

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding is entered into by the Selectboard of the Town of Lyndon and the Trustees of the Village of Lyndonville. The Selectboard and the Trustees have approved a Plan of Merger of the two municipalities and submitted the Plan to the voters of the two municipalities for their approval or disapproval by vote to be conducted on November 8, 2022. If the voters of each of the two municipalities approve the Plan of Merger, a proposed charter will be submitted to the General Assembly at its 2023 session for its approval. If the General Assembly approves of the proposed charter, the merger will probably become effective on July 1, 2023. The Selectboard and the Trustees intend hereby to state their mutual understanding about the transition of the two governments to a single municipal corporation in the event the voters of the Town and the Village and the General Assembly each approve the Plan of Merger.

A. The Selectboard and the Electric Department Board of Commissioners. The current Selectboard currently consists of three members, and the Board of Trustees currently consists of five members. The Trustees supervise the operation of the Lyndonville Electric Department, which is a function of the Village. Supervision of the Lyndonville Electric Department is among the Trustees' most demanding duties. The proposed charter provides for a Selectboard consisting of five members. The proposed charter also provides for a Board of Commissioners of the Electric Department to consist of three members. The Selectboard and the Trustees believe that it is necessary to provide for continuity in the management of the merged municipalities' and the Electric Department's affairs during the transition period following the merger. The Selectboard and the Trustees therefore agree:

1. the members of the Selectboard who hold that office on the date the merger becomes effective shall continue to serve as members of the new Selectboard until the first election to be held at the next following town meeting in March of 2024;
2. two members of the Board of Trustees who hold that office on the date the merger becomes effective shall serve as members of the new Selectboard until the first election to be held at the next following town meeting in March of 2024; and
3. the new Selectboard, so constituted, shall appoint the three Trustees who do not become members of the new Selectboard to be the Electric Department's Board of Commissioners.

B. Fiscal Transition. Both the Town and the Village have fiscal years ending on December 31. Although a single governing body for the merged municipalities will come into being on July 1, 2023, each of the former municipalities will continue to operate under its own budget, as approved at the 2023 annual meetings, through December 31, 2023. Beginning on January 1, 2024, the merged municipalities will

operate under a single budget.

After merger on July 1, 2023, the Selectboard will propose the creation of a Special Services District that will include the properties in the former Village of Lyndonville and the Grand List associated with those properties. A special meeting of the voters in that district will be called to approve the creation of the district. If a majority of the residents who vote at such special meeting vote in favor of creating the District, it shall be created.

In preparing the 2024 merged municipality budget, the Selectboard shall designate a portion of the tax requirement to the Special Services District. The amount designated will be 7% . This sum will be raised as a special services tax upon the Grand List of the former Village of Lyndonville and when collected will be integrated into the Town General Fund. The remaining 93% of the tax requirement will be raised as a general tax on all properties in the Town Grand List.

In preparing the 2025 merged municipality budget, the Selectboard shall designate a portion of the tax requirement to the Special Services District. The amount designated will be 4% . This sum will be raised as a special services tax upon the Grand List of the former Village of Lyndonville and when collected will be integrated into the Town General Fund. The remaining 96% of the tax requirement will be raised as a general tax on all properties in the Town Grand List.

In preparing the 2026 merged municipality budget, the Selectboard will designate 100% of the tax requirement to the Town General Fund and taxes needed will be raised by the Town Grand List. The Selectboard may repeal the Special Services District if no future need is foreseen.

Dated September 30, 2022

Town of Lyndon Selectboard

Trustees of the Village of Lyndonville
