The meeting was called to order at 7 p.m. by Co-Chair Jim Gildea. All those present recited the Pledge of Allegiance.

Roll Call:

<table>
<thead>
<tr>
<th>Derby members:</th>
<th>Ansonia members:</th>
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<tbody>
<tr>
<td>Jim Gildea, Co-Chair</td>
<td>Joe Jaumann, Co-Chair</td>
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<td>Barbara DeGennaro</td>
<td>Dr. Steve Adamowski</td>
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<td>Tara Hyder</td>
<td>Rich Bshara</td>
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<td>George Kurtyka</td>
<td>Christopher Phipps</td>
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<td>Ron Luneau</td>
<td>Dr. Joshua Shuart</td>
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NVCOG Staff John DiCarlo was present. Dr. Conway, Derby Public Schools and Dr. DiBacco, Ansonia Public Schools were present.

Public Session

Mr. Gildea asked three times if any member of the public wished to speak. Being none, he declared the public session closed.

Approval of Minutes – May 13, 2020

Mr. Jaumann MOVED to approve the minutes of May 13, 2020; SECONDED by Dr. Adamowski. Motion carried unanimously.

Treasurer’s Report

Dr. Adamowski reported, there is no Treasurer’s report tonight and there have been no expenditures other than payment for the last set of minutes.
**Equalization amongst towns review with DMG**

Nate Levenson, Managing Director  
Simone Carpenter  
**District Management Group**

Mr. Levenson presented the document, “Equalization Decision Making Guide” and explained that this is a tool to help the Commission reflect and ultimately decide on how it wants to handle equalization. His hope is that at the end of this meeting the members will have a very good understanding of both the options available and the data needed to make an informed decision. DMG and others will help facilitate discussions.

He explained that there are three important rules of equalization. Equalization is about contributing hard assets – in this case the buildings. Buildings might also come with renovations.

1) **If you contribute buildings without renovations (as is) the amount each side is supposed to contribute is proportional to your enrollment.** For example, if you contribute 1/3 and 2/3 for example, the value of the buildings might not exactly be 1/3 and 2/3, so whichever side over or under contributed, that difference is made up in a contribution by the side that under-contributed.

2) **What if you did renovations to those buildings? The renovations are also supposed to be contributed in that same proportion.** So if one side’s renovations were more than their expected share, that difference, too, would be made up.

Mr. Gildea asked, do you break the renovations out per city, for example, let’s say Ansonia renovates the high school, and that renovation is $5 million, and Derby renovates at the middle school and that renovation is $7 million. Is that cost attributed to the city which the building sits in? Mr. Levenson replied yes, if you’re contributing the buildings. The renovations would be contributed just like the buildings and the credit would go toward the town that owned the building before it was renovated.

Ms. Carpenter added, you could contribute buildings pre-renovation and have the renovations be split between the two cities proportionally because the buildings are then owned by the regional district.

3) **If you wanted, you could disregard the first two things I just shared with you.** For example, you have the option to, rather than contribute to your buildings, which is permanent transfer to this new regional entity, you could lease the buildings. In a lease, you could least it however you want. You could lease it where 1/3, 2/3; or you could lease it for $1 with a 100-year lease, which essentially has the impact of saying, we’re not going to be having any settling up. One side may potentially contribute $6 and the other $5 and somebody’s owed a dollar, but the lease arrangement says we can negotiate anything we wanted including the buildings staying with the towns and the regional entity just pays $1 a year. You could also, within the lease, say, we’re going to keep the renovations differently. One of the biggest takeaways is, if you’re contributing, it’s that 1/3 2/3, if you’re leasing, even if it’s a very long lease, it’s whatever you want it to be whether it’s 1/3, 2/3, or a dollar. Entirely up to you. If you wanted to lease it and treat the renovations differently through a lease, you could do that.
Mr. Jaumann asked, if the buildings are contributed pre-renovation, how does the cost of renovation impact the cost of reimbursement from the State. Ms. Carpenter replied, it would be the same reimbursement as it would be if it were [inaudible]. Mr. Levenson stated, whether the renovations are done before or after is not a big shift in both how the costs would be allocated nor what the State would reimburse. It’s pretty much a wash both in total cost and allocation of costs. We will double-check the reimbursement question.

The chart at the bottom of page two depicts in the third column from the right, that each side is contributing nothing in the leased option, even though you’re using the buildings. That example was to highlight how the leasing takes the values of the building off the table. Your only contribution would be the renovation.

Mr. Levenson continued to explain, there are basically five questions that the Committee has to answer to attain an equalization plan:

1) What is the form of the merger? Which grade levels and which buildings are going to be utilized?

2) Are you going to contribute or lease the buildings?

3) If you’re contributing the buildings, what is the value of the capital that’s been contributed?

4) How much are you going to renovate?

5) Whether the goal of this equalization process is simply to completely equalize capital contributions; or you could if you wanted, use the equalization process coupled with the leasing to address other issues. For example, hypothetically if one town benefitted substantially more than another, you might want to offset that or take that into consideration by having a lease that reflects that. A lease gives you a lot of latitude if people want to go beyond just equalizing capital contributions.

These five items were discussed at length going through each related slide.

In discussing question 3, Mr. Hyder asked if the value of the schools includes the adjacent fields; she noted that the new complex cost $20 million in and of itself. Another point raised was, the cities own the buildings and the fields.

Ms. Carpenter explained, they do include the land however the new fields are not in this valuation. These are the most recent appraisals done before the new fields were built.

Mr. Levenson stated, DMG will update the table and add a column to include what fields are included in this value and which adjacent fields that are not included.

Ms. DeGennaro talked about the city ownership of the fields and noted that the fields are not used exclusively by the schools, and how the transferring them out to a regional school district would affect the cities. She also talked about the regional school district and the cities owning the buildings, not the regional school district.
Mr. Levenson explained, you have two choices - contribution versus leasing. In either case, the regional district would be responsible for the maintenance and upkeep of the buildings unless it is written otherwise in the lease.

Dr. Adamowski – if both municipalities contributed their buildings on a lease for no cost, and left the renovations to the regional school district, the renovation of any particular project would then be borne proportionately by the two cities. Assuming the districts just contribute their buildings on a lease, without cost, are the renovations borne proportionately and are they subject to approval by the Board of Aldermen of each municipality?

Ms. Carpenter replied, this will be determined by the lease and all of the agreements in that lease. She gave an example from the Norfolk-Colbrook lease. Additionally, any contributions from the two cities would have to be proportional. Whether or not it would have to be approved by the Boards of Aldermen is something you could put in the lease. Mr. Levenson added, you could put in the lease whatever conditions both sides agree to, including when and how renovations are done. This Committee decides – question #2 - what to present to the voters, and that decides whether it’s leased or contributed.

In response to questions, Mr. Levenson explained, as you would do now, if one of the towns builds a school or a does a renovation, you’re not paying for that all in one year. The regional entity can do the same thing – both towns would have to approve the percentages and fund it through a 20-year bond, hypothetically. If one town says yes and the other town says no, it doesn’t happen. If the Committee opts to lease, you would, as a management document, spell out the key terms of the lease whether it’s a dollar a year, all renovations over $25,000 need to be approved by both cities, costs proportionate to enrollment, etc. All the key things that you would want to know and taxpayers would want to know would be part of the document you’re voting on. Not every detail of the legal document, but all of the most important principles.

Mr. Levenson stated, we will update the table on page 6, be much clearer. Ms. Carpenter noted that Derby High School and Derby Middle School could be reappraised separately rather than as one campus.

Mr. Gildea asked Mr. Levenson to resend the back part of the report to the Committee – Silver-Petrucelli did a separate report that focused on the differences between the levels of renovations/site improvements to consider- code violations, site improvements, future improvements. Michelle Miller of Silver-Petrucelli will send the spreadsheets as well.

The Committee then discussed the options of which grade levels and buildings would be included in forming a regional district, what level of renovations would be required for each building in each scenario, and the equalization costs for each city.

Mr. Levenson explained, everything we’ve been discussing so far is in this framework – if you create a regional school system you should contribute capital in proportion to enrollment. But if you went through all the numbers and it turned out that one city is, say, half a million dollars better off than the other, you could use the lease to have the city that didn’t have as much benefit from the merger to have a slightly better contribution through the lease to equalize things. When it’s about the total package of coming together, sometimes you use the lease terms to address other financial issues beyond just the facilities.
He concluded, those are the five questions. We’ve shared the high-level data and we will send you the report with the detailed data. In summary, your Committee will have made an equalization decision when you have answered all of the questions on page 10 of the report. You know you’re done when you’ve answered all of these questions. I believe you have as much or more information than most people having to make these kinds of decisions; I don’t believe any additional information, other than getting that clarity around the fields, would probably change what you do.

Mr. Gildea stated, the Committee now has to process all of this, deliberate and come back to the next meeting prepared to dig in. DMG is going to come back to us on the fields, send us the report on the code violations versus the site improvements versus the future improvements. They’re coming back to talk to us about the reimbursement rate. He asked if the Committee members require any other information or have any other questions that will drive us to have a meaningful discussion at the next meeting.

Dr. Shuart asked Mr. Levenson if he had any examples of cities that, in the end, equalized as part of the lease. Mr. Levenson explained again that you would not have the fully worded document at the time of voting but the clear, guiding principles and key stipulations. He suggested leaving the wordsmithing to the lawyers to meet the conditions that you’ve laid out.

Dr. Adamowski asked if the Committee needs to decide on the extent of regionalization before we answer the questions on page 10. The consultant said whether this is 7-12 or K-12 or simply shared services, that question had to be answered first. That is what he feels the Committee should focus on at the next meeting. Mr. Gildea agreed that it’s time to start answering these questions.

Mr. DiCarlo asked Mr. Levenson to give specific examples of how the lease agreement could address any inequities in financial matters. Mr. Levenson offered two examples - a city that receives a greater benefit in regionalization could contribute more toward the renovations thus equalizing the benefit. Or the town receiving the greater benefit could pay X amount of dollars more per year in the lease for the next X amount of years and that too would equalize.

Mr. Levenson explained that while the Committee works with these questions, DMG continues to work on the Programs of Study, and meeting with the district leaders later this week. They are working in parallel to bring the Committee information as well on that.

Dr. Adamowski thanked and commended the consultants for an excellent presentation and great work tonight.

**TRSSC Next Steps**

Mr. Gildea noted that the Committee will discuss the report and the questions at the next meeting. He will be in contact with Mr. Jaumann. DMG will be working on the Program of Studies.

Ms. Hyder would like to talk more about what was presented tonight at the next meeting. She asked if the Committee is jumping right into what form of regionalization.
Mr. Gildea thinks it’s more about understanding the data that was given to the Committee, about understanding and having discussions about leasing versus contributions, about understanding the formulas and the payouts and the code violations versus the site improvements. He thinks at some point it’s talking about the various costs associated with each option.

Mr. Jaumann suggested narrowing the options down, going through the data, answering the questions. [His comments were mostly inaudible]. He is trying to put together a framework to narrow where the focus needs to be on the toughest question.

**Point of Good Order**

Mr. Gildea is excited after 28 months to get back to talking about some meaningful things.

**Public Session**

No members of the public spoke during the public session.

**Adjournment**

Mr. Kurtyka MOVED to adjourn; SECONDED by Dr. Shuart. Motion carried unanimously.

The meeting adjourned at 8:26 p.m.

Respectfully submitted,

*Trish Bruder*

Patricia M. Bruder
Secretary