THETFORD ACADEMY BOARD OF TRUSTEES
Thursday, November 10, 2016
Thetford Academy Library

MINUTES

Cameron Cudhea (President) convened the meeting at 7:01pm. In attendance were the following:

Trustees: Cameron Cudhea, Kate Hesser, Giovanni Bosco, Peter Boyd, Ann Bumpus, Bob Christensen, Shannon Darrah, Karl Furstenberg, Zoe Keller, Lindsey Klecan, Therese Linehan, Jonathan Stableford, Donna Steinberg, Carrie Wells, Susie Weider, Ben Williams, Jim Wilson
Administration: Bill Bugg (Head of School), Linda Lanteigne-Magoon (CFO)
Other: Erik Goodling (Chair of Strafford School Board)
Absent: Suzanna Liepmann, Hilary Linehan, Andy Welch

1. **Approval of October 13, 2016, Meeting Minutes**
   Motion: Accept the minutes of October 13, 2016.
   Moved: Donna Steinberg
   Seconded: Carrie Wells
   Abstained: Peter Boyd, Ann Bumpus
   The motion passed.

2. **Update on Barrett Property**
   Peter reported that the house on the Barrett property has been found to be unacceptable for renovation for classroom purposes, so we may now have to shift our direction from renovation toward site design and new construction. The plan is to use the remainder of the architect funding for this. These findings could also impact the choice of the Timber Framing class's next project. We may need to consider the option of tearing down the Barrett house, but we have a note with the bank that is based on the structure being there. A more detailed report will be forthcoming at the December Board meeting.

3. **Public Comment Period**
   There was no public comment.

4. **Faculty Presentation - Math Department**
   The Board moved to Dawn Deibler's classroom for a presentation by Dawn, Jolene Cadwell, and Melissa Perry on a relatively new curriculum being used for Algebra and Geometry: "Lab Courses."

   The teachers explained that the lab courses offer a more hands-on math curriculum for grades 9-12 that works well for all types of learners. The Board was treated to a sample lesson and given worksheets to attempt to complete.

This is the third year that Algebra 1 and 2 Labs have been offered, and the second year for Geometry Lab. The teachers reported that the traditional Algebra 1 sections are currently oversubscribed, while Algebra 1 Lab is currently undersubscribed. They hope to see that change in the future, as they believe that many students would be better served in the lab courses. There are two challenges: (1) only one section of each lab course is currently offered, which makes the option unavailable in some students' schedules; and (2) there is a misperception that the lab class is a "dumbed-down" version of the traditional class, which it is not. The same material is covered, although in a different way and sometimes in a different sequence. The Math Department is working proactively with the Counseling Office to increase understanding of what the lab courses offer and to help identify students who might especially benefit from them.

Cameron, on behalf of the Board, complimented the energy and creativity that the math faculty has put into this new curriculum, and he expressed sincere thanks to the teachers for their presentation. The Board then returned to the Library for the remainder of the meeting.

5. Annual Audit Report

Jim Godfrey, a partner at Tyler, Simms & St. Sauveur (TA's independent auditor), gave a slide presentation to the Board on the following topics:

a. <u>Required Communications</u>
The audit was conducted following GAAS (Generally Accepted Auditing Standards). The audit provides an unmodified, "clear" opinion that TA's financial statements are free of misstatement. Jim reported some audit adjustments, but that TA has a "terrific" set of books. There were no disagreements with management or other difficulties to report, and no changes to significant accounting policies.

b. <u>Statement of Financial Position</u> (balance sheet)
This shows that everything is trending as desired: The five-year trend line is increasing for cash and investments, decreasing for debt (short-term and long-term), and increasing for fixed assets.

Total assets are down by $140K (net cash flow from operations is up by less than fixed assets are down), total liabilities are down by $280K (due to paying down of principal), and hence total net assets are up by $140K.

Jim explained that next year, following new guidelines, net assets will change from having three classifications to having just two (regarding donors' restrictions on use).

c. <u>Comparing Trend Lines with Similar Schools</u>
Jim compared TA's results to those of five other independent schools with town students in Vermont and Maine. For each measure listed below, Jim provided a

graph for the past five years showing the range of values for the schools from minimum to maximum, the average value across the schools, and TA's value.

- Days Cash on Hand: Higher values are better on this measure. TA has been trending near the average. Jim reported that TA has a "decent" liquidity ratio.
- Average Age of Plant: Lower values are better on this measure. TA has the lowest value in this group of schools, which Jim reported is a good indicator that TA is reinvesting in its organization.
- Debt to Net Assets: Lower values are better on this measure. TA's trend line is going down, which Jim reported means that the school is heading in the right direction on this dimension.

d. Statement of Activities

TA's operating income shows that the school has a positive cash flow that is "about as good as it gets" among TA's peer schools, according to Jim.

Total earned revenues are up, as are total expenses. The largest line item in expenses is salaries and wages (58.6% of expenses). Employee benefits are 17.7% of salaries and wages. Jim reported that the numbers show that TA has good control over these expenses.

e. Current-Year Discussion Items

- There is a new format for the financial statements.
- Regarding TA's Business Office: Jim observed that TA has fewer than 2 FTEs, which is light for the size of the organization. In the auditor's opinion, the school would benefit from more support in that office.
- Regarding the Federal Labor Standards Act: There are changes to the rules that will impact independent schools. Jim recommended that TA look closely at the school's job descriptions and the employees that the rule changes will impact.

Jim and Linda provided the following information in response to questions from Board members:

- The size of an independent school's annual fund and endowment affects how low the school can set its tuition rate.
- This is the first year that TA has set aside funds for deferred maintenance. Jim said that this is "terrific" to continue to do if the school can.

6. Financial Report

Linda pointed out the new format (consistent with GAAP – Generally Accepted Accounting Principles) for the Statement of Financial Position and the Statement of Activities.

- Linda reported that expenses are 1% below budget and, because of higher-than-budgeted enrollment, revenues are above budget; so, TA is doing well at the start of the year.
- Linda is optimistic that the food-service numbers will improve, because its costs have decreased and student participation has increased.

- The line-of-credit borrowings this year were due to upfront expenses at the beginning of the school year, given that most tuition revenues do not arrive until October. As cash reserves are getting more built up, the amount the school is needing to borrow is going down.

For the future, the Board requested that a column be added to the financial report showing how revenues and expenses are tracking against the budget.

7. Board Management: Policy Update

Class Size Policy
Donna presented the Board's policy on Class Size. Bill shared that TA tries to keep class sizes between six and twenty students, but the school also runs classes outside of that. The average class size is about thirteen.

Motion: Adopt the Class Size Policy.
Moved: Therese Linehan
Seconded: Ann Bumpus
The motion passed unanimously.

Nutrition & Wellness Policy
Donna brought this policy back to the Board for a second reading, after having incorporated changes suggested in the last meeting as well as suggestions from Bill.

Motion: Adopt the Nutrition & Wellness Policy.
Moved: Jonathan Stableford
Seconded: Lindsey Klecan
The motion passed unanimously.

8. Head's Report
Bill reported on a number of topics:

School Play
Bill reported that the school play, Neil Simon's *Rumors*, will be performed on Thursday, Friday, and Saturday of next week. After the drama class had already started working on the play, the copyright owners put out a notice that the language of the play may not be changed. TA had to choose between going ahead with the play without censoring the language for young children, or switching to another play. After consultation with Cameron, Bill and Ray Chapin (Drama teacher) have decided to allow the students to perform the play, with advertisements now containing the following note to parents: "*Rumors* contains strong language and adult situations that are not appropriate for younger audiences."

Outdoor Initiative
Bill shared the latest news regarding TA's outdoor initiative:
- Students have been on camping trips and day hikes.

- There is a new class in outdoor leadership.
- The faculty on the Outdoor Committee have been spending time this fall developing for next year – along with a consultant from the Hulbert Outdoor Center – a half-day program in outdoor education. Like the tech-center programs, this program will run for three hours during A/B or C/D blocks, and it can be taken for one or two semesters. It will be for grades 10-12, and there will be embedded science, PE, English, and possibly Social Studies as an alternative to English. Students not only will get out into the woods, but also will build other skills such as public speaking and résumé writing. The Academic Council will be considering this program next week and again in December.

  The program will be open to all students, but it is likely to appeal most strongly to students who struggle with traditional classes and need something different. TA will start by promoting the program to students here at TA, but if there are any spaces left then the school will offer them to students from outside TA.

  Eventually, the hope is to add a research-based option to this program to attract students who wish to pursue an honors-level track.

<u>River Bend Career & Technical Center</u>
TA has had discussions with River Bend Career & Technical Center about porting one of its classes to TA – possibly in a single class-block time. An additional benefit is that non-vocational-technical students at TA would be able to take the class as well. TA would pay a fee to River Bend for the class, but River Bend would also pay a fee to TA for renting class space on the TA campus.

<u>State Board of Education</u>
The SBE has proposed rule changes for independent schools: Under the proposed changes, independent schools receiving public funding would have to abide by all federal and state regulations that apply to public schools – e.g., offering all areas of special education, disclosing finances publicly and being independently audited, having licensed teachers, etc.. TA would be the least impacted of all Vermont independent schools, because we already do most of the things that would be required.

Independent schools in Vermont have taken a strong public stand against these proposed changes, through CIS (Council of Independent Schools) and VISA (Vermont Independent Schools Association). Most schools have begun to mobilize their parents and board members to show up at meetings, write letters, and get sympathetic political candidates elected.

The consensus was to keep this issue at the Board level for now and not involve parents. Bill will inform Board members of the time and place of any upcoming public meetings about the proposed rules changes, so that Board members may attend if desired.

9. Advancement Committee

Kate reported that TA has currently passed $19,000 in annual giving, including some major gifts, a grant, and some responses from the recent appeal to the Board. An Annual Fund appeal to the wider school community will go out before Thanksgiving.

As has been mentioned before, TA has received a $100,000 gift over five years for the outdoor program. The school also received a grant for the "Early Show" put on at school assemblies by Chico Eastridge (a Special Education Paraprofessional at TA). Last week, the "Early Show" hosted a speaker who gave a powerful talk on addiction based on his own experiences. Donations have also been received for Design Tech and the outdoor-classroom Timber Framing project.

Kate also reported on a successful event for young alumni that was held recently in Boston with assistance from Zoe Keller, Patty McIlvaine (Director of Development and Communications), and Bridget Dugan-Sullivan (Assistant Director of Development and Communications). Six young alumni plus Bridget, Patty, and Bill gathered at a local bar for refreshments and conversation. A similar event is planned soon for Burlington, and perhaps another one later in the year in Boston again. By reaching a lot of alumni in the invitation process for the Boston get-together, the event provided a nice point of connection with alumni that TA can build on in the future.

10. Partnership Agreement: Lyme

Cameron reminded the Board that the Lyme partnership agreement differs from the Strafford one because Lyme does not designate TA as its high school.

Karl (Lyme Town Representative) reported that he met with Jeff Valence (Lyme School principal) and Mike Harris (Lyme superintendent) to talk about the Lyme-TA partnership agreement. Jeff and Mike were unaware that the agreement had expired in June. Karl reported that both gentlemen feel positively about the agreement, value it, and want it to continue. They are committed to providing more access to TA to help make TA more visible to Lyme students. However, they are not in favor of an agreement that imposes more restrictions. The key condition for them in the agreement is TA's acceptance of all Lyme students.

Karl asked Jeff and Mike what TA could do to encourage more Lyme students to attend TA – i.e., what shift in TA's message would appeal most to Lyme families. They had three suggestions:

- Academic rigor: TA should talk more about this, to ensure that the academic rigor offered at TA is better known.
- International representation: Lyme families have indicated that St. Johnsbury is attractive because of its international component. TA should ensure that Lyme families are aware of its own international program.
- Athletics: Lyme is a sports-oriented community, which has historically made Hanover High School attractive to Lyme families. TA should raise awareness of the high quality of its athletic programs and facilities and of the increased opportunities for participation available at a small school.

Bill asked Karl whether St. Johnsbury has a partnership agreement with Lyme. Karl will seek an answer to this question.

Cameron reported that he attended a recent parent-night presentation at Lyme where St. Johnsbury, TA, and Hanover High were recruiting. St. Johnsbury put great emphasis in its presentation on its AP courses. TA's presentation was excellent and touched on the points mentioned previously about academic rigor and the accessibility of sports to all. Ann shared that she had heard great feedback from some Lyme parents about TA's presentation.

A lengthy discussion ensued about the pros and cons of the Lyme partnership agreement as it now stands, especially regarding fairness and financial implications.

- The Board explored various options for nurturing the relationship between TA and Lyme, which potentially could be codified in a new partnership agreement, in order for TA to be better able to attract Lyme students. Erik (Strafford School Board Chair) shared that the things that the Board is interested in doing in collaboration with Lyme would be good to do with Strafford, too.
- The Board also acknowledged that, while inclusivity is at the core of TA's mission and values, the school cannot ignore the increasing costs of educating a high percentage of students requiring special-education services. TA loses approximately $3,000 per student in special-ed, and there are non-financial costs as well due to the stress on special-ed staff and classroom teachers and the resulting impact this potentially may have on other students' education.

Karl, Bill, and Cameron were charged with considering the Board's next steps in addressing this complex issue as it relates to the Lyme-TA partnership agreement, and they will report back at the next Board meeting.

Motion: Adjourn the meeting at 10:27pm.
Moved: Kate Hesser
Seconded: Jonathan Stableford
The motion passed unanimously.

Respectfully submitted,
Lindsey Klecan (Clerk)