

Meeting Minutes from the Vermillion Township Special Meeting

December 3, 2020

A serious issue has arisen concerning the management of township funds. Township Attorney Dan Fluegel reported that he had been contacted by the FBI and made aware of a situation that they had been monitoring and were now reporting.

Without disclosing the techniques used, the FBI agent indicated they had detected that township funds were being transferred using methods and in amounts deemed suspicious. The FBI indicated that they had confiscated the Town checkbook and were delivering it to Attorney Fluegel for safekeeping. The FBI also served upon Attorney Fluegel a subpoena requiring him, on behalf of the Town, to turn over various documents and items. In response to the subpoena, Attorney Fluegel delivered the Clerk's laptop to the FBI for analysis along with various claims files.

Related to this matter, Township Supervisor Chairman Chris Schaffer reported that he had been contacted by a member of a prosecution team and informed that events were being investigated and a case was forming.

Due to the information imparted by the FBI and the prosecution team, the Vermillion Town Board of Supervisors took action; prior notice of a special meeting was posted as required by law and the special meeting was held on December 3, 2020. The following meeting minutes reflect the actions and decisions that took place.

The Chairman opened the meeting at 7:00 PM. In attendance was:

- Town Supervisor Chairman Chris Schaffer
- Town Supervisor Larry Ring
- Town Supervisor Bruce Lohmann
- Town Attorney Dan Fluegel
- Town Resident Judy Sloan
- Town Resident Nick Rueger

The Pledge of Allegiance was recited and it was confirmed that the Town Attorney would initially record the meeting minutes.

A motion was made by Supervisor Schaffer to adopt a resolution accepting the resignation of Ralph Stoffel, Town Treasurer and declaring a vacancy in the position of Town Treasurer. Supervisor Ring seconded the motion and the motion was carried.

A motion was made by Supervisor Ring to adopt a resolution appointing Nicholas R. Rueger as Town Treasurer. Supervisor Lohmann seconded the motion and the motion was carried.

The address for submitted bills was clarified as:

Vermillion Township
P.O. Box 16
Vermillion, MN 55085

It was established that both the Treasurer and Clerk would have a key to the P.O. Box. Supervisor Schaffer will also have the ability to receive the contents of the box upon request at the post office.

A certificate of appointment was provided to Nicholas R. Rueger and the oath of office was accepted.

A motion was made by Supervisor Schaffer to adopt a resolution accepting the resignation of Maryann Stoffel, Town Clerk and declaring a vacancy in the position of Town Clerk. Supervisor Lohmann seconded the motion and the motion was carried.

A motion was made by Supervisor Ring to adopt the resolution appointing Judy A. Sloan as Town Clerk. Supervisor Lohmann seconded the motion and the motion was carried.

A certificate of appointment was provided to Judy A. Sloan and the oath of office was accepted.

This was followed by a discussion of:

- Statutory duties as Clerk & Treasurer
- The bond from the Minnesota Association of Townships Insurance Trust (MATIT)
- The March 2021 Election

A motion was made by Supervisor Lohmann to adopt the resolution establishing banking authority for Town financial accounts. Supervisor Ring seconded the motion and the motion was carried. Note: the resolution was prepared in advance assuming Judy Sloan was appointed as Town Clerk and will have qualified for that position so she could attest and certify the resolution as true and correct.

Discussion was held addressing the following related points:

- Action assigned to Supervisor Schaffer to notify Vermillion State Bank and request that the bank process checks written at the October 2020 meeting and subsequently disbursed to claimants
- Action assigned to Supervisor Schaffer, Treasurer Rueger and Clerk Sloan to complete the signature card on file with the bank
- Study and clarification of recent bills received and checks issued
- Clarification that all township checks issued and processed must contain all three signatures
- No cash withdrawals are allowed from township bank accounts

A motion was made by Supervisor Schaffer to adopt a resolution engaging accounting firm Lewis, Kisch & Associates Ltd. to perform a complete audit of financial accounts and records. Supervisor Lohmann seconded the motion and the motion was carried. Discussion was held addressing the following related points:

- The accounting firm is to look for improper payments, compare treasurer reports to bank statements, recommend safeguards and report to the town board what was taken and how it was done
- The accounting firm billing rate was unknown at the time of the meeting but estimated to be in the range of \$125 to \$175
- To control auditing costs, the board discussed setting an initial billing limit of approximately \$5000.00; when the accounting firm has charged close to that amount, the town board will be notified and consulted before any further action is taken
- The FBI is currently in possession of the township laptop and claim files
- Without the township laptop, it's unclear what accounting software tool was being used, but it should be CTAS as recommended by the Minnesota Office of the State Auditor. Note that the Office of the State Auditor should be receiving annual reports from the township
- Treasurer reports are not considered legitimate at this time

The March 2021 election:

- The scheduled elections are for Supervisor Schaffer's position and the Treasurer position
- A special election will be added for the Clerk's position
- Pending dates of election fillings and postings were discussed; the clerk should have email notices from Phillip Lundquist and Andrew Loken
- A job description is needed for both the clerk and the treasurer positions

Fire Protection:

- The Hastings Rural Fire Association (HRFA) payment is past due; getting this bill paid is a high priority. An action was assigned to Treasurer Rueger to contact Kathy Higgins and arrange payment.
- The board discussed Burning Permits. The township pays Wally Stoffel \$10 for each burning permit issued. The township does not currently charge for this service and the board discussed charging a \$10 fee. The City of Hastings Fire Department could be designated to issue burning permits for the Town, but they would charge for that service. Following this discussion, the board decided not to charge a fee at this time.

Coronavirus Aid, Relief, and Economic Security (CARES) Act:

- \$31,300.00 was received by Vermillion Township
- Reporting was due November 24, 2020; action is needed to submit a final report
- Unused funds are to be calculated and returned to Dakota County; Attorney Fluegel contacted the county to notify that payment would be late
- Additional specific funds for the election (approximately \$738) were also provided to Vermillion Township; Attorney Fluegel certified to Dakota county that this specific funding was spent as intended and there is nothing to return.

Additional discussions & information:

- Clarification of bills received for services and checks that had been previously issued
- Supervisor Schaffer took the action to have the Town Hall door locks and latches replaced
- The key to the posting box (outside the Town Hall) will be held by the Clerk
- MAT trainer Lucinda Messman can be consulted if questions arise (763)360-3962
- All federally provided PPE was used during the November 3rd election and there is nothing to return
- the township iPhone was turned over to Clerk Sloan along with the access code
- An action was assigned to Clerk Sloan to access and secure the township email (gmail) account: vermilliontownship@gmail.com
- Requirements for the Community Development Block Grant Program are due January 15, 2021
- Some of the older township records and office supplies need to be recovered from the former clerk's home; planning is underway for the move and new storage site
- Supervisor Schaffer signed the Minnesota Association of Townships Insurance Trust (MATIT) form and will send
- Supervisor Ring is currently holding sewer permit information and an action was assigned to Clerk Sloan to contact MAT trainer Messman for processing guidance
- A reporting mechanism for home repairs was discussed; this pertains to repairs that need Minnesota state inspection approval but not Vermillion Town Board approval. This would target roof repairs, plumbing updates etc.
- The reporting of building permit information to the US Census Bureau was discussed; an action was assigned to Sloan to gather the data and send
- A request was made for Attorney Fluegel to assess the eligibility of the Brockman building site

Supervisor Schaffer moved to adjourn and Supervisor Lohmann provided a second. Motion carried.
Meeting adjourned at 10:00 pm.

Judy Sloan
Vermillion Township Clerk