

**THETFORD ACADEMY BOARD OF TRUSTEES**  
**Tuesday, December 19, 2017**  
**Thetford Academy Library**

**MINUTES**

Cameron Cudhea (President) convened the meeting at 7:07 p.m. In attendance were the following:

Trustees: Cameron Cudhea, Giovanni Bosco, Peter Boyd, Ann Bumpus, Melody Burkins, Bob Christensen, Shannon Darrah, Karl Furstenberg, Kate Hesser, Zoe Keller (telephonically), Lindsey Klecan, Suzanna Liepmann, Hilary Linehan, Therese Linehan, Jonathan Stableford, Donna Steinberg, Susie Weider, Carrie Wells, Ben Williams, Jim Wilson

Administration: Bill Bugg (Head of School), Linda Lanteigne-Magoon (CFO)

**1. Approval of November 9, 2017, Meeting Minutes**

Motion: Accept the minutes of November 9, 2017, with two corrections.

Moved: Jonathan Stableford

Seconded: Cameron Cudhea

Abstained: Peter Boyd, Zoe Keller, Lindsey Klecan, Hilary Linehan, Susie Weider, Carrie Wells, Ben Williams

The motion passed.

**2. Public Comment Period**

Cameron reported on the success of the Mr. TA Pageant in raising funds to send Rwandan students to high school in Rwanda. He also said that Colombe, a student from Rwanda who is currently attending TA, did an exceptional job offering some remarks at the start of the pageant. Cameron informed the Board that Colombe, in her remarks, had expressed thanks to the TA Board for being given the opportunity to come here.

**3. Auditor's Report: Tyler, Simms & St. Sauveur, CPAs, P.C.**

Kyle Potter of Tyler, Simms & St. Sauveur (TA's independent auditor) provided to the Board an overview of TA's financial statements and of the independent auditor's report for fiscal year 2017.

- The audit was conducted following Generally Accepted Auditing Standards (GAAS).
- There was a drop in audit adjustments in FY17 compared to FY16 (6 vs. 13), which is good. Most of the adjustments involved reclassification, with very little effect on net assets. Kyle said that TA has a very clean set of books, and that "6 is a very good number."
- There were no disagreements with management or other difficulties during the audit.
- There were no significant changes in accounting policies in FY17 for TA.

Statement of Financial Position

- Total Assets and Cash were almost the same in FY17 as in FY16.

- The biggest changes were a decrease in Land/Buildings/Equipment (mostly due to depreciation, which was partly offset by some capital improvements) and an increase in Investments (TA's investments did well in FY17 due to market appreciation).
- Liabilities showed a bigger change due to payments on debt, but otherwise were the same as last year.
- Total Net Assets increased in FY17 vs. FY16, which is good.

Kyle noted that Total Net Assets will be changing due to changes in the standard: In the future, there will be only two classes (net assets with donor restrictions and net assets without donor restrictions) instead of three classes (unrestricted and two types of restricted assets).

#### Comparisons with Similar Schools

- *Days Cash on Hand:* This is a good measure of liquidity. TA is right on average with its peer group.
- *Average Age of Plant:* A low number means that TA is reinvesting in the school's fixed assets, which is good. TA's number is about as low as the auditor sees among these peer institutions.
- *Debt to Net Assets:* This shows how leveraged the school is; a downward trend is ideal. TA's trend is downward, which means that the school is paying down more debt than it is taking on.

#### Statement of Activities

- Revenue was up about 7%: Tuition and fees are the main drivers, and TA had an increased volume of students in FY17.
- Net investment return was up a lot (because the market did well this past year).
- Gifts and Annual Fund were down in FY17 vs. FY16.
- Expenses were up around 7%: This was largely driven by increases in salaries, wages, and benefits, including for special education and fundraising.

#### Operating Income

- Kyle explained that independent schools often have deficits in operating income, and they make up for it with their annual fund, distributions from their endowment, etc.
- TA ran a surplus over the last five years—which is unusual among its peer schools—and was able to use the surplus to reinvest in capital, pay down debt, etc.

Suzanna said that the Resources Committee met with the auditor, had a more detailed look at all of this information, and approved it all.

In response to a question from the Board, Kyle explained that a school can typically spend around 3-5% out of its endowment per year. Cameron stated that TA's endowment is small for a school of our size, history, and need.

Cameron expressed thanks to Kyle on behalf of the Board.

#### 4. Advancement Committee: Restructure

Cameron announced that Kate has moved from the Advancement to the Personnel Committee, and that Carrie has joined the Advancement Committee and Karl has agreed to serve as the committee's chair.

Karl provided an update on changes in the Advancement Committee regarding the direction of its efforts and how things will be coordinated, which came out of the discussion in the last Board meeting.

- Bicentennial: This is imminent. Cameron has agreed to chair the Bicentennial Committee, and he will work with the Board, employees, and community to put on an appropriate celebration.
- Annual Fund: The Advancement Office is prepared to put more energy into the Annual Fund. There is momentum now with more alumni giving. It is important to dovetail this with the Bicentennial.
- Capital Giving: The Advancement Committee met prior to the Board meeting to talk about capital giving, especially with regard to the Outdoor Center, and Karl had spoken previously with Bill and Patty McIlvaine (Director of Development and Communications). The plan is to work on a "quiet phase" of giving, to see if it is feasible to acquire private donations to fund this building project. The feeling of the Advancement Committee is that the school needs to re-brand the idea of the Outdoor Center into something broader that reflects the academic priorities of TA—i.e., a center that supports a variety of academic activities, not just the Outdoor Program.

Karl noted that it may be too much to undertake all three of the above efforts in the next 18 months. The Advancement Committee will work hard in order to be able to offer a better sense of its direction at the upcoming Board retreat. But the Bicentennial is a clear and immediate priority, and an opportunity to increase the visibility of the school.

Gio asked for clarity of the role of Patty and the Advancement Office in all of this—namely, is the Bicentennial Patty's priority? Discussion ensued on the respective roles of the administration and volunteer Board members in the Bicentennial. Kate summarized the division of labor thusly: Cameron will be organizing the event-planning part of the Bicentennial and will be recruiting volunteers; and Patty will be promoting the Bicentennial through her fundraising efforts.

Peter raised the question of whether a new building is really TA's priority and an achievable goal, or would it be better to try for a smaller fundraising goal (e.g., \$150,000) and be sure of actually getting something done. He also recommended that the Buildings & Grounds Committee be included in the Advancement Committee's preparations for the discussion at the Board retreat on this topic.

#### 5. Board Management Committee

Melody spoke briefly about the upcoming Board retreat planned for Sunday, January 21, from 10:30am until 3:30pm (at a venue still to be determined). The first half of the retreat

will be for the Board only. Bill and some other folks will be invited to the second half of the retreat to discuss the next Strategic Plan. The BMC is looking for a facilitator for the retreat. There will also be some open time in the agenda for other ideas.

### Policy Updates

The Board Management Committee presented the following three policies to the Board for adoption:

*Participation of Home Study Students (C6):* Board members and Bill had several questions about this policy, including (1) whether it is a legal requirement for home study students to provide the same health information as fully-enrolled students, (2) the method by which TA counts home study students in its enrollment, and (3) whether TA is required to make certain reports about home study students to the Secretary of Education. Peter asked about the rules for participation of home study students in extracurricular activities like sports, and Therese explained that this would be an administrative-level concern rather than a Board-level concern, which is why it doesn't appear in the policy. The Board Management Committee will bring this policy back to the Board once it has addressed the Board's questions.

*Board Member Conflict of Interest (A1):* The Board had no questions about this policy.

Motion: Adopt the policy on Board Member Conflict of Interest.

Moved: Jon Stableford

Seconded: Ben Williams

The motion passed unanimously.

*Proficiency-Based Graduation Requirements (D1):* Donna explained that Mark Pichette (Director of Counseling) and Marc Chabot (Dean of Academics and Science Teacher) had both reviewed this policy. The Board had no further questions.

Motion: Adopt the policy on Proficiency-Based Graduation Requirements.

Moved: Therese Linehan

Seconded: Susie Weider

The motion passed unanimously.

### Board Practice Recommendations and Agenda Template

Therese explained that the BMC has received feedback on how the Board is doing its work. BMC contacted all of the committee chairs for recommendations for the Vice President position, and those conversations led to ideas about how we could tighten up our practices. (These ideas were provided in a document to the Board prior to the meeting.) The number-one suggestion is to resume reviewing the Strategic Plan on a regular basis. Therese had also provided a proposed agenda template for Board meetings, with suggested times for various reports and events to occur throughout the year. Therese asked for feedback on these ideas and on the timing of when things should occur. The Board will discuss this more fully at the retreat, but in general the Board gave positive feedback. Melody asked the Board to bring any additional thoughts that may arise on this topic to the retreat.

### Election of Vice President

Therese passed out ballots. Ann was the sole candidate for the position.

## **6. Head of School's Report, Including Summary of Parent Survey**

Bill reported that he was contacted by the Agency of Education to head a small delegation to look at an independent school in Vermont which did not pass the independent-school approval process. It was helpful to have this experience because TA is up for its own AOE approval process soon. The independent-school approval process is mandated by the Board of Education. The NEASC accreditation process can stand in for most of the general-education approval for the State of Vermont. The other piece is the special-education approval, which demands a lot of work from TA and is due March 1st. The AOE will visit TA to check on compliance. TA will do fine, but the process is occupying a lot of time, especially of Deb Sanders-Dame (Director of Special Education Services). It is probably a good thing that the timing of this process dovetails with the NEASC re-accreditation process.

### NEASC Re-Accreditation

The faculty, staff, and administration have been working in 13 to 14 teams to fulfill all the requirements of the process. Rebecca Walter-Proulx (School Counselor) has been serving as editor-in-chief, and Marc Chabot has been serving as the overall director.

TA's "Self Study: Part 1" is due soon. "Part 2" synchronizes with with the Board's strategic planning. It is a holistic look at the school (biggest needs, biggest strengths, etc.) and is due in March.

The visiting NEASC team will consist of ten members from Northeast independent schools. The chair is the head of Burr & Burton. The chair plus two others (from, respectively, North Yarmouth Academy in Maine and the Maple Street School in Manchester Center, Vermont) will visit in early March for a first look at TA, and then again in late March. The full ten-person team will visit in late April/early May. There will be a dinner on the first night (Sunday, April 29), and Bill said that it would be great to have as many Board members present as possible. The visiting team will write a report, with commendations and recommendations in 14 areas and for the school as a whole. This report will be shared with the Board.

Bill said that TA is making good progress on fulfilling the requirements of the re-accreditation process, thanks to the hard work of a lot of individuals.

### Parent Survey

Bill surveyed parents, students, employees, and alumni. He shared the parent survey results, and he said that he will share the other survey results at future meetings. On the Parent Back-to-School Night in February, Bill will share highlights from the parent survey with parents. This is the sixth year of the survey, and the best parent participation to date. The survey questions largely came from the survey instrument created by the Independent Schools Association of the Central States (ISACS), which is utilized by many schools across the U.S. The survey is always administered in the first two weeks of November.

Bill reported that, "while the school fared well on questions about academic quality, we experienced lower marks than in prior years on questions related to school culture." Bill

hypothesized that this was most likely due to two things: The issue related to sexual misconduct by a student that the school dealt with this past summer, and the cultural issues with which society at large is grappling.

Kate requested year-to-year results for all categories individually, rather than just comparing year-to-year for a combined category of "very satisfactory" and "satisfactory." She pointed out that this would allow us to see the nature of the change, when there has been a decline in satisfaction—i.e., there is a difference between people switching from "very satisfactory or satisfactory" to "somewhat satisfactory" vs. "not at all satisfactory."

Bill said that he thinks it would be worthwhile to look even more closely at the data—for example, by grade, town, gender, etc. Some other results from the survey include the following: The question about positive school spirit—considered the most important question by the survey's creators—fell by 10 points this year to 85% "strongly agree" or "agree," but it still remains strong. The question about academic quality remained basically unchanged at 77% "very satisfactory" or "satisfactory." The question about commitment to moral values and character development fell from 75% to 68% "strongly agree" or "agree." Interestingly, parents' overall satisfaction with TA rose from 76% to 81% "very satisfactory" or "satisfactory."

Detailed results for individual departments and other activities/services were also provided. Bill explained that he went through the free-response comments from parents about the strengths and weaknesses of the school with representatives of TAEA (the teachers' union), with portions blacked out that could have identified any respondent. Cameron asked whether the comments would be helpful at the Board retreat. Melody said that it may be hard for the Board to know if a comment is actionable or a blip. There is also so much survey data to be analyzed that it is hard to know what the Board would do with it right now, but the survey could certainly be added to the agenda if it's something the Board wants to talk about.

Kate pointed out that the huge uptick in survey participants is a positive development. If TA has more engaged parents, they are going to hold the school to a higher standard, and this is a good thing. Peter highlighted the ongoing room for improvement in counseling-related areas, according to the parent surveys.

Ben asked if there are meaningful benchmark numbers from other schools that TA could use for comparison. He also pointed out that these surveys could impact our priorities as a Board, because they can provide us with the data we've been wanting. Bill replied that it is possible to purchase data for the other schools. He also shared that the data from TA's student survey is very different from the parent survey. TA had a much higher response rate than expected with the alumni survey, and the employee survey was also helpful.

Ben also pointed out that there are no questions on the survey to gauge expectations—i.e., "good" can mean different things to different people.

Cameron suggested to Melody that BMC consider working with Bill to get any data that is desired from the survey for the retreat.

*The Board took a break from 9:13 p.m. to 9:20 p.m. and then reconvened.*

## **7. Resources Committee: Review of Draft Budget, Including Tax Worksheet**

Linda presented copies of the budget numbers for FY19, and she also provided an overview of the budgeting process:

- Start data gathering (October/November)
- Have conversation(s) with Resources Committee
- Present operating budget to Board (December)
- Have another discussion with Board before the Board votes on tuition rate (January, because TA is required to publish its tuition rate by January 15)
- Make adjustments to operating budget as necessary once enrollment numbers come in, before the Board votes on the operating budget (in September)

### International Student Program (ISP)

Linda reported that the FY19 budget is based on a projection of 8 international students – 3 returning and 5 new, one of which would be a day student. The international students have mostly come from China up until now, but the growth in the Chinese market has fallen (it was only 1% in 2016 vs. double-digit growth in prior years). TA's ISP has had a positive net margin each year. For FY19, it is projected that the eight students would come with varying levels of tuition (i.e., not all at the full tuition rate). Linda said that, if it happens that financial aid is necessary to recruit more students, the Board will need to look at creating a financial aid policy. The Director of ISP (Diana Garcia-Lavigne) went to a recruiting fair in Vietnam and hopes to repeat this in the future. The stipend given to homestay families has increased by 20%, because TA now has to give a Form 1099 to families and the stipend will be taxable, so the amount has been increased to compensate for this change.

Karl expressed his appreciation of the many benefits of having international students at TA, but he asked at what point does the Board say that the ISP is too close to becoming a financial burden to continue. Linda and Bill both acknowledged that, in the current challenging recruiting environment, TA will need to do things in a different and more sophisticated way in order to continue to be successful in recruitment.

### Food Service Program (FSP)

Linda said that she was not ready to talk about the FSP this evening because there are some moving pieces at the moment, and she needs more time for these to resolve before coming back to the Board with the food-service numbers.

### General Operating Budget

Linda used an estimated enrollment of 312 students for FY19 (310 of which would be tuition-paying, due to some students studying away for a semester and one student being the child of a faculty member). The percentage of students expected from Thetford is 62.8%. Any Act 46 opportunities that may arise (e.g., new students from Chelsea) are not included in this enrollment estimate, because they are too much of an unknown at present to factor in.

Enrollment is projected to decline over most of the next six years. Linda explained that enrollment is the most vital number in the whole budget, because it drives everything. Some independent schools can fund swings in enrollment through their endowment, but TA's ability to do this is extremely limited.

The "announced tuition rate" is supposed to equal the net cost per pupil. Comparing TA's tuition rate to that of other town academies, it is the second-highest; but TA's rate is all-inclusive, which is not true for all of the other schools. For example, Rivendell Academy's tuition rate does not include debt, while TA's does. TA has been closing in on the average tuition rate for the state because there have been years when TA has not raised tuition while other schools have increased by an average of over 3%.

#### Operating Budget Revenue

Linda shared that she has done a lot of modeling, and she showed the Board four different scenarios. Linda chose to model the budget on a 1.5% tuition increase, because small schools like TA typically set the change in their tuition rate to be at or below the change in the inflation rate. A 1.5% tuition increase results in a decrease in net revenue compared to FY18 that would need to be made up on the expense side. Karl asked whether there are major categories on the expense side that are growing faster than expected. Linda replied in the affirmative—salaries and benefits.

Cameron asked Shannon to share the budget numbers from the Town of Thetford's School Board meeting. Shannon reported that, as of today, the current draft of the budget has a 7.6% reduction from last year which, when plugged into the tax worksheet, yields a 3.8% property-tax increase when using Linda's FY19 budget numbers for TA. This increase would be on the high side for Thetford. The Thetford budget committee has been asked for a revised budget with no more than a 3% tax increase. TA was also asked what it might be able to do to help reduce this number.

Cameron pointed out that the increase is coming from the State of Vermont. Shannon concurred and said that, because the base education tax rate is expected to rise by eight cents, the Town of Thetford was already in a hole before it started building its budget. It's possible that this eight-cent increase may not happen, but it won't be known for sure until June and so Thetford has to base its budget on what it knows right now.

### **8. Executive Session: Personnel**

At 10:00 p.m., the Board chose to go into executive session.

Motion: Move into Executive Session to discuss personnel issues.

Moved: Donna Steinberg

Seconded: Cameron Cudhea

The motion passed unanimously.

Out of executive session at 10:58 p.m.

Motion: Adjourn the meeting at 10:58 p.m.

Moved: Therese Linehan

Seconded: Gio Bosco

The motion passed unanimously.

Respectfully submitted,  
Lindsey Klecan (Clerk)