

**Lamoille North Supervisory Union and
Lamoille North Modified Unified Union School District
Finance and Capital Committee
Minutes of Meeting
May 1, 2020**

Committee Members in Attendance: Mark Stebbins, Laura Miller, Angela Lamell, Bart Bezio, Katie Orost, Lisa Barry, Bernard Barnes, Sue Prescott, Patti Hayford, Mark Nielsen

Staff and Administration in Attendance: Catherine Gallagher, Deborah Clark, Dylan Laflam, Brian Pena, Charleen McFarlane, Jennifer Hulse, Brian Schaffer, Denise Maurice, Wendy Savery, Melinda Mascolino, David Manning

Public: Eric Hutchins

Minute Taker: Sue Trainor

Call to Order, Approval of Agenda and Public Comment: Stebbins called the meeting to order at 6:00 p.m. Nielsen made a motion, seconded by Bezio, to approve the agenda. The motion passed unanimously. There was no public comment.

Discuss Potential Economic Impact of COVID-19 on FY20 & FY21 Operations and Budgets, and Possible Strategies in Response Thereto: Clark reported the State was reporting a loss of revenue, particularly in the consumer tax revenue that helped to support education spending. The District had been reviewing the plans for FY21 in order to help control property tax rates. The State was reporting that if they had to calculate a tax rate today it would be an increase of almost 26 cents per \$100,000 value of property. There were only two ways that a district could control that. It was by limiting spending when building a budget or applying any surplus to budgets. FY21's budget had been built already. The State was forecasting a deficit at the State level coming out of FY21 that would impact the FY22 and FY23 taxes. Therefore, the District needed to be strategic about getting ready for those two fiscal years in order to help mitigate the increase in property taxes. At this point there was a great deal of speculation. Clark was not comfortable speculating in open meetings, as the information could be misunderstood.

Gallagher stated she had been asked why, if there was already an approved budget, was the District worried about next year.

Clark agreed that budget had already been approved and wouldn't be changed. However, the FY21 tax rate had not yet been set. The State sets the tax rate by determining a yield. In December, the State had said the average increase would be 5 cents per \$100,000 property value. Now that the revenues had fallen, the State would have to set a property tax rate that made up the deficit from this year. That would be hard for taxpayers. If the State decided to borrow funds they could spread it out over time but there would still be a payback element in every subsequent budget. Savings in FY21 would help future budgets. The State was talking about a \$150 to \$200 million deficit right now. Until the economy rebounded, there would continue to be shortfalls in the taxes that support education spending.

Gallagher asked if the State could take back money from the District's approved budget.

Clark reported the State did, in fact, take funds back in 2018 and 2019. It was called a clawback and was done because the State anticipated that districts would save money on restructured health plans. The State would have to pay back this current deficit and that meant that taxpayers would have to pay it back one way or the other and it would come through property taxes.

Clark stated they had been reviewing the budget and there was nothing concrete to provide the Committee, but more details could be reviewed. Clark requested the Committee go into Executive Session. Any discussion would involve speculation and prior public knowledge could put the District at a disadvantage.

Eric Hutchins asked what specific finding was being used to enter into Executive Session. Clark stated that anything discussed would be very speculative and could be misinterpreted and misused. Any public prior knowledge of information presented could put the District at a disadvantage. Hutchins stated entering Executive Session because people might misunderstand the situation was unusual and there wasn't precedent for that. People would like to have the type of openness and transparency the State had used so well through this crisis. Hutchins respected the Board's wishes but asked that the Committee carefully consider what information was public. There were a number of people who were concerned and wanted to collaborate and be part of the discussion.

Stebbins stated he understood but there were certain issues a committee couldn't discuss openly. If the discussion went into an area of student or personnel issues in an open hearing it would violate state law. Hutchins stated he was familiar with state law and again cautioned Stebbins on the use at this time. Clark stated that because of the broad range and overarching nature of the discussion it could lead into the areas of violating state law.

Prescott made a motion to enter Executive Session as prior public knowledge of information discussed could put the District at a disadvantage. Gallagher, Clark, principals, Laflam, McFarlane, Pena, Hulse and Savery were asked to be part of the meeting. Bezio seconded the motion. The motion passed unanimously.

The Committee went into Executive Session at 6:15 p.m.

The Committee came out of executive session at 6:55 p.m.

Stebbins stated the Committee would continue to explore options to contain costs in order to prevent any possibility of deficit spending and also to continue to contain costs to ease the tax burden. The District needed to hear more from the State and would need to discuss this further with the full Board.

Other Business: Eric Hutchins thanked the Board for taking the time to address the issues promptly. He felt very lucky to live in Lamoille County where thoughtful representatives and public servants devoted their time to deal with these issues.

Adjourn: Orost made a motion, seconded by Nielsen, to adjourn at 6:58 p.m. The motion passed unanimously.