

**Merrimack School Board Meeting
Merrimack Town Hall Meeting Room
January 21, 2013
PUBLIC MEETING MINUTES**

PRESENT: Chairman Ortega, Board Members Barnes, Markwell and Schneider, Superintendent Chiafery, Assistant Superintendent McLaughlin, and Business Administrator Shevenell. Student Representative Crowley was excused from the meeting. Vice Chairman Powell would be late to the meeting.

1. Call To Order

Chairman Ortega called the meeting to order at 7:30 p.m.

Chairman Ortega led the Pledge of Allegiance.

2. Approval of the January 6, 2014 minutes

Board Member Barnes moved (seconded by Board Member Markwell) to approve the minutes of the January 6, 2014 meeting.

Board Member Barnes requested the following changes to the minutes:

- Page 5 of 9, section 8, paragraph 4, first sentence, add an “s” to “time”.

Chairman Ortega requested the following changes to the minutes:

- Page 2 of 9, section 6, paragraph three, sentence three should read, “She added that about 30% of the district has access to the equipment.”
- Page 3 of 9, paragraph 4 after the bullets, add the word “sometimes” before “the only reading that some students do”.
- Page 3 of 9 and page 4 of 9, change Budget Committee Member Krupp to Vice Chairman Krupp.
- Page 4 of 9, section 7 change “per cent” to “percent” in two instances.
- Page 7 of 9, section 10, paragraph 2, second sentence, add “as recommendations of the NHSBA”.

The motion to accept the minutes of the January 6, 2014 meeting as amended passed 5-0-0.

Approval of the January 8, 2014 minutes

Board Member Barnes moved (seconded by Board Member Schneider) to approve the minutes of the January 8, 2014 meeting.

Board Member Barnes requested the following changes to the minutes:

- Page 4 of 7, paragraph 4 from the bottom, change “allowed” to “allow”.
- Page 5 of 7, paragraph 7, “Arab” should be changed to “Arabic” and the combined classes should be Arabic 2 and Arabic 3, French 4 and French 5.
- Page 5 of 7, paragraph 4 from the bottom “marking” should be changed to “marketing”.
- Page 6 of 7, change all of mentions of Gary Krupp to read, “Budge Committee Vice Chair”.

Board Member Schneider requested the following changes to the minutes:

- Page 5 of 7, paragraph 9, he questioned which courses were not classroom based.

Chairman Ortega requested the following changes to the minutes:

- Page 1 of 7, under Public Participation, sentence 3, change “offered” to “run”.
- Page 1 of 7, under Budget Presentations, James Mastricola Elementary School, paragraph 4, second sentence, change “question” to “questioned”.
- Page 6 of 7, paragraph 1 should read, “Board Member Markwell asked if the lower postage budget was the result of the use of PowerSchool”.

The motion to accept the minutes of the January 8, 2014 meeting as amended passed 4-0-1 with Vice Chairman Powell in abstention.

3. Public Participation

There was no public participation.

4. Synopsis of School Board Budget Hearing on January 13, 2014

Chairman Ortega noted that the School Board Budget Hearing on January 13, 2014 at the high school cafeteria was not recorded by Merrimack TV. He added that the board will present a synopsis of that meeting which will be publically recorded.

Public Participation: Jody Vaillencourt noted that the board had not acknowledged correspondence they received from her. She read her correspondence into the record. Chairman Ortega read her correspondence for the record.

Elementary Schools: Superintendent Chiafery encapsulated the budged discussions presented on January 13, 2014 for Reeds Ferry Elementary School, Mastricola Elementary School and Thorntons Ferry Elementary School.

Kim Yarlott, Principal of Reeds Ferry Elementary School, gave a presentation on behalf of the three elementary schools. She highlighted that the three elementary schools have a commitment to the Logic Model, specifically in the areas of literacy, numeracy and technology integration. She noted that there was an increase in the Health Supply account and that there was a commitment to ongoing furniture replacement.

Board Member Barnes asked how many students are served by the Gifted and Talented program now as compared to the former Gateway program.

<u>School</u>	<u>Gifted and Talented</u>	<u>Gateway</u>
Mastricola Elementary	9	49
Reeds Ferry Elementary	10	32
Thorntons Ferry Elementary	9	40
Difference	28	121

Board Member Barnes asked how the reduction in the budget will affect field trips.

The three principals responded that all field trips are included in the budget. The variables are the size of the class, how many busses are needed and higher transportation costs.

Board Member Barnes asked for an update on the furniture replacement plans.

Each principal responded to their needs:

- Mastricola Elementary School: Six classroom sets of chairs and desks and bookcases in outlying years.
- Reeds Ferry Elementary School: Eleven classroom sets of chairs and desks
- Thorntons Ferry Elementary School: Twelve classroom sets of chairs and desks and bookcases in outlying years.

Board Member Schneider asked why the high school does not have a furniture replacement plan like the three elementary schools.

Business Administrator Shevenell responded that the high school has a storage area of chair/desk combinations that it draws from. At the elementary level it is important to continue their managed plan because adjustable chairs and desks are being purchased.

Board Member Markwell asked if the Heath Supplies account is going to increase.

Principal Yarlott responded that this account has not increased in a number of years. There is an immediate need to purchase latex gloves, hand sanitizers and wipes to address specialized student needs.

Board Member Markwell asked if there should be standardization in classroom furniture purchases instead of each school purchasing its own furniture.

Business Administrator Shevenell responded that he receives all individual school furniture requests, combines the requests and then goes out to bid as a full unit.

Budget Committee Vice Chairman Krupp asked why the budgeted amount for Mastricola Elementary School Field Trips is listed as \$1,673 in the budget book yet in the spreadsheet the budgeted amount is listed as \$2,272.

Emilie Carter, Principal of James Mastricola Elementary School, responded that \$1,673 is the correct amount.

Central Office: Business Administrator Shevenell explained that there are two costs to put forward. These are the transportation costs, which have a 4% increase and Health Insurance with a Guaranteed Maximum Rate (GMR) of 11.4%.

Vice Chairman Powell asked about the salaries for the school district Moderator and Clerk.

Business Administrator Shevenell responded that the increase is to cover the cost of the ancillary services which are not delineated with their own line item. This is for the Planning and Building Committee secretary and the Budget Committee secretary.

Chairman Ortega asked why the Support Staff Improvement line expended below the budgeted amount for 2012-2013.

Assistant Superintendent McLaughlin responded that the amount was under expended because the support staff did not request that much training.

Board Member Barnes asked why there was such a huge drop in the Gifted and Talented salary line.

Business Administrator Shevenell responded that there are people in that line who should be transferred to Reeds Ferry and Thorntons Ferry. It was a misclassification. When he moves those two teachers to Reeds Ferry and Thorntons Ferry where they should be, there is no significant decrease in the account.

Budget Committee Vice Chair Krupp asked if the proposed budget were to fail, are there any items planned for 2014-2015 that could not be operationalized under the default budget.

Business Administrator Shevenell responded no.

Budget Committee Vice Chair Krupp asked for an explanation of the three accounts associated with the Merrimack Teachers Association contract. He specifically wanted to know if it is expected that these three accounts will be expended. He also asked for a list of some things paid for under the District Initiatives account.

Assistant Superintendent McLaughlin responded.

District Initiatives: The August Academy, which is a three-day workshop, was held. A significant amount of money went to those workshops, including support for the speakers and hosting the event at Southern New Hampshire University (SNHU).

Workshops: There are a variety of opportunities that teachers take advantage of such as Title IX training, crisis intervention, Science Olympiad, and Atomic Learning.

Graduate Studies: We have a considerable alliance with SNHU and we have a cohort of thirty-two who are currently going through the program.

Budget Committee Vice Chair Krupp asked what has caused the increase in the Administrative Improvement account.

Superintendent Chiafery responded that this is part of the advice and confer process with the board and it is part of the Administrative contract. There are several administrators who are pursuing their Certification of Advanced Graduate Study, which is beyond the Master's Degree.

Budget Committee Vice Chair Krupp asked how the proposed demographic study differs from the population information already paid for by the NH School Boards Association (NHSBA).

Superintendent Chiafery responded that this is a more comprehensive study than the annual demographic report. It was put in the budget as a place holder to try and get a price-point if the board chooses to go in this direction.

Budget Committee Vice Chair Krupp asked how much the NHSBA and NESDC (New England School Development Council) memberships cost the district.

Superintendent Chiafery responded that the NHSBA membership is \$6,092.22 and the NESDC membership is \$4,195.

Budget Committee Vice Chair Krupp asked about details of the study.

Superintendent Chiafery responded that the proposed study is different than a follow-up study. She added that Chairman Ortega, Board Member Markwell and Rich Hendricks, the Chair of the Planning and Building Committee, had a conversation with the people from NESDC and have asked for a more customized report.

Budget Committee Vice Chair Krupp asked if the Planning and Building Committee space utilization study has been completed and if so, how does it factor into the work proposed by NESDC.

Superintendent Chiafery responded that the Planning and Building Committee has done the space utilization study. With the NESDC plan going forward, it would update the data that has been retrieved over the years.

Board Member Markwell added that the space utilization study by the Planning and Building Committee was out of date. It was at least three to five years old.

Budget Committee Vice Chair Krupp asked about several accounts listed on the full budget spreadsheet for a total of \$22,859,310 but are not contained in any budget summary.

Business Administrator Shevenell responded that we follow a model of budgeting that has been consistent for the last thirty-one years. Most of the salary lines are accounted for in the personnel reports. He added that Budget Committee Vice Chair Krupp gave him a list of the accounts that are not listed and he will look into them.

Board Member Markwell asked about the increase in Legal Services.

Superintendent Chiafery responded that this account is used by five administrators and is predicted on the number of cases the district faces in a given year. They are trying to find a number that will be representative of the past years.

Preliminary Review of the Draft Warrant Articles: Chairman Ortega stated that in reviewing the Warrant Articles, the idea was, based on the request of Board Member Schneider, to get a preliminary review of the language in the Articles. For each of the Warrant Articles specific dollar amounts were not included. The purpose was to get the concept of each of the Articles.

Articles 1 and 2 which are about electing officers and accepting gifts are generally the same every year. They were not discussed.

Article 3 is a special Warrant Article about the Natural Gas Conversion plan for Merrimack High School, James Masticola Upper Elementary School, James Masticola Elementary School and the Maintenance building.

- The discussion centered around this project which was roughly \$685,000.00, the returns of which are approximately \$185,000 a year in fuel costs across all of the buildings.
- Board Member Barnes requested to see a breakout over various lease terms of the payments that would need to be made, and the amount of interest that we would incur under each based upon the return.
- A philosophical discussion took place regarding how long to actually lease the conversion if the return on the investment is three to four years. A request was made of Business Administrator Shevenell to come back to the board with that data.

Article 4 is a special Warrant Article about the establishment of a Capital Reserve Fund for the purpose of lessening the budgetary tax impact to Merrimack residents as a result of increases in the cost of health insurance premiums and to use the surplus funds remaining at the end of the fiscal year 2013-2014 for this purpose.

- A question was asked about the nature of the return of the money from the Health Insurance Trust and whether there is an expectation those funds will continue into the future. The answer to this question was that the district has been told that it can expect this practice to occur again in the future.
- The question was asked about the predictability of the amount to be returned and/or the Guaranteed Rate increases. The answer was that the board has no idea what those figures would be in the future.
- A number of board members expressed opinions of this Warrant Article in terms of returning the money to the tax payers in the year it is returned to us.

Article 5 gives the board the power to retain a surplus not to exceed 2.5% of the current year's assessment. Such fund balance can only be used to reduce the tax rate or for emergencies which have to be approved by the Department of Education.

- The board discussed the benefits of retaining a surplus and offsetting tax rates as well as potentially having a "rainy day fund" for emergency expenditures.
- The board talked about the challenges associated with the approval of expenditures for emergencies by the Department of Education.
- The board talked about other districts that have enacted this new legislation. Superintendent Chiafery responded that there are a few districts in the state that have enacted this but none that have actually exercised it.

Article 6 deals with the budget itself. If the Operating Budget fails, the board has the option to look at a revised Operating Budget. There was no discussion on this Article.

Discussion of the 2014-2015 Budget: This item was on the agenda to get preliminary feedback on the budget prior to the January 21, 2014 board meeting,

- There was a request from Board Member Barnes regarding combined levels of World Language at the High School and asked if there were any other options presented to offer those as stand-alone classes.
- Board member Markwell asked if any concerns had been raised with Administration regarding that point.

Administration replied no.

Public Participation on Agenda Items: Jody Vaillancourt came to the table to support Board Member Barnes' request more information on the World Language courses. She shared her belief that there

should be separate classes. She added that the board should not ask if there are criticisms but should hold themselves to an ideal.

Budget Committee Vice Chair Krupp noted that in addition to the salary accounts there are more accounts that have to be included in the budget summary. He felt the board should be more consistent with the preparation of the budget.

Chairman Ortega stated that the synopsis of the January 13th meeting was completed.

5. Response to Question Regarding Combined Levels of World Language Relative to Staffing at Merrimack High School.

Assistant Superintendent McLaughlin gave a PowerPoint presentation on the question regarding combined levels of World Language. He met with extensively with High School administration.

- Specific teaching assignments are not determined until the pre-enrollment numbers are in, which occurs in April. Right now it is a speculative process.
- The department head develops a schedule of classes and determines which classes are run and determines teaching assignments. Then it is brought to the administration for questions.
- It is also important to remember that students cannot take upper level courses without a prerequisite course.
- The proposal tonight is based on the current enrollments.
- Middle school students are taking more language courses. It is not known what language they will take when they enter high school.

Assistant Superintendent McLaughlin's presentation included the proposed staffing schedule for 2014-2015.

- Option 1 is a no new hire option.
- Option 2 is to make the ½ time teacher a full time teacher. This is not a class size effect, it is a financial effect.
- Some Spanish classes are affected by the combination of the Arabic 1 and 2 classes and the French 3 and 4 classes.
- Option 3 would be to accomplish the elimination of the combined classes. It would be to add a ½ time French teacher. It is not a class size impact, but a financial impact.

Board Member Barnes asked why all the Spanish classes were not shown in the options and why they wouldn't be effected.

Chairman Ortega stated that the question is what can be done to split the combined language classes and what the impact would be. If some courses were not impacted by the changes, they did not show up on the chart. The other Spanish courses were not shown because they were not impacted.

Assistant Superintendent McLaughlin stated that there may be more possibilities. These are the most reliable options. This is speculative because next year's enrollments are not known.

Board Member Barnes noted that she is concerned about all the lesson plans a teacher would need. These options do not address that at all. Her concerns were that we may be stretching things too thin and that we still have to deliver quality education. She added that she does not know enough to be comfortable with any of the options.

Board Member Markwell questioned the one enrolled student in Arabic 4. He questioned whether or not that class would be worth having.

Assistant Superintendent McLaughlin responded that it would be part of Option 2.

Board Member Markwell stated that there are thirty students in Spanish 1 and Spanish 2 and that is much too high to teach the students effectively.

Assistant Superintendent McLaughlin stated that often a class number varies with the number of students who drop the class. That is not how it is scheduled initially.

Board Member Schneider stated that there are a lot of “what ifs” in the three options. He added that he is not sure what should be done.

Chairman Ortega stated that to clarify, the numbers that are presented are the worst case scenarios. He recognizes some of the concerns with lesson plans. A World Language teacher that he spoke with said that she does not do separate lesson plans for the higher level combined classes. He agreed that there are no solutions in these options that are ideal, and he is not convinced that the current situation is not acceptable.

6. Board’s Final Response to Proposed 2014-2015 School District Budget

Chairman Ortega stated that the budget they are looking at is a proposed Administrative Budget of \$68,728,290 which represents a 2.63% increase on the 2013-2014 approved Operating Budget and is \$87,331 less than the Default Budget.

Chairman Ortega stated that there were two corrections to the budget. The first correction was noted by Budget Committee Vice Chairman Krupp. The line item for telephones at the James Masticola Upper Elementary School 2012-13 budget shows \$7,149.29 as the actual amount expended. It should be \$8,849.29 due to an adjusting entry that was done late in the process after the budget printouts were delivered to the upper elementary school.

Chairman Ortega stated that there are two typos that impact the bottom line of the budget. The first is for the Masticola Elementary School Social Studies and Science Field Trips. It is stated as \$1,673 correctly in the budget book. However, it was incorrectly stated in the budget printout and carried to the bottom line as \$2,272. He explained that it was a timing issue between final printouts and when the budget was put together.

The Central Office budgeted Printing line item also had a typo that impacted the bottom line. It is stated incorrectly in the printout and the budget book as \$3,500. The correct amount should be \$3,050.

Chairman Ortega moved (seconded by Board Member Barnes) to adjust the bottom line of the Masticola Elementary School budget by \$599 keeping the amount as \$1,673 for Field trips. The motion passed 5-0-0.

Chairman Ortega moved (seconded by Board Member Barnes) to adjust the Printing budget of the Central Office Budget to reduce it from \$3,500 to \$3,050 for a reduction of \$450.

The motion passed 5-0-0.

Chairman Ortega stated that the proposed Operating Budget is now \$68,727,241.

Vice Chairman Powell moved (seconded by Board Member Markwell) to approve the 2014-2015 Operating Budget of \$68,727,241.

Vice Chairman Powell thanked the staff and administration for their efforts in crafting the budget.

Board Member Barnes stated that, based on the presentation on World Language classes earlier on the agenda, if there was a change based on supply and demand, there would have to be adjustments. She would not ask for that adjustment until the number of students in the classes is known.

Vice Chairman Powell asked if the adjustments made will affect the default budget.

Business Administrator Shevenell replied that the default budget would not be affected.

The motion passed 5-0-0.

7. Second Review of Proposed Warrant Articles

Chairman Ortega stated that Business Administrator Shevenell had been asked to research some of the Warrant Articles. He added that he would like the Articles to be passed at tonight's meeting but if the board does not complete the work, the Warrants will be brought up at the February 3rd board meeting.

Board Member Barnes opened the discussion on Warrant Article 4, which is to establish a Capital Reserve Fund to be known as the Health Insurance Stabilization Fund. She did not want to pass this Article.

Chairman Ortega explained an Article can be struck from the Warrant if the majority of the board agrees to do so. He suggested we start at the beginning and move on from there.

Articles 1 and 2 did not require any discussion, as they are the same every year.

Article 3 is a special Warrant Article about the Natural Gas Conversion plan for Merrimack High School, James Mastricola Upper Elementary School, James Mastricola Elementary School and the Maintenance building. Business Administrator Shevenell was asked to look at the costs and returns and the various terms of a lease for the gas conversion. He added that this is not a bond issue.

Business Administrator Shevenell explained that when Jim Lucy and Wally Howe from Honeywell came before the board they spoke about the gas conversion. They presented preliminary estimates to see if the board was interested in the project. When they felt the district was interested they met with Tom Touseau, Maintenance Director, to go through all the particulars and look at the proposal in greater detail. He added that there are a few changes in the estimate.

- The high school had a slight increase, due to more work that has to be done.
- The maintenance building stayed the same.
- The Mastricola complex was the same.
- When reviewing the current electrical panels at the Mastricola complex it was determined that all the circuits were full and it is time for a complete upgrade with more capacity and to help with technology. The cost for this would be \$760,545.

- The annual energy savings is \$185,996 at a 4.09% payback. He reviewed the amortization schedule at 3.05%. He felt the five-year term makes sense. It is a savings of \$20,000 per year and then a cost avoidance of \$185,996. He noted that some of the board members were interested in tying the savings to the length of the financing, which is between a four and five-year term.
- The Oil Tanks cleaning and removal is included in the estimate. This would have to be done whether or not the gas conversion is done.
- There is a line for contingencies.

Vice Chairman Powell asked about the escape clause.

Business Administrator Shevenell explained that this is a lease/purchase agreement, so future boards would not be tied to making this payment, should they choose not to. He added that once this Article is voted on, the money would go into the Operating Budget. If a future board decided at that time they were not satisfied, arrangements would be made for payment.

Board Member Markwell asked about the Masticola complex electrical upgrades. He asked if there would be less use of electricity once the conversion was done.

Business Administrator Shevenell responded that the electrical panel is completely full. He added that Honeywell did not feel comfortable hooking up their equipment on this outdated panel. This would probably have to be done even if the conversion is not done.

Board Member Barnes asked about the granularity of the language in the Warrant where it talks about the gas conversion. It does not mention the other projects that accompany the conversion, such as the electrical panel and the oil tank removal. She felt that the replacement of the electrical panel replacement and the oil tank removal should be a maintenance expense. She also wanted to know more about the contingency.

Business Administrator Shevenell responded that the contingency amount is a little over 10% of the project, which is standard for a contingency. If all the money is not spent, the last three payments of the lease would be lowered. He added that the electrical upgrades and the removal of the oil tanks would have to be done regardless. Equipment for the conversion would be present on the site, so it seems logical that the oil tanks would be removed at the same time. He added that the Article can be reworded to include items that have to be done with or alongside the conversion.

Board Member Schneider did not think that the oil tanks and the electrical panel are part of the conversion. He would prefer the Warrant not be reworded. He asked if the cost of the Masticola complex reflects the conversion of the cafeteria items from propane to natural gas. He also wanted to know if the energy savings reflect the savings of that propane portion as well.

Business Administrator Shevenell responded that the energy savings does reflect the savings of the propane portion. He added that the cafeteria at the high school is electric, so nothing has to be done.

Vice Chairman Powell felt this Warrant Article could further be explained in the voters' guide as well as being discussed at the deliberative sessions. As far as the oil tank removal, he felt that there would be a savings to include it in this project. He added that he is fine with the article the way it is written

Board Member Markwell moved (seconded by Board Member Barnes) to accept the proposal for the Natural Gas Conversion with the four-year plan. He added that he felt the four-year plan was good

because the contingency money will probably not be totally used, which would be a savings. He added that immediate savings in the four-year term would see a \$200,000 savings in the fifth year.

Board Member Schneider stated that he would be willing to go for the four-year plan.

Board Member Barnes stated that there would be a savings of \$12,000 in interest if we go with four-year plan instead of the five-year plan.

Vice Chairman Powell asked if other projects with contingencies have used all the money put aside.

Business Administrator Shevenell responded that he has worked on other projects that have had contingency money left over.

Vice Chairman Powell stated that he does not feel comfortable with planning on a savings of the contingency money. He would be more comfortable going with the five-year plan

Business Administrator Shevenell added that he heard that Liberty may give us a break in the cost of the installation.

Chairman Ortega agreed that he would like to see the payment done in a shorter time period. He read the Warrant Article, inserting the time period of four years and the payment amount of \$204,852 per year. The board voted on the wording of the Article, 4-1-0 with Vice Chairman Powell in opposition.

Vice Chairman Powell stated that was in opposition to the wording of the article, not whether the article would be accepted.

Chairman Ortega moved (seconded by Vice Chairman Powell) that Warrant Article 3 be put forward. The motion passed 5-0-0.

Article 4 is a special Warrant Article about the establishment of a Capital Reserve Fund for the purpose of lessening the budgetary tax impact to Merrimack residents as a result of increases in the cost of health insurance premiums and to use the surplus funds remaining at the end of the fiscal year 2013-2014 for this purpose.

Board Member Schneider moved (seconded by Board Member Barnes) that Article 4 be removed from the warrant.

Board Member Schneider stated that, while the idea of retaining the surplus has some prudence to it, not knowing how much we would get back in subsequent years is a concern. He suggested we use the surplus money this year to reduce taxes and then see how much we get back next year.

Board Member Barnes stated that they could not vote on Article 4 without looking at Article 5. The board is looking at two ways of returning a surplus, basically money that taxpayers gave the board to run the district. She would never feel comfortable asking for two different ways to retain the tax payers' money.

Vice Chairman Powell stated that he disagreed and would prefer Article 4 over Article 5. This is money that is earmarked for a specific purpose and the board does not have to go to Concord to ask permission to use our own money. For these reasons he would vote against the motion.

Board Member Schneider moved (seconded by Board Member Barnes) to table the motion on Article 4 until there is further discussion on Article 5.

The motion passed 5-0-0.

Article 5 gives the board the power to retain a surplus not to exceed 2.5% of the current year's assessment. Such fund balance can only be used to reduce the tax rate or for emergencies that need to be approved by the Department of Education.

Board Member Schneider noted the document by Attorney Gordon Graham which was prepared for a law conference in October 2013. It is entitled Retaining Unassigned Fund Balance-The New Law. He read a portion, under Use of Fund to Reduce Taxes:

Once an unassigned fund balance is adopted and in place, the school board can in any year decide to apply all or a portion of that balance a revenue in the coming year to reduce taxes. Considerations are

- i) Consider the tax impact of starting the fund.*
- ii) Consider the many benefits once a fund is established.*

Board Member Schneider stated that one of the questions the board had was if approvals are required to reduce taxes. The answer was no. If the district believes there is an emergency and wants to use these funds, we would have to have the expenditure approved by the Budget Committee before it can move forward to the State. His concern is that should an emergency occur, how soon the Budget Committee could meet to approve the expenditure. He stated that he is still not in favor of this Article.

Board Member Barnes stated that she was not worried about the Budget Committee part of this. What she likes about this is when it comes to a tax relief, there is autonomy. When it comes to emergencies, there is a procedure and a process which is fairly well-defined. We have the flexibility to give taxpayers back their money and we also have a check and balance.

Board Member Schneider stated that the wording of the article is "*not to exceed 2.5% of the current fiscal year's net assessment.*" In the attorney's document there is a portion that talks about how to calculate the net assessment. He asked what the net assessment is.

Business Administrator Shevenell responded that the net assessment is the budget less the revenues. Before the education grant, our net assessment is \$61,254,120. He explained that if the money is for tax reduction, no permission is needed. For anything else, such as an emergency, it has to be approved by the Department of Education.

Vice Chairman Powell asked for clarification on the town using the money from their retainage.

Business Administrator Shevenell responded that if the town has a surplus and they want to use that money, they cannot over expend their budget. They have a fixed appropriation. Therefore they have to ask permission.

Vice Chairman Powell stated that he felt more comfortable with this Article having read the document from the attorney, which allows the board to use the surplus to offset taxes, to avoid the dip and spike.

Board Member Barnes went over the figures for the net assessment. Based on the \$61,254,120.00, the cap on this fund would be around 1.5 Million dollars assuming we had it in surplus.

Board Member Schneider stated that the board could do what they want with that money which is the “up to” figure.

Business Administrator Shevenell responded that is correct. The fund could be fully funded or at a lower level to make people comfortable with the idea.

Chairman Ortega stated that he thought from the wording of the Article and the attorney’s document that the board could retain the funds as long as they have a surplus each year until it is rescinded. The way it is worded, all the funds would be retained indefinitely. It could be added to in order to be “up to” the 2.5%.

Business Administrator Shevenell clarified Chairman Ortega’s statement to mean that there is a maximum amount that can be retained, which is the 2.5%. In any given year the board could decide to release some and retain some of the surplus.

Board Member Markwell asked if every year we can retain some of the tax payers’ money. He would not support this Article because he is thoroughly against any government agency retaining more of the tax payers’ money.

Chairman Ortega explained that if we have a surplus of 1.5 million dollars on the books and none of it was used to offset taxes, the following year the net assessment could go up to 1.6 million dollars, but the amount to be retained would still be 2.5% in total.

Board Member Barnes stated that on the only way the net assessment can go up is if the home evaluations go up.

Business Administrator stated that is not the case. Whatever the gross appropriations are is the net assessment.

Board Member Markwell spoke about the assessments of the properties in the town. He explained that property owners can be assessed an amount over 100% of evaluation in order to meet budget demands.

Business Administrator Shevenell responded that the net assessment is the amount that the town needs to raise for the school portion of the bill less other sources. It is the local amount the tax payers need to provide in order to fund the schools. It is really an expenditure amount. He added that net assessment is solely budget-based.

Board Member Markwell stated that the voters of Merrimack have consistently provided the town with the money it needs to operate the district.

Business Administrator Shevenell stated that this community has treated the district very graciously and with great respect over the years.

Board Member Schneider stated that he could see the pros and cons of Article 5. He added that he prefers not to support this Article this year because of the unknowns.

Business Administrator Shevenell stated that this year the budget is up 2.63%. This is the year where the adequacy aid changes and will remain the same for the next two years. He added that over one million dollars will be lost in adequacy money.

Board Member Schneider stated that one of the issues with retention is how long the benefits are for. He is having difficulty in seeing the benefits.

Chairman Ortega stated that he sees the benefits of Article 5. However, the unknowns are a concern. His feeling is to see what other districts do and how they are using the surplus funds. He added that he would prefer waiting on Article 5 this year.

Vice Chairman Powell moved (seconded by Board Member Markwell) to remove Article 5 from the warrant.

Vice Chairman Powell stated that the process has not been tested. He is also concerned about retaining tax payers' money.

Board Member Barnes stated that she hoped to see this Article on a future ballot once more research is done.

The motion passed 5-0-0.

Article 4

Board Member Schneider moved (seconded by Board Member Barnes) to untable the motion to strike Warrant Article 4.

The motion passed 5-0-0.

Discussion resumed on Article 4.

Board Member Schneider stated that he is not in favor of this Article. He thinks that the tax payers are looking at this surplus to be used to reduce the tax rate.

Vice Chairman Powell asked if we are sure that these funds from the Local Government Center will not have to be given back at any point in time.

Business Administrator Shevenell responded that he would be sure no money is given back.

The motion passed 5-0-0.

Article 6 deals with the budget itself. If the Operating Budget fails, the board has the option to look at a revised Operating Budget.

Vice Chairman Powell moved (seconded by Board Member Barnes) to recommend Article 6, which becomes Article 4 due to the elimination of the previous Articles 4 and 5.

The motion passed 5-0-0.

8. New Hampshire School Board Delegate Assembly (NHSBA) Report

Board Member Barnes gave a report on the New Hampshire School Board Association Delegate Assembly which she attended as the board's representative. All the Resolutions were passed as recommended by the NHSBA with some minor debate and clarity on testing Special Education Students at academic grade level versus the numeric grade of the students.

Hot Topic Session I was presented by Barrett Christina, NHSBA Staff Attorney/Policy Director, on the Teacher Evaluation process. The session covered what the new law (HB142) means, how local districts should act in response to this law to comply as it defines the need to involve teachers and principals, but still have the adoption lie with the school board.

Hot Topic Session II was presented by Dr. John Freeman, Superintendent and Nicole Martineau, Vice Chair, of the Pittsfield school board. It was entitled Best Practices in School Leadership. They discussed the involvement of students, parents and community through a series of committees.

Hot Topic Session III on Common Core Standards was presented by Maria Dreyer, Superintendent, and Heidi Hutchinson, School Board Chair from Shaker Regional and additional participation from Session II presenters.

A presentation was made from Fransico Negron Jr., General Counsel and Associate Director of the National School Boards Association. He presented a link to a newsletter referencing talking points on the Federal Role in local Governance.

Chairman Ortega thanked Board Member Barnes for her participation in the General Assembly.

9. School District Budget Committee Meeting Schedule

The Budget Committee meeting schedule was reviewed by Chairman Ortega. All meetings would take place in the High School cafeteria:

- January 28, 2014 at 6:30 p.m. for department budget reviews
- January 30, 2014 as needed
- February 4, 2014 at 7:00 p.m. to review warrant articles and a work session
- February 6, 2014 is a snow date
- February 11, 2014 is a work session, public hearing and final budget actions and Committee recommendations
- February 13, 2014 is a snow date
- February 18, 2014 is the last day for Committee actions on the budget

10. Other

a) Correspondence

Superintendent Chiafery noted that correspondence was received from NESDEC regarding the proposed demographic study. It is the customized proposal based on the conversation between Chairman Ortega, Board Member Markwell and Rich Hendricks.

b) Comments

Chairman Ortega updated the board on the legal opinion regarding the tennis courts on O'Gara Drive. He has spoken with Mr. Rothhaus who is in the receipt of the opinion and our request for remediation and a time line. He has spoken with the Town Manager and other councilors. It could not be placed on this week's agenda but will be taken up at their next meeting in two and a half weeks.

11. New Business

There was no new business to report.

12. Committee Reports

Board Member Schneider attended the Merrimack Safeguard Committee meeting on January 9th which was held at the Merrimack Police Station. They talked about the middle school parent and student survey. They also brainstormed some ideas to expand the process of getting the word out regarding alcohol and substance abuse. The next meeting will be on February 13th. He will not be able to attend and asked if any board member was interested in attending that meeting in his place.

Board Member Schneider attended the SERESC Board of Director's Meeting with Superintendent Chiafery. There was some discussion about the celebration of their 40 years of existence. They also had some budget discussions.

Board Member Barnes attended the Parks and Recreation Committee meeting on January 15th. They discussed the Winter Carnival held in December. The new Director, Matthew Casparius, attended the meeting. The bylaws are going to be reviewed as well as the quarterly review. She suggested to the committee that they table the O'Gara Drive tennis courts discussion until the Town Council and the board speak on the issue.

Board Member Barnes attended the Professional Development Committee meeting on January 16th. There is a new process for submitting and approving professional development materials. It is basically the software that streamlines the process. The calendar was set for the submission of IPDP binders (Individual Professional Development Plans) which are required for teacher recertification.

Vice Chairman Powell attended the Teacher Performance and Evaluation Committee meeting on January 9th. They were asked by Superintendent Chiafery to come back together to discuss some of the concerns of the Merrimack Teacher's Association leadership. The committee took those concerns under advisement and shared their suggestions and comments with Superintendent Chiafery.

Chairman Ortega attended the Town Center Committee meeting on January 13th. There was a discussion on an initiative by Brian Snell who is a veteran and is spearheading an effort to revamp Fraser Square. The area that had been designated as a memorial to WWI Veteran Frasier is no longer visible. Mr. Snell has a wonderful plan for a paved stone monument honoring Mr. Fraser as well as honoring all branches of the military and fallen soldiers. He has received approval from the Town Council and will go to the Town Center Committee for approval. He is doing his own fundraising.

Chairman Ortega gave a report on the Safe Routes to School subcommittee. One of the next steps to be taken is to provide the report presented to the board by Tracy Bull and Matt Waikins to the Town Council. He raised one of the recommendations in the Safe Routes to School report. The subcommittee

currently sits as a subcommittee of the Town Center Committee. The role of the Safe Routes to School is one of support and advocacy. The recommendation was to move Safe Routes to School from under the Town Center Committee to the school district. The Chair of the Town Center Committee is on an extended vacation so no decision was made. He added that they also talked about the trail at the high school and the sign for the Merrill's Marauders Bridge.

13. Public Comments on Agenda Items

There were no public comments on agenda items.

14. Manifest

The Board signed the manifest.

At 10:30 p.m. Board Member Barnes moved (seconded by Board Member Schneider) to adjourn the meeting.

The motion passed 5-0-0.