

RSU #63 Board Meeting
Date: March 25, 2019
Location: Holden Elementary School
Minutes

Members Present:

Town of Eddington: Rusty Gagnon, Christina McLeod, and Steven Carr

Town of Holden: Gavin Robinson, John Hutchins, Heather Charity, and Jennifer Newcomb

Town of Clifton: Linda Graban, arrived at 6:00pm

Superintendent of Schools: Susan M. Smith

Board Chair, Rusty Gagnon called the meeting to order at 5:07pm.

At 5:09pm John Hutchins made the motion with a second by Christina McLeod to enter into Executive Session to discuss Labor Contract Negotiations pursuant to 1 M.R.S.A §405(6)(D).

Roll Call Vote: 7 Yes; 0 No (Linda Graban Absent)

Public session resumed at 5:49pm.

At 5:50pm Heather Charity made the motion with a second by Steve Carr to enter into Executive Session to discuss the Evaluation of Administrators pursuant to 1 M.R.S.A §405(6)(A).

Roll Call Vote: 7 Yes; 0 No (Linda Graban arrived at 6:00pm)

Public session resumed at 6:30pm. A flag salute was conducted and a moment of silence was observed.

Motion by Gavin Robinson with a second by Steve Carr to approve the Comprehensive Contract by and between the Regional School Unit No. 63 Board of Directors and the Regional School Unit No. 63 Teachers Association beginning September 1, 2019 and ending August 31, 2022 (tentatively agreed upon on March 19, 2019).

Vote: 8 Approved; 0 Opposed

Motion by Gavin Robinson with a second by Christina McLeod to approve a two-year contract for Jake Morgan, Facilities and Transportation Director and Kelly Theriault, Business Manager as recommended by Superintendent Smith with a \$1,750 salary increase the first year and up to \$2,000 salary increase in the second year (with the same health insurance offered to the teachers, \$450 per year for dental, and \$400 per year for life insurance).

Vote: 8 Approved; 0 Opposed

Approval of Minutes: Motion by Jenn Newcomb with a second by Heather Charity to approve the minutes from the February 25, 2019 Board Meeting with changes as discussed regarding Bill Hall's absence and the need to reschedule the FY18 Audit Presentation.

Vote: 7 Approved; 0 Opposed; 1 Abstention by Rusty Gagnon

Motion by Jenn Newcomb with a second by Christina McLeod to approve the minutes from the March 11, 2019 Board Workshop.

Vote: 7 Approved; 0 Opposed; 1 Abstention by Steve Carr

Recognition and/or Awards of Students, Staff and Others: Superintendent Smith recognized the Holbrook Chess Team for placing 3rd at the State Championship meet. Holbrook students also participated in the National History Day Regional Competition. Some students will be moving on to the State Competition in May.

Acceptance of Gifts/Donations: None

Presentation: Fiscal Year 2017-2018 Audit Report presentation by William Hall, RHR Smith and Company started with an apology from Mr. Hall for not attending the February 25, 2019 Board Meeting as agreed upon. He then reviewed the 2017-2018 audit. Mr. Hall advised the Management Letter provided to Susan Smith, Superintendent and the Board of Directors on Monday, March 25, 2019 at the Board meeting, outlined areas of improvement and concern. Ms. Newcomb asked if the Superintendent responded to the letter. Ms. Smith advised that the field work was completed in September of 2018 and she had just received the management letter that evening. After thorough review, a response letter will be submitted. Areas of concern noted on the Management Letter are Bank Reconciliations & Bank Statements, Account Codes & Structure, Fund Balance, and Student Activities Accounts. Ms. Gagnon asked Mr. Hall what the District's grade was for the Fiscal Year 2017-2018. Mr. Hall advised the books are solid, however the District needs to address the excess in the General Fund as to not lose subsidy from the State moving forward. He is pleased with how the District is moving forward overall and would grade the District an A minus.

Questions and Comments from the Public: Mr. Copeland started to ask questions about the ESG work. Ms. Gagnon advised questions regarding ESG would be addressed later in the agenda. Ms. Newcomb asked if there would be a time for questions and comments from the public before or after the Old Business as there was nothing listed on the agenda. Superintendent Smith suggested a motion be made to add a Questions and Comments from the Public to the agenda before Old Business is conducted.

Motion by Jenn Newcomb with a second by Steve Carr to add another "Questions and Comments from the Public" prior to Old Business on the March 25, 2019 Board Meeting Agenda.

Vote: 8 Approved; 0 Opposed

Rod Black, Town of Holden, asked why there was a 13% increase in the transportation line of the FY17-18 audit and if there was any concern about additional funds being moved. Superintendent Smith advised a bus was purchased last year to reduce time and repair on old buses. An additional afternoon bus route was added to help reduce the amount of time students were riding the bus. Mr. Hall added there are no signs of additional funds being diverted and he did not find any signs of money manipulation.

Bob Harvey, Town of Holden, asked what was being done with the 3% overage in the General Fund and why is it not being returned to the towns and tax payers. Superintendent Smith advised the money was being returned to the towns and tax payers by carrying it forward into the next year budget as a way of reducing increases to the towns.

Rod Black, Town of Holden, asked Mr. Hall if he was comfortable with the segregation of duties within the Central Office and the checks and balances practices. Mr. Hall advised he could not be 100% certain, however felt comfortable that the balance is safe and there was nothing unusual going on. Superintendent Smith advised the District now has a payroll warrant process in place. She personally reviews all warrants before they are reviewed and signed off on by two warrant offices from the Budget and Finance Committee. Jenn Newcomb advised in the past, the District did not have a Superintendent

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overseeing the Budget process that clearly understood the Budget. She was pleased to say Superintendent Smith has a very clear understanding of the Budget and the Budget process.

Dates of Next Committee Meeting:

Ad-Hoc Committee: Sunday, March 31, 2019 at 1:00pm, at Holbrook Middle School

Policy Committee: Monday, April 1, 2019 at 6:00pm, at Holbrook Middle School

FY20 Budget Workshop: Monday, April 1, 2019 at 3:00pm, at Holbrook Middle School

Curriculum Committee: Monday, March 8, 2019 at 3:30pm, at Holbrook Middle School

FY20 Budget Workshop: Wednesday, April 10, 2019 at 3:00pm, at Holbrook Middle School

Budget & Finance Committee: Thursday, April 11, 2019 at 5:30pm, at Holbrook Middle School

Budget and Ad-Hoc/One Campus Information Meeting: Thursday, May 9, 2019 at 6:00pm, at Holbrook Middle School

RSU 63 Budget Meeting: Wednesday, May 29, 2019 at 7:00pm, at Holbrook

Budget and Finance: Nothing to add to Business Manager Report or Budget and Finance Committee Report. The FY20 Budget Committee has met and discussed Transportation, Facilities, Staff & Student Support, and System Administration. With the approval of the Comprehensive Contract for teachers, the budget process will continue moving forward. Insurance rates are expected soon.

Superintendent's Report: Superintendent Smith discussed the Ad-Hoc Committee language for the locally funded referendum question. This language will be reviewed by legal counsel prior to submitting to the towns for inclusion on the June referendum ballot.

Ms. Smith advised she and Mr. Morgan spent time reviewing the scope of work documents from ESG. They negotiated with ESG to include, as part of the project and all costs related to, preparing and submitting up to 20 grant applications, ensuring adjacent leaks are patched/repared in roofs that are not being replaced in the ESG scope of work, and replacing a section of a boiler at Holden that cracked this week. Ms. Smith also advised she has been working closely with legal counsel reviewing all the documents and contracts for ESG and Sterling Bank to ensure the verbiage is correct. Sterling Bank has agreed to accept partial prepayments under certain conditions. Ms. Smith advised the District has real problems happening that needs to be addressed and referenced the Financial Overview Facilities Cost Comparison – ESG Investment versus Status Quo handout.

RSU #63 Chair's Report: None

Acceptance of Reports: Motion to approve written and verbal reports from Administrators, Committees, and Superintendent, by Heather Charity with a second by Christina McLeod.

Vote: 8 Approved; 0 Opposed

Questions and Comments from the Public: Samples of questions and comments from the public include:

Tom Copeland, Town of Holden Councilman stated he thought the Priority List of work that needs to be done is outstanding. He understands the needs of the District, however was frustrated with the lack of detail in the breakdown and dollar amounts from ESG and how quickly the need to vote came to light.

Ben Breadmore, Holden Town Manager, thanked the Board for being proactive on the needs of the school buildings. He stated his concern is with the Board not taking the decision to spend \$5million to public referendum. He understands there is a "loophole" the Board is exercising that does not require public referendum, but feels with such a significant increase, the public should have the chance to vote.

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Mr. Breadmore voiced his concern that none of the schools have a complete sprinkler system. He stated if this was a code compliant issue as it is noted on the additional project list, it should be addressed immediately, but did not see it on the Priority List. Ms. Gagnon advised a grant has been applied for to address the sprinklers and that is why they are not on the Priority list.

Dale Fox, Town of Eddington, stated the towns should have a vote before the Board agrees to spend \$5million. Superintendent Smith advised legislature recognized the need for facility funding can sometimes be urgent. They created a State of Maine Statute to allow Board members the authority to enter into contracts to fix school buildings, the same as they have the authority to enter into contract with teachers. She stated this is not a "loophole", but rather a different way to fund fixing facilities. Ms. Smith advised the funding of a new school would go to referendum for public vote. John Hutchins added there was a cap on spending. The Board has been working hard and discussing these issues for months. Ms. Gagnon references the stack of binders on the table outlining the work done beginning in 2015 with Oak Point. She stated ESG is helping the District fix all of the priority items to keep the schools open.

Tim Pearson, Town of Holden, thanked the Board for their hard work putting together the proposal. He was sorry to have not been more involved in the process. In looking at the financial handout, he felt the option on the right was better if we were moving to one school since it is short term. He felt the other option put the district on the hook for a payment over 15 years. Mr. Pearson also echoed sentiments of need for a town referendum, as he was concerned many tax payers are unaware of the school's infrastructure problems and the happenings with ESG.

John Zimmerman, Town of Holden, stated he was confused as to why no one thought these items needed to be maintained. Rusty Gagnon advised the District has been patching the problems as they arose. Mr. Zimmerman asked why the problems were being patched and not fixed and wanted to know why the problems have not been budgeted for. Superintendent Smith stated she had been hesitant to invest money into buildings we were not sure we were going to have. We were waiting for the State Approval List, then found out we did not place high enough on the list for funding. Facility budgets had been cut over the past years and patches were done to get the buildings by. Now these items are at a point they need to be replaced. Mr. Zimmerman asked if there was a guarantee this investment would get them through the next 5-10 years. Ms. Smith advised the projects are guaranteed. Ms. Newcomb advised the Budget and Finance Committee has been working to build reserves over the past 5 years to address these issues. Joel Butler, Town of Holden, asked why the Facilities Director was not the one fixing the issues. Superintendent Smith again advised Mr. Morgan has done as much work as he could with the budget provided to him.

John Racine, Town of Holden, felt the Board was painting a portrait of long-term problems with short term solutions. He stated the towns should be able to vote on a \$6.6million short term solution and asked what the cost savings are for the District. Superintendent Smith referenced and discussed the Project and Cost Savings handout.

Ellen Campbell, Town of Holden and former School Board Member, stated she was on the Board when they made the decision to form 3 schools. She asked what happened to the reserve accounts that were in place at that time and stated she was concerned with the no bid process. Superintendent Smith advised ESG went out to bid and got engineered designs from local contractors. The contractors visited the schools on multiple occasions and submitted their bid. Ms. Gagnon added Mr. Morgan was aware of the companies submitting bids and is part of the accept or reject discussions. ESG has guarantees in place for energy cost savings and pays the District the difference if the guaranteed numbers are not met. This has been confirmed with other schools that have worked with ESG in the past. Ms. Gagnon added the other RFQ applicant only allowed use of their name brand products. ESG uses multiple qualified

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contractors. Barbara Bayou, Town of Holden, asked if the District has seen any of the bids submitted. Superintendent Smith advised she had not requested them. Ms. Bayou added the District could not be sure they are being given the best price or know how much ESG made off the District without seeing the bids.

Bill Rand, Town of Clifton Selectman, asked what portion of the \$6.6 Million was ESG fees. John Hutchins advised the fee for ESG is \$1,500 per year.

Joel Butler, Town of Holden, asked about ESG's qualifications. He also asked about the profit ESG would make if RSU 63 contracted with them for the designated "priority projects." Mr. Donald Bresnahan from ESG responded that ESG's profit is 6%. Mr. Butler inquired if ESG or any of the expected providers were non-profit organizations. Mr. Bresnahan responded they are not non-profit organizations.

Alfred McLeod, Town of Holden Councilman, stated he was concerned with the price and the fact the towns were not able to vote on the spending. He stated this was taxation without representation. Superintendent Smith advised the school board members were elected officials by the towns and they were the town representation in the vote.

Carrie Zimmerman, Town of Holden, stated the Board needs to consider the elderly and retired citizen with fixed incomes. The Board cannot expect the towns to pay \$5 million now and then another large increase in June. She stated selling the 2 schools would not make back the \$5 million being spent now.

Eric Turner, Town of Holden, stated he was opposed to spending \$5 million over 15-years. He stated the list of Additional Options at their life's end is roughly \$2 million and the Board is talking about a possible consolidation vote in June. He felt the Board should be looking at one option and presenting that option to the towns for voting.

Isaac Churchill, Town of Holden, asked what happens if the Board votes to move forward with the \$5 million projects and the towns vote down the Budget in June. Superintendent Smith advised the Budget would go back to the Budget and Finance Committee for changes and resubmitted to the towns for approval. There are laws in place if a budget approval is not obtained, the district will operate under the same amount as the last approved budget.

David Hawes, Town of Holden, stated he is a multi-property owner in Holden and asked the Board to please put the vote out for public referendum. He reminded them the Boards fingerprints would forever be on this vote.

Old Business:

Consideration of Entering into Contract with ESG and Lease with Sterling Bank: Motion made by John Hutchins with a second by Steve Carr, I move that the resolution entitled, "Resolution to Authorize an Energy Conservation Project and Financing of an Energy Conservation Project Through a Tax-Exempt Lease Purchase Agreement in the Principal Amount of Not More Than \$5,100,000" be approved in the form presented to this meeting and that an attested copy of the Resolution be included with the minutes of this meeting.

Discussion: Jenn Newcomb read a statement she had prepared regarding her disapproval of entering into a contract with ESG and Lease with Sterling Bank. She stated she has not been comfortable with ESG from the beginning and her position has not changed. The projects identified by ESG are the same or similar to those Mr. Morgan identified in his Priority List, however the costs of completing these projects are much different. Ms. Newcomb stated she felt the Board should not be committing \$5 million of tax payer money over a 15-year lease without the taxpayer approval and then ask them to abandon

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two of the buildings to consolidate into one. She felt there is a more fiscally responsible way to fix the problems. She stated she would not support a vote that would circumvent taxpayer approval to enter into a contract with ESG and financing with Sterling Bank.

Vote: 2 Approved; 6 Opposed (Jenn Newcomb, Linda Graban, Gavin Robinson, John Hutchins, Heather Charity, and Christina McLeod)

Motion by Gavin Robinson with a second by Christina McLeod to continue the Board meeting past 8:30pm.

Vote: 8 Approved; 0 Opposed

New Business:

Policies to Approve: Motion by John Hutchins with a second by Steve Carr to approve policy EBABA – Chemical Hygiene Plan.

Vote: 8 Approved; 0 Opposed

Personnel Actions:

Resignations: Linda Kerecman, Educational Technician III at Holden

Reassignments: None

Elections: None

Appointments: John Marchelletta, Track Coach; Desiree Doughty, Assistant Track Coach; Allison Blais, Substitute; Hayden Dow, Substitute; Morgan Tardiff, Substitute; Sarah Dickens, Art and STEM Substitute at Holbrook; Kristin Bender, Grade Two Substitute; Heather Benner, Kindergarten Substitute; and Jacob Gould, Holbrook Evening Custodian

Searches: Searches continue for Substitutes and Education Technician III

Questions and Comments from the Public: None

Adjournment:

At 8:45pm a motion was made by John Hutchins with a second by Christina McLeod to adjourn the meeting.

Vote: 8 Approved; 0 Opposed

Respectfully submitted by,



Susan M. Smith

RSU #63 Superintendent/Director of Curriculum and Instruction

Approved: April 22, 2019