

**GOFFSTOWN SCHOOL DISTRICT
GOFFSTOWN SCHOOL BOARD MEETING**

**Goffstown High School – Library
27 Wallace Road, Goffstown, NH 03045**

**Goffstown School Board Meeting Minutes
Wednesday, January 3, 2018**

School Board Members Present: Dian McCarthy, Steven Dutton (arrived @ 6:45pm), Reta Chaffee, Ginny McKinnon, Dan Cloutier, Lorry Cloutier, Heather Trzepacz, Jenelle O'Brien (Kristie Curtis, excused absence)

SAU Administrators Present: Superintendent Brian Balke

Dian McCarthy called the meeting to order at 6:30pm

Introduction to Audit Findings – Brian Balke thanked the public in attendance and also GTV for televising the school board meetings. The meeting was properly posted in all designated areas in the community, on the school website and appropriately published in the Union Leader.

The question before us is what to do with the \$9.1 million surplus. Brian shared that he viewed some of the online activity that is taking place regarding the surplus situation. Brian appreciates and understands how upset taxpayers are about this surplus situation and stated - we are all upset. Brian stated that state reporting has been incorrectly done for 10 years and it is extremely upsetting to the Board and to the SAU that inaccurate information was presented as we were strategically developing and planning our goals. We continued to pinch our pennies. Had we known that surplus money existed, we could have done better for our kids. We are upset with the accounting irregularities and the fact that our auditor did not inform us of the surplus. The fact that the money was in the bank is not acceptable to us. It is upsetting that this is what we are talking about when we should be talking about the great things that are going on in our schools such as Goffstown High School's ranking as the 7th Best High School in the state or that for the past 5 years, we changed the MVMS school culture and it is very upsetting that this is what we are talking about instead.

The point of this evening's meeting is to hear a number of options that were brought forward for the Board's consideration and we have had spirited conversation as to how to move forward. We thank Mike Smith, Chair of the Budget Committee, the Board of Selectmen, the community and the public for their input and assistance. Superintendent Balke stated that he will do his best to work hard to restore trust with the communities of Goffstown and New Boston.

Public Comment(s): Kathy Zorawowicz, Merrill Road – Mrs. Zorawowicz has been watching the school tax portion of her tax bill increase over the years. She and her husband are infuriated by what has happened and feel like they cannot afford to live in Goffstown any longer and asked what the school board was going to do about the surplus and also asked if the taxpayers are going to get their money back.

Barbara Larkin stated that she is dismayed at the situation and asked the Board what they are planning to do with the surplus adding that the money should be returned to the taxpayers to adjust their taxes.

Lisa Dubois – Maple Ave – stated that she understands people's outrage over the situation. She has lived in Goffstown over 15 years and has seen things come before the voters for school improvement and athletic facilities that the voters have voted down because they did not want their taxes to go up. Ms.

Dubois stated that there is available money now that could be used for more than refunding the money and would like the school board to consider using it collectively for projects such as the football field, school improvements, and funding a full-day kindergarten.

Representative John Burt – Rep. Burt thanked the Board for their community service. He is aware that Senator D’Allesandro has reached out to the DRA to find ways to keep the money. Rep. Burt shared that he has made several calls to Attorney General’s office to investigate why this happened but doubts that there will be criminal charges brought forward which he finds unacceptable and if this was a private company, everyone involved would be fired. Rep. Burt asked the Board to do the right thing - call the DRA and return the money that rightfully belongs to the taxpayers. With regard to the escrow discussion, Rep. Burt commented that we can handle it and you don’t need to save us from ourselves. We are aware that the following year, our taxes will go back up. This should be a wakeup call to the voters to cast their votes at the polls in March. A \$10.2 million mistake that happened in two towns didn’t just happen. It’s been going on for a long time. Just return the money and do the right thing.

Jill Caveau – Shirley Park – Ms. Caveau stated that when she hears that her town found a \$9.1 million error she considers it gross negligence. There is a growing number of the Goffstown population that lives paycheck to paycheck and now we find that there is another error. Ms. Caveau stated that if she had made a \$9.1 million error, she would be fired and if her bank makes a mistake they return it. Ms. Caveau feels that the school board is corrupt and has gone overboard with presenting several options for consideration. There is only one option and that is to return all surplus money at the end of the year to the taxpayers.

Christi Garrison Tibbetts Hill Road – Ms. Garrison thanked the school board for the opportunity to speak and stated that the school board and superintendent should do the right thing and that is to return the money to the taxpayers. Ms. Garrison shared that her tax bill increased by \$353.00 this year and her annual taxes are \$9.7k+ adding that this was upsetting.

Katherine Shea – Goffstown – Ms. Shea stated that she was representing many Goffstown residents who were not able to attend tonight’s meeting. Ms. Shea stated that elderly community members are living on a tight budget and there are many families who are struggling to make ends meet. Ms. Shea understands that due process must be followed but feels strongly that the money should be returned to the taxpayers.

Representative Barbara Griffin – Goffstown – Rep. Griffin thanked the superintendent’s office and the Board for being forthright about the situation and acknowledged that no one around the table is comfortable. She acknowledged that things could have been significantly worse. Senator D’Allesandro had a previous commitment and could not be in attendance tonight and asked her to share the following. Senator D’Allesandro has been in contact and working with the DRA. The DRA informed him of three possible approaches to returning money to the taxpayers. 1) The school district voters may vote to establish capital reserve funds and/or expendable trust funds and to appropriate to these funds all or some of the surplus money. Such funds are authorized in statute, and would provide for the ability to retain the additional money and spend it over a period of time. The voters could further authorize spending in future fiscal periods, or they could name the School Board as agents of the fund(s). This would provide some stability to the tax rate as the money would return to taxpayers over a period of time. 2) The Legislature could enact Chapter Law for the purpose of authorizing Goffstown and New Boston schools to exceed the 2.5% unassigned fund balance limit for a period of time which would reduce the tax rate this year and in subsequent years, returning the surplus money to taxpayers over time; 3) The School Board can report the unassigned fund balance to the DRA in the next tax rate season and return all but up to 2.5% to reduce the tax rate in this year. This will have the effect of reducing the overall tax rate for Goffstown by an estimated \$6.00 per thousand. No estimate is yet available for New Boston tax rate impact. This option most quickly returns the surplus money to taxpayers, but may cause difficulties for homeowners paying

property taxes along with their mortgages through escrow accounts. Rep. Griffin stated that she is not sure that a chapter law would be an appropriate approach. It could be done in this session in time for the next setting but does not feel that there would be a lot of support for it. People may not want a special chapter law passed in order for the school district to deal with this issue when there are other options available.

John Dillon - Wallace Road – stated that he is not happy being here tonight and has more comments to make than the allotted 3 minutes. Mr. Dillon stated that he read all the documents and thinks he understands them but what he doesn't understand is why or how this happened. How Ray Labore (business administrator), the school board, the superintendent and the budget committee chair not know that this was happening. Mr. Dillon questioned if there was a \$9.1 million account sitting in front of someone's eyes that knew it existed but said nothing about it? Mr. Dillon stated that it was inconceivable to him that they were unaware the funds were there, never reported to the state and that the state did not know about the unspent money. There is a great need for further investigation. Mr. Dillon questioned how we learn from this situation if we don't understand what happened? Mr. Dillon stated that he is not implying that it was intentional but the SAU paid Mr. Labore to submit faulty paperwork for six years. There is only one solution and that is to give the money back to the exact people who over-paid from 2011-2017. Mr. Dillon acknowledge that some of the board members have served for many years on the school board and thanked them for their years of service. Mr. Dillon stated that he is not pleased to hear that the school board and SAU talked about keeping the money as it is ill gotten gains from faulty reporting and incompetent oversight. The money is not yours to keep and feels that the Board was trying to minimize the event at their December 18th Board meeting and rationalizing the fact that they had \$9.1 million and can take advantage of it. He understands the options that were presented but the only option is how soon can the money get back to those that paid it. He does not think voters should decide as it is false to assume that all current voters are the homeowners or co-owners that overpaid the tax. The only right thing to do is to give the money back to the taxpayers who over paid.

Public Comment closed at 6:59pm.

Superintendent Balke reviewed the February 3rd updated option document and handouts were available to the attendees. Brian explained that the February 3rd document is slightly different from the December 18th information as some options have been removed from consideration while others have been elaborated on. The \$9.1 million surplus came from more than just tax money as the unreserved fund balance comes from two places - the underspend of the general fund and the over collection of revenue. As an example, the New Boston tuition is part of that surplus. It is incorrect to say that this money was all raised by taxation as it wasn't.

Adam Jacobs (town administrator) and Scott Bartlett (town assessor) are a wealth of information and are at tonight's meeting to answer questions. Also in attendance tonight are members of the Board of Selectmen and the Budget Committee.

Goffstown School Board – Audit findings – options for the Board's consideration to manage surplus funds

Revised – January 3, 2018

The following were used for tax rate projections – these numbers are consistent with what the Town used for their 2018 budget preparations

Projected 2018 MS-1 Values = \$1,458,772,100 x 100.5% = \$1,466,065,961	
+/- \$0.01	+/- \$14,660.66

+/- \$0.10	+/- \$146,606.60
+/- \$1.00	+/- \$1,466,065.96

Brian shared that he received a few phone calls and e-mails consistent with the message the public shared regarding his worry about escrow accounts. Brian stated that the Board of Selectmen and Town Administrators are concerned as well and we all wanted to provide and share information to the impact of this return.

Options for the Board’s consideration to manage surplus funds:

1. Return all surplus money at the end of Fiscal Year 2018 (June 30, 2018)
 - a. Approximate value of \$9.1 Million is around a \$6.21 reduction in the local school tax rate assuming the tax impact from the table above – this would appear on the December 2018 tax bills
 - i. Current tax rate is \$14.63 but this was reduced from \$15.02 when the School Board liquidated \$570,613 from the 2.5% fund
 - ii. New tax rate for one year would be approximately \$8.81 for local school portion in December 2018
 - iii. The potential reduction for a \$200,000 house would be \$1,242
 - b. It is important to recognize that drastic swings in the tax rate can be very difficult for anyone who has their taxes paid with their mortgage through an escrow account
 - i. Potentially resulting in the lender issuing a refund check one year and then if tax collection amounts are not adjusted the subsequent year could result in a shortage and the need for homeowners to submit a check to cover the tax shortage

Some statistical/demographic information for the Board to consider from Town Assessor Scott Bartlett

- There are approximately 6,400 properties in Goffstown
- Approximately 40% of these properties have transferred since April 2011
- Approximately 10% of these properties have transferred since April 2017
- 58% of all properties have the same owner since 2011
- Approximately 50% of property owners pay their taxes through an escrow account
- Next year is a re-evaluation year for Goffstown

- Tax payers who sold their properties will not benefit from a tax reduction – however, when you sell a property, you sell all rights and privileges for that property

Brian stated that former taxpayers have contacted him and stated that there were upset and frustrated that they were not part of the refund. Brian stated that when property is sold, rights and privileges associated with the property cease.

Dan Cloutier clarified that the only way for us to be able to return money to those individuals who owned property during 2012 forward is to have a chapter law passed by the house, senate and signed by the Governor. Brian agreed and stated that we currently do not have a mechanism or accounting methodology that would allow us to go back to see who owned property during that period. Dan stated that Representative Griffin stated during public comment that in her opinion, Concord did not hold much interest in passing a chapter law as we have other options available and it is better for us to handle it locally. If we do nothing it goes back to the property owner on record at the time the assessor’s office when the new tax rate is set in December.

Scott Bartlett, Town Assessor stated that the assessment date is April 1st to March 31st and the assessed property is what is there as of April 1st. The first bill goes out in May and whoever is the property owner at that time will receive the tax bill and the second bill is sent in December. Scott explained that the taxes go with the property. Once that owner sells the property any property taxes that are due stays with the property. Dan clarified that if you sell a piece of property on (i.e.) November 15th and the tax bill goes out on November 20th, the settlement papers would include whatever the tax estimate is between the buyer and seller as of November 15th. Scott shared that he, Adam and Derek met to discuss spreading the surplus money over the entire year however they still need to meet with the selectmen before discussing with the DRA. Scott shared that the first tax bill is based on 50% of the previous year's taxes. Until a meeting takes place with the selectmen and the DRA there is no way to comment on how that would actually work as a lot depends on what the Board decides and what happens in March.

Adams Jacob, Town Administrator shared that the DRA indicated that they would be willing to accelerate and return of the money to the taxpayers on the first bill in 2018. Adam echoed Scott's statement that until we know what the board decides, we can't have a discussion with DRA. It is possible that those discussions can start as early as January 9th if the board chooses the default option tonight and no articles are brought forward to spend that money.

2. 2.5% of net appropriation can be kept on the books – currently, there is no money in the 2.5% fund because the Board used this money for tax relief for the December 2017 tax rate
 - a. This money can only be used for two purposes: tax relief and emergency expenditures with approval from the Commissioner of Education
 - b. According to the DRA, the maximum deposit for the Goffstown School District is \$615,131
3. Provide the voters an option (or several options) to manage the release of this surplus money
 - a. Capitol Reserve Funds – All money to be retained by the Trustees of the Trust Fund - CRF establishment would be on the March 2018 Warrant for the town to vote on.
 - i. According to RSA 35
 1. RSA 35:1 Establishment of Reserve Authorized
 - a. Any town, school district, village district or county may raise and appropriate money for the establishment of a CRF for the financing of all or part of the cost of:
 - i. Construction, reconstruction or acquisition of a specific capital improvement
 1. CRF for capital projects – could be CIP-approved projects
 2. Shall the Goffstown School District create a capital reserve fund under the provisions of RSA 35:1, to be known as the Capital Improvements Plan Capital Reserve Fund, for the purpose of funding approved CIP Projects, and to raise and appropriate TWO HUNDRED FIFTY THOUSAND DOLLARS (\$250,000.00) to be placed in said fund, with the funds to come from the June 30, 2018 unassigned fund balance available on July 1, 2018. Furthermore, to see if the District will vote to designate the School Board as agents to expend from the Capital Improvements Plan Capital Reserve Fund. This appropriation is in addition to Warrant Article #2, the Operating Budget Article. (Majority vote required.)
 - b. CRF for land acquisition
 - i. Article 4 - Shall the Goffstown School District create a capital reserve fund under the provisions of RSA 35:1, to be known as the Land Acquisition Capital Reserve Fund, for the purpose of land purchase with the funds to come from the June 30,

2018 unassigned fund balance available on July 1, 2018. Furthermore, to see if the District will vote to designate the School Board as agents to expend from the Land Acquisition Capital Reserve Fund. This appropriation is in addition to Warrant Article #2, the Operating Budget Article. No amount to be raised by taxation.

b. Land purchase

- i. From our attorney - Shall the Goffstown School District vote to raise and appropriate the sum of {INSERT \$} for the purpose of acquiring property located at {INSERT ADDRESS/MAP/LOT.} The sum to come from the June 30, 2018 unassigned fund balance available on July 1, 2018. This appropriation is in addition to Warrant Article #2, the Operating Budget Article. No amount is to be raised from taxation.
- ii. From the DRA - Shall the Goffstown School District vote to purchase land in the with funds to come from the June 30, 2018 unassigned fund balance available on July 1, 2018. This appropriation is in addition to Warrant Article #2, the Operating Budget Article. (Majority vote required) No amount to be raised from taxation.

4. Special Legislation

- a. The timeline for submitting legislation has passed – to consider submitting a special bill, unique and specific to Goffstown and/or New Boston would need approval from the Rules Committee
 - i. We have worked with our Senator D’Allesandro to explore legislative options:
 1. Expand fund retention beyond 2.5% - RSA 198:4-b
 2. Allow the Goffstown and/or New Boston School Districts to create a Reserve Account similar to towns and the Manchester School District – RSA 198:4-b III
 3. Allow a Capitol Reserve Fund to be created for tax relief - RSA 35
 - a. Proposed Section 35:1-d
 - b. 35:1-d Reserve Fund for tax relief. – The Goffstown School District may establish a reserve fund to be used for tax relief. The School Board will be the authorized agent to determine amounts from the CRF to be used for tax relief at the end of the school district’s fiscal year. The creation of this reserve fund must be approved by the voters. The School Board must hold a public hearing to allow residents to provide input on the amount to be used for tax relief. Such funds shall be subject to all provisions and limitations of this chapter as are applicable to capital reserve funds. The legal validity of such a fund properly established shall not be affected by its designation as a "trust," "reserve," "capital reserve," or any other designation.

5. Paying off existing obligations – this would allow for tax relief through the reduction of future budgets

a. GHS Bond

- i. bond is set to expire in 2022 – the following debt schedule as found in the Town Report from January 2017
- ii. Per the contract documents relating to the 2010 issue of the refunding bonds, these bonds cannot be redeemed prior to their respective maturity dates.

Goffstown High School Bond Payments by Year	Principal	Interest	Amount Due
2018-2019	580,000	81,975	661,975
2019-2020	570,000	58,974	628,974
2020-2021	565,000	36,275	601,275
2021-2022	555,000	12,488	567,488
Total Outstanding Bond	3,465,000	409,600	3,874,600

According to the NH DOE, if we were to pay off the GHS bond early, this would not impact the total amount of building aid we would receive because building aid is only applied to the principal and not to interest payments. Building aid payments are made twice a year (October and April). We received half of our 2017-2018 building aid payment in October and are scheduled to receive the second half of the 2017-2018 payment in April of 2018. If we were to pay the bond off early, we would need to provide supporting documentation to the NH DOE. They would then be able to make payment adjustments based on the two scenarios below:

NH DOE Building Aid Payment Schedule:

Current Building Aid payment schedule:

2017 - 2018	282,695.82
2018 - 2019	278,195.82
2019 - 2020	269,195.82
2020 - 2021	266,945.82
2021 - 2022	262,445.82

Total payments = \$1,359,479.10

If the bond is paid off early – Building Aid will be:

2017 - 2018	\$282,695.82
2018 - 2019	\$278,195.82
2019 - 2020	\$798,587.46

Total payments = \$1,359,479.10

Important note:

Brian shared that while he was researching the possibility of paying off the GHS Bond early with respect to Building Aid, he was notified by the NH DOE that there appears to be a situation where Goffstown should have received an additional \$261,000 in Building Aid in FY 2012. Brian had never been aware of this underpayment but the previous Business Administrator was notified and did not take action. In 2011/2012, Goffstown only received \$35,195.82 for Building Aid and it appears that we should have received an additional \$261K. This situation will be addressed in collaboration with the DOE.

b. Honeywell Phase II Project

- i. Total project was \$2,132,500
- ii. \$167,302.52 per year due on July 15th
- iii. Honeywell energy contract financed through Pinnacle Public Finance (2013): Section 22 of the Master Lease Purchase Agreement permits prepayment. Per Section 22, if the district elects prepayment, it must notify Pinnacle at least 60 days before it makes payment, and on its regularly scheduled payment date of July 15, pay the annual amount otherwise due on that date of \$167,302.52, plus the buyout price of \$1,524,876.03 (which reflects a prepayment penalty of 2.1%), for a total payment of

\$1,692,178.55. These figures can be found in Exhibit A-1 to the Master Lease Purchase Agreement.

1. Our attorney spoke with Pinnacle this afternoon and confirmed the ability to prepay and payment amounts. Pinnacle can prepare a formal prepayment quote should the district elect this option.

c. Elementary modular classrooms

- i. Total cost for modular classrooms – \$573K plus interest
- ii. Approximately \$126,349 per year – we are in year 1 of a 5-year lease – one payment has been made on the total cost
- iii. Modular classroom buildings financed through First American Commercial Bancorp (2017): The Master Lease Agreement does not provide for a prepayment option. Instead, there is an addendum to the agreement permitting the district to purchase the equipment at the end of the lease term for \$1.

1. Our attorney spoke with First American this afternoon who confirmed that First American's agreements generally do not include prepayment options. However, they indicated that First American might be willing to make an exception in this instance, likely in the form of an acceleration of the remaining payments due under the contract. This request is being discussed internally at First American. First American requested an email confirming our request that First American explore a prepayment option, which was sent.

Additional information:

1. It is important to remember that only up 10% above what the BC recommends can be approved – the order of any warrant articles is important
2. The \$9.1million does not include FY 18 unreserved fund balance – either underspend of the general fund or the over collection of revenue (such as New Boston tuition)

Lorry Cloutier stated that she is not surprised that First American did not have the payoff information on the modular units as they are on a 5-year lease with a \$1.00 buyout. First American more than likely has no mechanism to figure this out and they will need to make good business decisions for themselves. Lorry commented that in her opinion the discount would not be enough to consider this as a viable option.

Brian clarified that the \$9.1 million is money that was on the books as of July 1, 2017 and does not include over collection of funds or revenue for this year. There was an influx of students coming in last year and over \$350K was picked up in tuition money which was unanticipated revenue and that any underspending of the general fund is not part of the \$9.1 million discussion.

Lorry Cloutier stated that the voters should decide what will happen to the \$9.1 million as that was in the past. She is not in favor of taking the 2.5% out of the \$9.1 million however we could consider taking the money from the unreserved funds this year if there is available money. Lorry stated that the board has been considering establishing a CIP Capital Reserve Fund and a land purchase for many years and we should give the voters the opportunity to vote on funding that straight out opposed to considering several options as to how this will be paid over years. The voters will have to decide if they will use the \$9.1 million to pay for other things or have it all returned for tax relief. Dian clarified that if we put forward no warrant articles, the money goes back for tax relief. Dan Cloutier stated that the money to fund the CIP Capital Reserve Fund for approved CIP items and the money we would put aside for land would come out

of the current year's unexpended appropriation and not out of the \$9.1 million and it is not really the voters' decision. Dan suggested not using the typical wording of funds to come from the June 30th unassigned funds balance available on July 1st but to indicate that it would be out of current appropriations. Dian commented that we need to make a decision on recommending or not recommending and make calculated decisions about what we recommend. Steven Dutton agreed and stated that it is the Board's task to decide and advocate for what is best for the district.

Ginny McKinnon voiced concern that voters may vote no on our articles out of anger because of their perception that we are doing something crazy. Ginny reiterated that that this is a mistake that went by many people such as auditors and people who are well versed in finance that the Board depended on to give us the correct information so that we can do our job. If we have no emergency money, no capital reserves (which we have nothing right now), return the money, not pass our budgets and we live on default budgets, the kids in Goffstown are going to lose. The Board has worked hard for many years to build up our reputations and make our schools something to be proud of. The people in this town are really upset with us however Ginny pointed out that their children and the New Boston children get a really good education in our schools.

Reta Chaffe echoed Ginny's comments and stated that regardless who is sitting at this table, not having a contingency fund or savings account is not good for the Board, schools or town as you are being reactive to the situation. Whatever we put forward as warrant articles, we need to make people understand that it is important for the school regardless of the \$9.1 million.

A public comment was made to return the money to those who paid in during that time period. Brian stated that there is no mechanism for the school district to return money to those individuals. The only thing we can do is what should have been done and that is to submit forms to the DRA and DOE indicating what our fund balance (over collection of revenues, underspending of our general fund). That money by default cannot be kept on the books. By law, we can only keep 2.5% of the total appropriation which is just over \$600K and nothing beyond that. That money should have been identified, called out and we should have been notified that there was an issue and this did not happen. We have no opportunity to make direct payments to taxpayers. We have no options to be able to issue checks. We can't keep the \$9.1 million, we can recommend warrant articles but we can't keep the money.

Dan Cloutier stated that the \$9.1 million is the number that was derived as of June 30, 2017. Dan's understanding is that the \$570,613 that was returned for tax relief from the 2.5% Contingency Fund in December was part of the \$9.1 million that we are now discussing and if that is the case, we have returned some of the \$9.1 million. Brian stated that that would be a question for the auditors but feels that the \$9.1 million is separate. We have not received our audit report to date. The auditor will present to the Board at a future meeting at which time that question can be asked. Dan stated that the process at this point is that the Budget Committee will meet tomorrow and we are looking for motions to include warrant articles tonight. Dian summarized tonight's discussion as follows: What is off the table: Paying off the GHS Bond, no special legislation, paying of Honeywell as well as the modular classrooms which leaves us with funding the 2.5% Contingency Fund up to \$650K and putting forward a warrant article for land purchase or any other warrant article. Dan Cloutier stated that he wants nothing to with any articles that have to do with \$9.1 million. What he is interested in doing are the two warrant articles as discussed – the capital reserve fund for the CIP approved items and potentially a capital reserve fund for land purchase. Brian clarified there are two options for consideration for the land acquisition. You could create a capital reserve fund as this is one of the purposes identified under RSA 35 or word the article indicating that this is an out-right purchase and not the creation of capital reserve fund for future purchase. Further discussion will be held in non-public. Dan was looking for a dollar amount for the creation of the CIP Projects. We will have teacher contracts on the warrant next year if we have successful negotiations.

Dian commented that it is all in the timing as we have certainly been on an extremely bumpy ride adding that to say that some of this is under a dark cloud is an understatement. Where we find ourselves today is very unfortunate and everyone is disappointed, frustrated and angered that we find ourselves in this situation. The Board's job is to move past it. We have the opportunity to move forward with placing a warrant article for land purchase and the capital reserve fund which is for a small amount. We have been watching our numbers because of the information we were given and had we been properly advised during past years as to how much money we had in the unreserved fund, we have been working our numbers using x when it was y and we have been returning funds every year thinking that this was all correct. Had we been properly advised, we may have made different decisions three or four years ago. We were not given the opportunity to do so and the voters were not an opportunity as well as nothing came to pass. We need to strongly consider just a small investment in the future.

Brian Balke stated that he has made recommendations to the Board for the last three or four years to create a capital reserve fund for approved CIP items. Roofs, septic systems, heating systems etc., those things will fail. It will be very costly to replace the leach field at MVMS if needed and the ability to have some money \$100K-\$300K would allow us to take care of those projects and still have a very health, significant return for tax relief. Balance is everything. The Board could consider a small amount for the CIP Capital Reserve Fund which would allow us to have a small buffer available for when things fail. All the school buildings are the most significant investment for the town and we have a responsibility to maintain and take care of those buildings for generations of kids. These buildings are the largest asset this community has.

Dan stated that he would support \$200K as a starting point for CIP Capital Reserve. If the residents think the number should be higher or lower, they can make that motion at Deliberative Session as that is the process. If we come to a decision to put something in front of the voters that is reasonable and would not take advantage of the \$9.1 million, we can have \$100K left over from our budget from this year's budget to fund that.

Ginny McKinnon commented that the \$200K did not come from taxpayer money but from over-collection of revenues such as New Boston Tuition. Brian stated that New Boston had 35 unexpected kids and Dan commented that that is the difference between estimated and actual revenues. Dan stated that in his mind it's all part of the same and goes toward the tax rate setting. Steven is in favor of creating a capital reserve fund. Steven commented that the Board has been talking about this for a longtime and we fall behind other districts that have planned for these situations. Steven is in support of the \$200K amount and would like the article wording to state that the CRF is limited to approved CIP Projects only.

Public Comment(s)

Adam Osburn 11 Bluejay Lane – Thanked the Board for what they are doing and acknowledged that this is an incredibly difficult situation the Board finds themselves in. The logical thing is to give the money back and this is an opportunity for the Board to gain the public's trust. Mr. Osburn commended Superintendent Balke for how he handled a difficult situation when the error was found and asked for a forensic audit. Mr. Balke was transparent about it and this is the road the Board needs to go down in this insistence. Mr. Osburn would have liked to see the money allocated to other things to offset costs such as pay off the bonds. Mr. Osburn stated that as a taxpayer, he would like the opportunity to decide how the money would be spent. Mr. Osburn commented that the district is doing a great job educating our children. He supports a CRF article and thinks that \$200K is probably not enough for major buildings. By returning the \$9.1 million you establish trust. Mr. Osburn feels that people might surprise and be supportive about the land purchase as well as we have two 50-year old elementary buildings which will

need to be addressed in the future and this is a long term plan. Mr. Osburn reiterated that the Board needs to establish trust and be transparent and the how and why will be resolved later through the audit processes. Put some of these things to the voters and if their taxes go down they will be supportive. Mr. Osburn stated that the schools have been the heart of the resurgence and he is proud of this town.

Scott Gross – Grange Road – Scott has heard a lot of talk about returning the \$9.1 million and stated that there are two different directions the Board can take. Return the \$9.1 million and if you wanted to establish a CRF for land purchase than you will raise and appropriate money to do so. You are still giving the voters the opportunity but by returning the \$9.1 million that's the long gain trust factor.

Claire Rouillard –Jasmine Lane – State Rep. echoed the sentiment that the Board is doing a good job. The trust factor is very important. She has heard from many people about the situation. She had conversations with Senator D'Allessandro. He is ready willing and able to work with her to go through this legislative process. We can do it and get it done. If we have the ability to do it and to get this accomplished with a capital reserve fund, get the money put in it and have the voters decide. Give them the options as to what they want to do with the funds. Taxpayers are the ones who should decide this. We've appointed you as our board of education - this issue now is beyond education. This should go back to the taxpayer for vote.

Michelle Romein - Clancy Drive – Michelle commended the Board and voiced her appreciation for their diligence in presenting the plans. All in the audience are dealing with emotion and the Board had to take the emotion and the consequences of each option as well as the consider the unintended consequences. Thank you for the amount of effort you put in. I support the CRF. If we would ever have a major construction projects we would find ourselves turning to financing and again this is money spent that we wouldn't have to spend. As much as I would like to have the \$9.1 million to look at and spend in the district, it is not right to make the decision. The decision belongs to the taxpayers.

John Burt provided his home phone number 624-5084 and stated that the Board should return the money again and to not do it legislatively. The Board does not have my support if you bring it to Concord and I will do everything to stop it. I support the taxpayers. During my first term in office, I was on municipal and accounting government every bill that came before me on this similar matters dies because the reps don't like one town law. Mrs. McKinnon is right the longer you wait to return the taxpayers money the more nos you will get in March. Time is running out please make the motion to return the money tonight. Do the right thing and it will save me money in mailing – the taxpayers are telling you return the money. Go through the proper procedures and bring the articles forward and not with this \$9.1million. You have a bottom line budget once we give you that money you can spend any way you want. You have money to put in reserves if you want. When you go into non-public I hope you mention why you are going into public comment because I'm going to check with the legal team up in Concord to make sure you are going into a legal non-public. Dian McCarthy asked for clarification from Representative Burt if he meant non-public and not public comment. Representative Burt stated that he was.

Jill Caveau repeated her thoughts that the money does not belong to the school board or the district. Now is the time to show us trust and respect if you want our support moving forward. You must do the ethical thing and return the money. I will support a capital reserve fund but if you do not return the money I will be at every one of your meetings.

Kristie Garrison asked if the Board was going to decide what they were going to do in non-public. Dian McCarthy stated no that we have another meeting on Monday and we also have a Budget Committee meeting. The decision will be made in public session. Kristie stated that it is a bottom line budget with \$9.1 million in surplus. There obviously was extra money in the budget. Kristi stated that she would also

support a \$200K capital reserve fund for the future but does not want it to come from the \$9.1 million. It has to be returned to the taxpayers.

Barb Larken stated that it was good to be here tonight as she listened to the Board and comments adding that it softened her opinion somewhat. Ms. Larken was of the understanding that someone stated tonight that 85% of the \$9.1 million comes from taxpayer money and the rest comes from somewhere else. Ms. Larken asked if the 85% is what would be returned to the taxpayers and the Board could use the remainder of the 15% which amounts to approximately \$600K for their capital reserve fund. No one at the table or in the audience was aware of that discussion. Ms. Larken wished the Board luck.

Public Comment was closed at 9:02pm

Other Business That May Legally Come Before the Meeting. None

Non-Public Session - RSA 91-A:3II(d) *Consideration of the acquisition, sale, or lease of real or personal property which, if discussed in public, would likely benefit a party or parties whose interests are adverse to those of the general community.* **Dan Cloutier motioned to enter into non-public session at 9:03pm, seconded by Steven Dutton. The Chair took an individual voice poll. Vote: 8-0-0 – All in Favor – Motion Passed.**

Dian McCarthy recused herself from the discussion.

Dan Cloutier motioned to leave non-public session at 9:15pm, seconded by Steven Dutton. The Chair took an individual voice poll. Vote: 8-0-0 – All in Favor – Motion Passed.

Dan Cloutier motioned to seal the non-public minutes until the matter is resolved, seconded by Steve Dutton. Vote: 8-0-0 – All in Favor – Motion Passed.

The Board entered public session @ 9:16pm

Any Other Business that May Legally Come Before the Board – The Board discussed what would be brought to the Budget Committee on Friday regarding the \$9.1 million, placing a \$200K CIP Capital Reserve Fund article as well as a land article on the March ballot. Dian McCarthy was concern with having sufficient funds to purchase the land. Dan Cloutier suggested changing the land warrant article to state to raise and appropriate which makes it more transparent that the intent is to give the \$9.1 million back to the taxpayers. The \$261K would be unanticipated funds. Brian stated that the \$261K was brought to the former Business Administrator’s attention and he had received a whole series of emails that he never responded to. Brian stated that today was the first time he heard about the \$261K and has no timeline as to when the DOE would be providing this payment however payments are usually made in the spring and fall. Brian agrees that it would be smart to state raise and appropriate for the land article as it keeps it separate and will work on the warrant language. Dian commended all Board members for their attendance as there have been many meetings. Brian praised the Board for a fine job tonight and commented that everyone has a different voice and style. Dian voiced her appreciation for the people who attended the meetings and for their participation. Board members were appreciative of all the town officials that attended tonight’s meeting. It is indicative that we are acting as a team. Brian echoed Dian’s comment and stated that they have been very supportive.

Lorry Cloutier motioned to adjourn the meeting at 9:28pm seconded by Reta Chaffee.

Respectfully submitted by

Denise F. Morin
Recording Secretary