Brattleboro, obtaining discharges of all liens; (2) a personal guaranty from Jason Lively; and (3) filing a UCC on the business personal property and equipment.

**Motion passed 4-0**

The Loan Committee has also received a request from Northeast Processing LLC to subordinate the Town's Mortgage and UCC to a new 6-month Line of Credit to Brattleboro Savings & Loan in the amount of \$250,000.00. Following discussion and review of current financials, a motion was made by Patrick to recommend to the Selectboard to authorize the Town Manager to execute any and all documents to subordinate the Town's liens to the new Line of Credit.

**Motion passed 4-0**

Meeting adjourned at 10:40 a.m.



Kim Ellison, Clerk

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MEMORANDUM

TO: Selectboard  
VIA: Peter Elwell, Town Manager  
FROM: Sue Fillion, Planning Director  
DATE: December 26, 2019  
RE: Intent to apply for Neighborhood Development Area designation

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**Recommendation: No action is required**

Vermont has been working to identify barriers to housing creation. The Planning Services Department has been doing the same, most recently participating in a workshop with the Congress for New Urbanism to explore changes that we can make to the land use regulations. These will be adjustments that could resolve minor inconsistencies, reduce unnecessary complexity, and ensure that the regulations will allow desirable forms of development that may not be approvable under the current regulations. Another tool that we have identified is Neighborhood Development Area (NDA) designation.

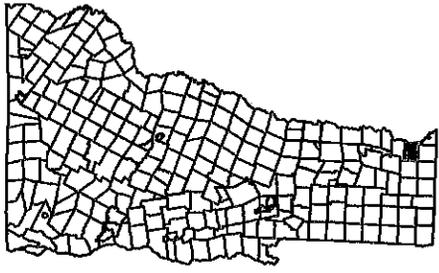
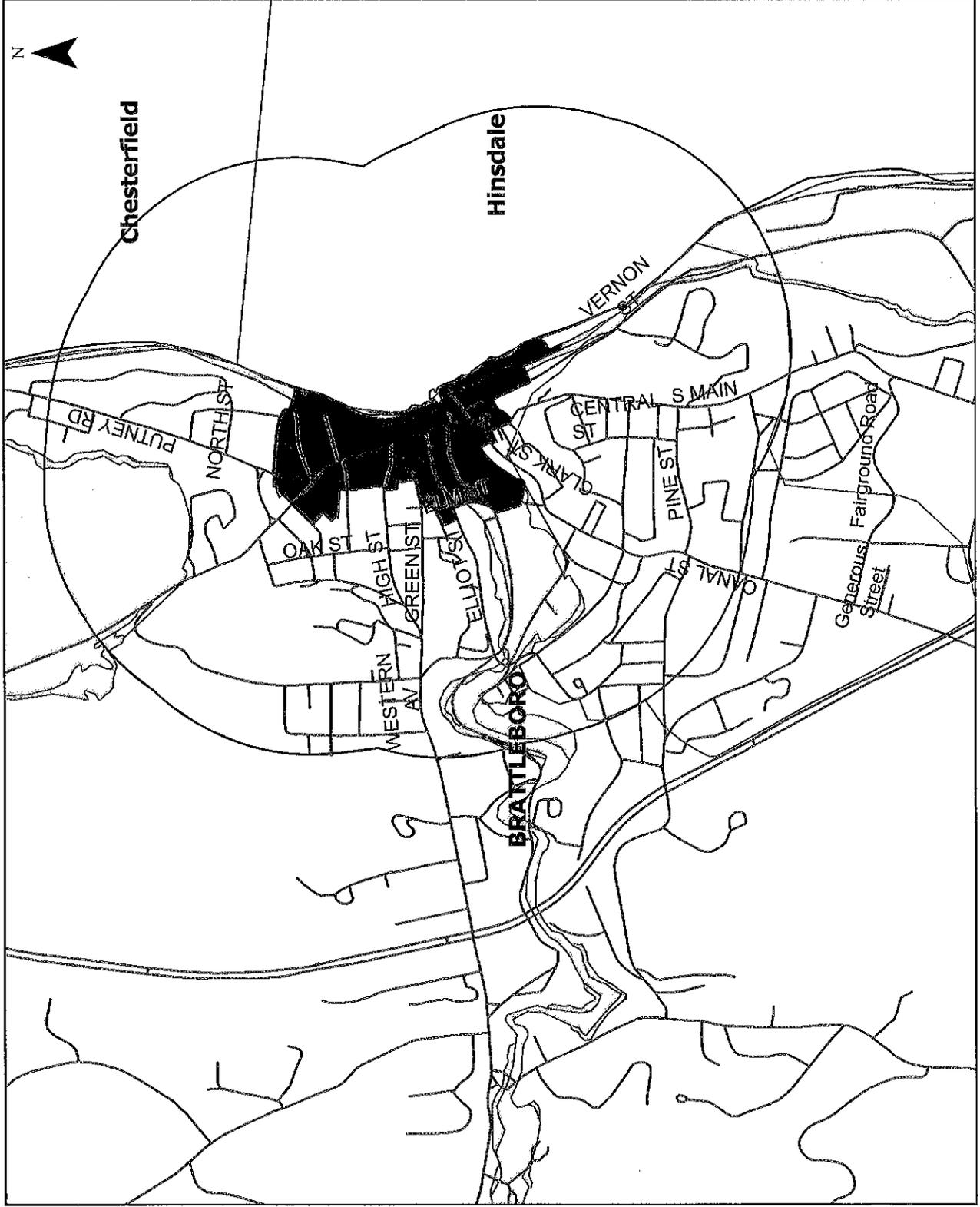
The NDA is a one of 5 designations that the Vermont Agency of Commerce and Community Development offers to align policies and provide incentives that encourage new development in compact, developed areas. Brattleboro currently has a designated Downtown and Village Center. The NDA designation is intended for land that is within ½ mile walking distance from a downtown designation boundary (1/4 mile from a village center designation). We intend to apply for NDA for the ½ mile area surrounding the downtown designation (see attached map) with an extension up Canal Street to the interstate interchange. This would encourage the creation of new homes in development-ready locations near shops and services with an aim to reduce pressure to develop on farm and forest land.

The benefits of the NDA are special permit and tax incentives for communities and developers that commit to building mixed-income housing in the designated area. These include:

- qualified "mixed income" projects are exempt from Act 250 regulations
- Act 250 projects not qualifying for the exemption receive a 50% discount on application fees
- Agency of Natural Resources fees for wastewater review are capped at \$50.00 for projects that have received sewer allocation from an approved municipal system
- Exemption from the land gains tax
- Limitation on appeals of conditional use permits for residential development
- Municipalities receive priority consideration for state grants (Municipal Planning Grants, Vermont Community Development Program, Better Connections, and State affordable housing funds)

The application process is straightforward and includes mapping and analysis of flood hazards, natural resources, water and wastewater systems, historic resources, and land use regulations as policies pertaining to residential densities, block pattern, land uses, and complete streets. We intend to submit this application by February 3 and will be heard by the Vermont Downtown Board at the end of February. If we receive designation, renewal would occur when the underlying downtown designation is renewed.

# Town of Brattleboro Proposed Neighborhood Development Area Boundary



-  0.5 Mile Buffer
-  Designated Downtown
-  FEMA Flood Zones
-  NDA

