

LAMOILLE NORTH MODIFIED UNIFIED UNION SCHOOL DISTRICT
ACT 46 INFORMATION MEETING MINUTES
GMTCC COMMUNITY EDUCATION CENTER
THURSDAY, AUGUST 23, 2016

Present: Marilyn Frederick, Michele Aumand, Catherine Gallagher, Sherry Lussier, Kate Torrey, Bill Sander, Patti Hayford, Lisa Barry, Nita Bogart, Dave Whitcomb, Andrew Beaupre, Chasity Fagnant, Angela Lamell, Valerie LeGrand, Stephanie Sweet, Ken Smith, Gail Whitten, Pat Doherty, Sue Hamlyn-Prescott, Angie Evans, Jim Osborn, Wayne [unknown]

The meeting started at 6:02. Catherine Gallagher welcomed everyone and introduced Act 46 consultant Marilyn Frederick. M. Frederick introduced herself. She said she was business manager in this district for the past 10 years. She has been a business manager for 28 years in both single districts and union districts, so she has seen both sides. She invited everyone else to introduce themselves. (*S. Hamlyn-Prescott and A. Evans arrived at 6:07.*)

M. Frederick said we were going for the accelerated merger option, which would have given the greatest tax benefits – 10 cents in the first year, 8 cents in the second, then 6 cents, 4 cents, and 2 cents. But all towns had to vote yes for that option. Since they did not, we ended up with a modified unified union school district. It falls under both Act 46 and Act 153. We will get 4 years of tax benefits – 8 cents in the first year, 6 cents in the second, then 4 cents, then 2 cents. (*J. Osborn arrived at 6:09.*)

Cambridge and Waterville voted not to merge, but they still have to do something or have something happen to them. They can look at a conventional merger with other districts or SU's. They can still merge with LNMUUSD. They have until June 30, 2017 to do so. If they choose to make a case that they would be better by themselves there are different things they have to prove and submit to the state. They must show they have the ability to meet or exceed all the goals the state has set. They must meet with other districts to discuss ways to improve things. They must submit a proposal to the State Board of Education and have it accepted. If they do nothing, the state Secretary of Education must give recommendations to the state Board of Education by November 2018 regarding where districts should be placed in a governance structure.

One person asked, if everyone is going to have to join a district anyway, why did they give us the choice in the first place? M. Frederick said they wanted people to look at how they could strengthen bonds and give choices about how to merge. Not all are doing it the same way. Some have chosen to merge with districts they didn't have an affiliation with. For us it made sense to look at merging the SU because we already had that relationship. We shared the high school, middle school and tech center.

C. Gallagher asked, if Cambridge and Waterville choose to work with another district, what are the steps to have them permitted to leave our SU? M. Frederick said they can't just decide to leave the union high school. There has to be agreement by the members of the board to allow them out. There has to be agreement by the state Board of Education. There has to be a vote of the board for the place they want to join. And they must pay their share of any existing debt at the union school.

J. Osborn asked how much is left on the bond. M. Frederick said there is one bond with 4 years left and another one that goes for longer. J. Osborn asked what bonds Waterville and Cambridge owe a share on. M. Frederick said they are bonds that were taken out for renovations at the high school and tech center.

M. Frederick said after the April 12 vote we ended up with Lamoille North Modified Unified Union School District, which includes the schools in the 4 towns that voted to merge and Lamoille Union High School. LNSU still has to exist. The members of the LNSU board will be the members voted in for the LNMUUSD board, even those from Cambridge and Waterville, plus one appointed member from each non-merged district. The Cambridge and Waterville boards will still exist also.

M. Frederick showed a list of the LNMUUSD board members, the towns they are from and their terms. The terms end at different times so we have continuity. She explained that each elected LNMUUSD board member has one vote. Cambridge and Waterville board members have to recuse themselves from any vote impacting the elementary schools. The LNSU board consists of the elected LNMUUSD board members plus a member appointed by Waterville and a member appointed by Cambridge. The additional members from Waterville and Cambridge don't give those towns extra voting power. The two Waterville members will each have half a vote and the Cambridge members will each have 5/6 of a vote.

The terms of the LNMUUSD board members began at the time of the organization meeting. But the clock doesn't start ticking for their term until the annual meeting in the spring. We did not give board members any salary at the organization meeting. That happens in spring and it can be voted to be paid retroactively.

The elementary boards for those districts that joined LNMUUSD and the high school board will cease educational operations July 1, 2017. Article 14 in our bylaws said the current boards stay in business as long as takes to complete their business or no later than December 31, 2017. They must act to insure quorum capability until business is completed or until December 31. If no one runs for an open position the board would have appoint someone.

C. Gallagher asked, if a board member's term is up on town meeting day, what happens between town meeting day and July 1? Wouldn't they need to be on the ballot to be re-elected for those 4 months? M. Frederick said she would interpret it that way. People from the state pointed out that our articles say current boards remain in existence through that time until they cease operations, so that could be an argument for saying they will still serve if their term is up. But she could see the argument that someone else should be eligible to run if the term they were originally elected for is over. At the state level they said it can be read either way. If we want to play it safe we should run another election and have the person elected serve until the board no longer exists, and if no one runs someone should be appointed.

D. Whitcomb said he was at a meeting with legislators 3 weeks ago. He told them they should put in a bill to extend the terms of the people currently on the boards for a 3 month period. The law says you serve until someone replaces you. Someone can run against you at town meeting for the 3-month term. The simplest thing would be legislation to extend terms. M. Frederick said she would agree. If they could have made it explicit in the law that the terms extend to no later

than December 31, 2017 that would have been good, but they left it vague enough that it could be interpreted more than one way.

B. Sander said the language in the articles says that the board remains in operation until its business is completed, but that is not the same thing as saying the board members remain on the board. Even if a term ends a short time before the board ceases operations, he thinks we should fill vacancies. It would be strange if we subverted the whole election process. M. Frederick said people in the state made the point that the language says the board remains. W. Sander said the board isn't the same as the individual members of the board.

Valerie LeGrand said there was supposed to be a 3-year grace period where Belvidere kids would not be affected by the merger. But now there is a question about that being taken away because Belvidere kids are tuitioned to Waterville. M. Frederick said she has a slide on that, so she suggests waiting to discuss it. She said Belvidere is not a choice town. They have a designated school.

J. Osborn said right now the current board is setting up a budget for the next board. Does the next board have the right to reject that budget? M. Frederick said the board setting up the next budget is the LNMUUSD board. They are in operation now. They come into being so they can build their budget. The exception is the elementary districts of Cambridge and Waterville. They will build their elementary budgets.

J. Osborn asked how that budget is approved. M. Frederick said just like the high school budget. J. Osborn asked, what if one town rejects it? M. Frederick said what happens with the union high school ballots is that all are brought here and commingled so no one knows if one town voted the budget down or not. It will be the same for the MUUSD. J. Osborn asked if it is passed by a simple majority. M. Frederick said yes. J. Osborn asked who counts the ballots. M. Frederick said the clerk of LNMUUSD is in charge of that. L. Miller asked, didn't they used to color code the ballots from the different towns? M. Frederick said no. Elementary and high school ballots are typically different colors to make it easier at the local level.

At the upcoming board retreat the LNMUUSD board will have to decide on committee structures. When she thought about areas the board will need to address, M. Frederick came up with these:

- Negotiations/personnel
- Finance
- Operations/transportation, food service, technology
- Communications/PR
- Policy/legal

She showed a possible task timeline.

B. Sander said it doesn't make sense that the new board will start work but the clock doesn't start running on board members' terms until July 1. M. Frederick said the legislation says the board is operational and has full legal authority upon organization, but terms start on town meeting day. Days before that don't count. So each person's term will really be a little longer than the term they were elected for.

There are transition funds available. We got a \$150K Act 46 grant, of which we have spent \$19,713.22. They gave us an initial amount just to get to the vote. If the vote was positive then we would get more. The remainder we can spend is \$130,286.78. C. Gallagher asked, we don't actually get the funds, we get reimbursed, right? M. Frederick said that is right. J. Osborn asked if that amount is per town or for the whole district. M. Frederick said it is for the whole district.

M. Frederick said Cambridge and Waterville can still join LNMUUSD. If they have a positive revote prior to July 1, 2017 that allows them to receive the four years of tax savings and maintain Small Schools Grants. There are other benefits, especially for income sensitive taxpayers.

In the past, if Waterville lost a large enough number of students at once, they may have taken advantage of the provision that limited how much of their student count could be lost. That goes away if they are not part of a unified district.

After July 1, 2017 Waterville and Cambridge have to get permission from the state Board of Education for a merger vote. They also have to have positive vote from their citizenry and be accepted by the board.

D. Whitcomb asked, if Waterville or Cambridge gets a positive vote for a merger, can it be petitioned again for a revote? M. Frederick said reconsideration can only happen so many times.

Kate Torrey asked, if Waterville develops its own budget this fall and the union district develops its budget, and after Waterville's budget has been developed the town decides to join the MUUSD, does Waterville's budget just get absorbed by the MUUSD? M. Frederick said that is something we need to work on. K. Torrey said the budget could already have been voted on by the time a merger vote happened, if there were a merger vote in April. M. Frederick said she is not 100% certain. She will find out.

J. Osborn asked if it is legal for Belvidere to have a revote on the merger. M. Frederick said any town in the MUUSD has to get permission to revote from the Board of Education and from the members.

B. Sander asked who initiates a request for a revote. M. Frederick said a board could or it could be initiated by a petition of the electorate. W. Sander asked, the board on its own could ask the state for a revote? M. Frederick said they don't have to ask the state now. Those already in the MUUSD have to ask the state and the other members to leave. C. Gallagher said if a town already in the MUUSD decides they want out, they don't have until June 30, 2017 to make that decision. They would have to ask permission.

D. Whitcomb said M. Frederick had talked about the possibility of Waterville or Cambridge deciding to merge with somewhere else for their elementary students, but aren't they still members of this high school union? M. Frederick said yes, unless we let them out and they pay their debt.

V. LeGrand asked how it would affect the MUUSD if one town left. Don't we need a certain number of students? M. Frederick said if one town left it would probably put us below the

number needed for a union. It would probably be very hard to get approval to break up the MUUSD.

M. Frederick said as of July 1, 2017 protections that help districts keep a lower tax rate go away. There is a 5% penalty for districts that try to ignore Act 46 and not do anything. She isn't sure what it is assessed on.

M. Frederick said we didn't totally understand the impact of Cambridge and Waterville saying no to the merger as it relates to grant funds. Most of our federal funding is based on poverty. The higher the overall poverty level, the more funding we get. When federal funds come into the SU, we have to make sure that the school district with the highest poverty level gets no less per student than any of the other schools. We have always done targeting and ranking. We set an amount per pupil and divide the money among the towns based on total enrollment. That means that if the amount per pupil is \$1000 then a small school like Eden with 130 students would get \$130K, while Cambridge with 400 students would get \$400K. In the past few years the state has told us they don't think that way of apportioning the funds is what the federal government is expecting. We haven't gotten the final rules yet. But the school with the lowest poverty level shouldn't get \$400K while the school with the highest poverty level gets less. That will change. If we were a single district it would be different. We won't find out our allocation until spring. The changes will affect schools' bottom line. Waterville likely won't even qualify because of its lower poverty level.

As of July 1, 2018 the Small Schools Grant goes away unless a school is in the modified union. Only Eden and Waterville currently have these grants. Waterville's will go away.

In FY2020 the Secretary of Education's recommendations to the state Board of Education will take effect.

V. LeGrand asked how we are going to get this information to Waterville. M. Frederick said this meeting will be available on GMATV and schools can put the video on their websites. V. LeGrand said she is thinking about getting information to townspeople who don't go to board meetings, don't have kids, and are not actively engaged. How are we reaching out to them? A newspaper article? M. Frederick said the more information we get out there the better. But someone in Waterville put all the facts and figures and information we have provided on Front Porch Forum after the merger vote and there weren't enough people who signed the petition for a revote. She doesn't know how to get the word out.

M. Frederick said the Cambridge Elementary budget will be developed by the Cambridge board. The Waterville Elementary budget will be developed by the Waterville board. The LNMUUSD PreK-6 budget will be developed by the LNMUUSD board. The 7-12 budget will be developed by the LNMUUSD board. The LNSU budget will be developed by the LNSU board. We do site-based budgeting, so each school will have its own budget.

We are still going to have a need to blend secondary and elementary tax rates as specified in Act 130. We divide the LNSU budget into assessments based on the number of students in each district. They may allow us to assess out the LNSU budget based on the rules in Act 130. They are going to run some numbers and figure out if would be easier to do that.

L. Miller said she thought LNSU was going to be LNMUUSD now. M. Frederick said LNSU will still exist because of the schools that said no to the merger. Those districts will still have to have an assessment from the LNSU. L. Miller asked, two different boards will work on the LNSU budget together? M. Frederick said the LNMUUSD and LNSU boards are really the same board with two extra members on the LNSU board.

W. Sander asked how Cambridge and Waterville will be able to vote on the high school budget in a way that allows votes from all towns to be blended indistinguishably if those two towns will be voting just on the high school budget and the other towns will vote on all of the LNMUUSD budget. M. Frederick said board members from Cambridge and Waterville will have to recuse themselves from votes on elementary school matters, but voters of those towns get a vote on the LNMUUSD budget. W. Sander asked, even though their elementary schools are not affected by it? All voters vote on the same budget? M. Frederick said yes.

D. Whitcomb said the Eden board is going to prepare an Eden budget for town meeting day in March 2017. M. Frederick said no; the new board will be working on the budget. D. Whitcomb said the new board doesn't have authority until July 1, 2017. He thinks the Eden board will put together a budget for Eden, it will be voted on, then the Eden board will go away July 1, 2017. M. Frederick said the LNMUUSD board builds the budgets. Eden will not vote on its own budget from the floor at town meeting. D. Whitcomb said he thinks the Eden board will prepare one more budget. M. Frederick said that is incorrect.

M. Frederick said there will need to be an LNMUUSD budget and an LNSU budget. We will need to figure out how much of the LNMUUSD budget is secondary and blend that part of the budget to get a blended tax rate.

L. Miller asked, when the LNMUUSD budget is presented, is Cambridge only going to vote on the secondary part? M. Frederick said she needs to find out how many pieces of paper people will vote on. She needs to find out whether she will give a different piece of paper to Cambridge and Waterville. L. Miller asked if there will be just one budget that will include the high school and all the elementary schools. M. Frederick said she thinks there will actually be more than one piece of paper.

S. Lussier said because the tech center has a whole different set of revenue and a different way to make tuition, its budget has always been voted separately. M. Frederick said she thinks it will continue to be the same way.

B. Sander asked if because all votes are commingled that means Cambridge will vote on the LNMUUSD elementary budgets. M. Frederick said she thinks it will be like the tech center where even though the same board develops it, it will have a different Australian ballot. W. Sander said then votes couldn't be commingled because there would be a different ballot for Cambridge and Waterville. M. Frederick said she thinks the piece that is just for the high school vote will be commingled separately. Maybe we will need a different ballot for elementary and high school budgets for each town. She has a few months to figure it out. She likes the idea of separate ballots for the elementary and secondary LNMUUD budgets. W. Sander said he thinks we will have to do that.

M. Frederick showed a slide with information about the Belvidere tuition issue. She said our articles of agreement grandfathered operating schools in the town of residence. There isn't an operating school in Belvidere. If all the towns had voted yes on the merger then the school Belvidere students go to would not change. We are not planning to close any schools for 5 years and for the first 3 years we were not going to move any students around. Act 153 allows grandfathering of tuitioned students if they are allowed "fewer options." The question is whether that applies to the LNMUUSD board. Belvidere had one option before and they will continue to have one option, though perhaps not the same option. AOE said because Belvidere will still have the same number of options (one), its students are not grandfathered under the wording of Act 153. We can pull the Belvidere students out of Waterville Elementary.

V. LeGrand asked, that would happen in 2017-18? M. Frederick said yes. V. LeGrand said she can't see LNMUUSD paying extra to send students to Waterville, so Waterville will be decimated. She is not in favor of that. She is not okay with her 6th grader attending another school after being at Waterville for all of elementary school. That was not what she understood when she encouraged people in Belvidere to vote for the merger. M. Frederick said the LNMUUSD board will have to take a look and see what they want to do.

L. Miller asked where else Belvidere students would go. M. Frederick said there are other options. We may want to reopen the Belvidere school as a PreK-1 school; then PreK-1 kids from Eden would go there. Kate Torrey said it would be very easy to make the necessary changes at ECS and BCS to make that happen. It could be done in a matter of months. Eden would love that because it would give them more space. Eden would become a 2-6 school. PreK-1 materials from Eden could easily be moved to Belvidere.

V. LeGrand said when she was encouraging people to vote for the merger she was looking at that 3 years grace period. She assumed that Waterville would end up merging with LNMUUSD by the time the 3 years were up. Jim Osborn asked why we should assume that. Waterville is close to Fairfax and Fletcher. Patti Hayford said Waterville's high school kids go to Lamoille Union and Waterville can't pull them out. M. Frederick said there are a lot of possibilities for LNMUUSD to look at. Waterville had the most to gain from a financial standpoint, so who would have thought they would vote no?

J. Osborn asked how the bond Hyde Park is going to vote on will affect LNMUUSD financials. M. Frederick said the recommendation for that bond is to only pay interest for the first 3 years and not start paying principal until some high school principal goes away, so the bonded debt for all of LNMUUSD will never end up being higher than today. J. Osborn asked if the extra half a million dollars from deferring the principal payments could be better spent on the school itself. He said LNMUUSD will be passing the bond. Others said Hyde Park alone will be deciding whether to pass the bond.

J. Osborn asked if we have information on all the bonded debt for all the districts. M. Frederick said that is online at www.hpes.org. The presentation on the proposed bond is there and it shows bonded debt for all districts.

C. Gallagher said the 5 years before any school closings and 3 years before any students are moved to different schools was in the initial flyer. She thinks it was based on a district that completely unified. M. Frederick said that is right. V. LeGrand said we also had conversations about a modified unified district and it was always said that we would have 3 years.

J. Osborn asked, none of this law has been challenged in court yet? M. Frederick said not as far as she knows.

L. Miller asked who decides where Belvidere students go. Others said it will be the LNMUUSD board. K. Torrey said Belvidere paid \$440K in tuition to Waterville last year. Why would the MUUSD pay that when they could do something else with those kids? M. Frederick said at the Act 46 presentation in Waterville the WES board said if they stopped getting tuitioned students from Belvidere they would cut the principal to half time, cut paras, etc. The possibility of losing Belvidere students is not a surprise to them. It is more of a surprise to Belvidere.

L. Miller said she wonders why the MUUSD wouldn't want Belvidere students to continue at WES. Others said because they could save \$440K by sending them elsewhere. K. Torrey said they would have to pay a per-child tuition to Waterville but they could send the children to other schools and not pay a penny. M. Frederick said the LNMUUSD board has to have a conversation about this. L. Miller commented that if Belvidere students were added to the student population at other schools, those schools' per-pupil costs would go down, so those towns would have even better tax rates.

M. Frederick said if anyone has further questions they should direct them to Michele Aumand at central office.

The meeting ended at 7:28.

Minutes submitted by Donna Griffiths