

**MINUTES OF MEETING
MUNICIPAL BUDGET COMMITTEE
October 26, 2009**

A meeting of the Municipal Budget Committee was called to order at 6:35 PM in the Meeting Room at the Conway Town Hall with the following members present: Chairperson Jim LeFebvre, Bob Drinkhall, Daniel Bacon, Karen Umberger, Bill Masters, Doug Swett, Ben Kane, John Edgerton, Pat Libby, Sheryl Kovalik, David Jensen, Shirley Renahan, Raymond Shakir and Bill Aughton. Members excused from meeting: David Sordi. Members absent from meeting: Melissa Stacey and Betty Boucher. Also present: Lucy Philbrick.

Chairman LeFebvre asked Karen Umberger to lead the members in the Pledge of Allegiance.

Chairman LeFebvre advised that there were 14 out of 17 members present so there was a quorum; all votes must total to 14, either yea, nay or abstention.

TOWN REVIEW

Lucy Philbrick advised that she had provided a print out of the actual and budgeted expenses. At the bottom, we have pretty close to 27% left; at the end of three-quarters of the year we should have 25% left, so we have a little cushion. There are a couple of problem items, one of them being Legal. Chairman LeFebvre asked what was going on for legal issues. Lucy stated there are a couple of big tax issues and there is a land dispute issue and it is just adding up. Chairman asked if, in Lucy's opinion, that would warrant considering increasing it next year. Lucy stated she didn't know; it would depend on if the tax issues are resolved; one of them may be resolved this year; it depends on what is resolved at the end of the year.

Karen Umberger stated in the Welfare area, she knew that BJ always attempts to keep the Welfare budget down, but she was concerned that we have a lot of folks that have lost their jobs in the Valley and she was wondering if we are going to see a spike in the next three months in the welfare area or if we are just managing to make sure that we have the money if necessary. Lucy stated she thought BJ does a very good job at managing her office; taking care of the people that need to be taken care of. Lucy did not know whether she anticipated seeing a big increase in the last three months; at times her office is very busy. But she does her best to refer people to any other resources that might be available. Karen stated she would like to have Earl (Sires) or BJ send something to let this Committee know because that is an area that is of a great concern to the people in the Valley. Lucy stated that she believed BJ's request for next year is the same as this year with no increase.

Sheryl Kovalik stated they have been seeing increased issues in the schools with students that appears to be related back to home life situations and while it is not documented at this point, she thought there was an increase in homelessness amongst families. Sheryl further stated that she thought they were getting by before winter because they

can camp and sleep in cars and she did not know what we, as a Town, should do to try to understand the magnitude of the problem or can do within the confines of what we have as resources. She thought that as the cold comes we are going to see an increased need and didn't know if we want to be proactive.

Chairman LeFebvre asked if he was hearing the opinion that we would like a more detailed briefing from the Welfare Office. Karen Umberger stated she would like some feedback touching on what Sheryl Kovalik has brought up and whether what the school is seeing is just Conway or if it is across all of the 8 towns. Chairman asked Sheryl if this appeared to be only in Conway at this point. Sheryl stated she has had several stories shared, but she did not know how pervasive it is. Sheryl thought the Town would have a clue or the banks as to what kind of foreclosures we've been seeing and that would be a good foreteller of people having no place to go. Karen stated it is just worrisome with winter coming. Bob Drinkhall stated he had a long discussion with BJ on something else and she doesn't see, as he recalled, any major problems in the future at this point in time. Another interesting point, of course, is no jobs in the paper to speak of and there is a tremendous amount of "For Rent". There are 8 columns and it used to be 3-1/2 were considered a lot; so where is everybody living or is everybody leaving or is everybody doubling up. BJ did mention people are doubling up.

Raymond Shakir asked when is the end of the year. Chairman LeFebvre stated it is the calendar year, the fiscal year is the calendar year.

Bill Masters stated as a Town we probably have a contingency plan to deal with emergencies. If we had a flood and had displaced people, where do they go. Generally speaking sometimes the school systems are open for housing. It would seem that if we wanted to deal with something like that perhaps a facility such as that could be made available on extremely cold nights and put it out over the radio or something along those lines if we have something a non-profit might want to support; maybe the Red Cross would come in and provide support services for something like that. It would seem that might be an avenue for utilizing existing structures without going into a phenomenal relief effort putting people up in a motel or a hotel, whatever the case may be. Bill thought that we might want to look at the options already on the table to deal with emergencies and just say when the weather hits this temperature. Karen Umberger stated we did have that service here in Town that was sponsored by the Lutheran Church and it was unused and so it was discontinued. They had people trained, had all kinds of things, they had come to the Selectmen to discuss it and to let people know about it. They did it for at least two winters and it was never used. Karen did not know if they were thinking about doing that again or not, but that's been the history of what's happened here in the Valley. Chairman asked Karen if it was because of no actual need or because people decided not to use it. Karen stated she had no idea; she just knows that it was there and the Lutheran Church was very active with it, but nobody availed themselves of that service.

Shirley Renahan stated this has come up, she assumed, in previous years; is this the usual way they treat it, they just don't want it. She didn't

know whether it would be a good idea to get ready for a few in case all of a sudden you had a line. Karen Umberger stated she couldn't answer, she just knows what happened in the past. Sheryl Kovalik stated the Police have a clue, if we have homeless, where they go and whether we have an increasing issue; maybe we could just ask them to let us know.

Lucy Philbrick stated the other sheet passed out was the Revenues through three-quarters of the year and it doesn't look quite so rosy; however, there is suppose to be \$410,000.00 coming from the State which would make that number look a lot better. Chairman LeFebvre asked what that was a combination of and Lucy stated the Rooms and Meals Tax.

Chairman LeFebvre asked Lucy if she had heard of any increase in the default rate on the property taxes at this point and if she had heard anything indicating a significant shortfall when the December bills come in or tax bills go out. Lucy Philbrick stated the last time she looked it was just shy of \$800,000.00 unpaid on the first issue. She did not know how that stands compared to last year. Lucy did know that they just went through the deeding process and she thought they ended up deeding two properties. Chairman asked Lucy to have Earl Sires give a better update on that. Bob Drinkhall stated they got a little bit more aggressive on properties that were going to be deeded; did collect some monies because of that so that was fairly successful. The last figure that he recalled was \$1.5 Million total.

Bill Masters asked Lucy Philbrick if it was possible, he noticed the budget report does not include any of the tax revenue, or maybe includes portions of it, but we collect something like \$32 Million coming into the Tax Collector or the Town Treasurer has that, does it go into the treasury. Lucy stated it is closer to \$26 Million because we collect for the School, the County and 9 Precincts in addition to the Town. Bill stated it does come in and you disburse the funds; he would love to see the total income we get as a Town in terms of tax revenue plus the additional revenue and our expenses and on the expenses show that you made a disbursement to the School and the dollars and cents, what the amount was. Lucy stated we have to pay to the School all money that is owed to them by June 30th; we have to pay to the Precincts all the money that is owed to them by December 31st, that is a requirement, whether we have collected it or not, it is owed to them and they get it; it is the same with the County. Bill stated that's kind of an outflow which we had to prepare for in advance in terms of dollars and cents; must mean that the reserve funds that have been collected are pretty well depleted by that time. Lucy stated there are times when we have to borrow money. Bill stated he would love to be able to get a handle on when those do occur and if there are any reasons or any way we can prevent that from occurring. Lucy stated in the past we have had a fund balance of up to \$2.6 Million and when we had a fund balance of that amount we didn't borrow money; we are currently at \$1.3 Million and we borrowed money in the Spring and if tax bills go out late, we are going to borrow money again in the Fall. Bill stated we will pay interest on that as we borrow; that's probably not too terribly unusual, but still in tough times, trying to understand what is happening with the total \$32 Million. Lucy stated you are looking at the School budget when you say \$32 Million. Bill stated trying to get a feel for what the total financial picture is

and where the money comes in, the Town Collector collects it, the Treasurer will disburse that; trying to see how the cash flow really works overall, what comes in and what goes out. Trying to understand where it is and how often we have to borrow in terms of just plain cash flow.

John Edgerton stated as Treasurer for 11 years, there are a couple of things that need to be understood: 1) the Town has to borrow; the Precincts and the School can't borrow; they disburse the money. One of the things that helps a great deal is that the School is on July 1st, the Town is on December 31st and under that condition we have the School money for 6 months to operate on; cuts down the amount of money we have to borrow; used to have to borrow \$15 Million a year, now it is no where near that just to operate. The big thing is the Town borrows, the Town collects the taxes, the Town disburses.

Chairman LeFebvre stated he thought Lucy Philbrick was alluding to something that he didn't think most folks actually heard. She was talking about the fact that we may have to borrow in the Fall. Lucy stated the tax bills have not gone out yet and the tax rate has not been set yet. The last she knew they were waiting for Conway Village; she talked to Conway Village today and they said the information had been overnighted to the DRA on Thursday so the DRA should have had it on Friday. When Lucy called the DRA, they were going to go look and see if they could find it; there is just so much stuff coming in to them right now. We don't have a tax rate yet. If we had a tax rate tomorrow, you still have to enter it into the system, verify that all of the information is correct, create a file that you send to the people who print the tax bills and wait in line until they are ready to print them. Depending upon when the tax bills go out, she is anticipating that the Town may have to borrow some money again in November.

Doug Swett asked when is the right date for the tax bills to go out. Lucy Philbrick stated if the tax bills go out the end of October, they are due December 1st; if the go out November 15th, they are due 30 days after that or December 15th. The later they go out, the later they are due. Sheryl Kovalik asked if that was a law and Lucy Philbrick stated yes; it is either December 1st or 30 days from when the bills are mailed.

Karen Umberger questioned not receiving a report on the Recreation Fund, the Police Fund, the Solid Waste Fund and Lucy Philbrick stated she had that information. Karen stated those are funds that we should be aware of and that she realized we didn't have much control over them any more. Lucy stated currently the Selectmen haven't determined how much of the Recreation Revolving Fund they are going to apply to the budget. She thought it was \$40,000.00 or \$50,000.00 was anticipated from the Revolving Fund to be used to offset the recreation budget, but they haven't made a determination yet and nothing has come out of the Revolving Fund. Karen questioned Solid Waste being in the hole. Lucy stated that she believed the Selectmen were going to schedule a hearing because they can't change the fees without a hearing to consider raising the fees. Chairman LeFebvre asked if Lucy knew the fees. Lucy stated it is \$80.00 a ton; there are other fees: \$5.00 to take a refrigerator; it varies on televisions and computers; furniture costs \$5.00; mattresses

cost \$5.00; propane tanks cost \$5.00. Karen stated what this is really saying is that we are not getting back in recyclables the amount of money that we had been in the past. Lucy stated recyclables are not in this; these are the things that we have to pay to have hauled away. Karen stated she thought that the recyclable income came in there. Lucy Philbrick stated the market has fallen considerably on everything. Karen Umberger asked if that included the payments from Eaton and Albany. Lucy stated no, the payments from Eaton and Albany are under reimbursed Solid Waste; the other Solid Waste fees are fees for what we don't pay to haul away, but we charge for: mattresses, box springs.

Chairman LeFebvre thanked Lucy for coming in.

Bob Drinkhall stated the tax rate looks like it will go up about \$.10, just the Town, about \$20.00 for a \$200,000.00 house. Chairman LeFebvre stated he was getting some estimates today and that the other side of the equation, the School, may drop in the \$.30 range and if that is indeed true, and he questioned Sheryl Kovalik as to whether or not it was true. Sheryl stated she had not been given any numbers, but was told that it looked like the rate would go down. Chairman stated he was given a rough estimate of \$.30 but not from the School side. Sheryl stated it will be adding to the revenue offset by nearly \$500,000.00; what was projected was in the vicinity of \$150,000.00. Chairman stated we are looking at \$650,000.00, plus or minus. Sheryl stated the budget calculations allowed for \$150,000.00, but it is going to be higher.

Karen Umberger stated philosophically the Town's would go up and the School's would go down and it was supposed to be a wash. What we have to recognize is that we can be happy that the School is going down but the reverse side is that the Town is going up and that's because of the Rooms and Meals cut and the road money cut. Chairman LeFebvre stated we still don't know the impact if you lose that lawsuit for \$110 Million and the other ones out there. Karen stated what we don't want to do is to let the School go bonkers because they saved \$.30 this year; a lot of this is one time money for the two years and you have to make sure we recognize that and be happy that the School is going down. Sheryl Kovalik stated the other thing about the \$500,000.00 is that the lion's share of that is Special Ed dollars; it's a crap shoot every year, it is not predictable. Karen stated they have reduced the Special Ed money this year. Sheryl stated they gave us other opportunities to go after Grants, but those are two year windows that disappear.

Bill Aughton asked what the current status is of the Rooms and Meals Tax. Karen Umberger stated it is not up in the air; the State's keeping it and as far as the latest thing she had read is that even though they increased the Rooms and Meals Tax, they still have not as much coming in as was anticipated. Karen did not remember where the State stands on tax collections, but it is not at what was projected. Chairman LeFebvre stated in the \$20 Million range last he read in The Union Leader.

Sheryl Kovalik stated she would be interested in knowing what the State has planned for revenue recovery because the State of Maine put out a request for proposal to software vendors looking for companies that could come in and go through their data base of unpaid tax revenues and look

for opportunities for fraud and things like that and do some analysis to try to improve revenue recovery for taxes and things. Sheryl did not know if New Hampshire was looking at that at all but there are a couple of states across the country that have done it already, like Iowa; but Maine is now getting into the act. Sheryl would be curious to see what happens. Chairman LeFebvre stated that was an interesting concept because that would say that the private sector once again, given a profit motive, can out perform the public sector in the area of tax recoveries.

MEETING NOTES OF SEPTEMBER 23, 2009

Chairman LeFebvre stated if you read the Minute Notes from 9/23, you will notice at the very beginning he had said that once Mr. Gilmore resigned, he did not believe we had a quorum and was told to go ahead any way and did so on his decision. Chairman has since determined from reading through *Roberts Rules of Order* that he was incorrect in that decision and it was not an official meeting so what was done on the 23rd: accepting Mr. Gilmore's resignation and approving the short form for the non-profits have to be revisited to have an official ruling. Chairman further stated that he had asked the Vice Chair, Ben Kane, to become the guru of *Roberts Rules of Order* and that he had given him his copy of the book. Karen Umberger asked which version and Chairman stated this is copyright 1978. Sheryl Kovalik and Karen both stated there are many more current versions. Sheryl stated we need the one with electronic communications in it.

Sheryl Kovalik asked if a motion was needed to ratify the previous votes. Chairman LeFebvre stated for those 8 members that were present, we now have a majority, we will revisit and the others will have to abstain because they were not present.

Bob Drinkhall moved, seconded by Karen Umberger, to accept Mike Gilmore's resignation. In favor: 8; Opposed: 0; Abstained: 6.

John Edgerton moved, seconded by Dan Bacon, to accept the Minutes of August 26, 2009, as amended. In favor: 8; Opposed: 0; Abstained: 6.

Bob Drinkhall stated that on page 10, fifth paragraph, third line, should read "... Board of Selectmen Lighting Committee representative and the Chair wanted to know ..."

Karen Umberger moved, seconded by Bob Drinkhall, that we go with a short form for the non-profits for 2010. In favor: 8; Opposed: 0; Abstained: 6.

Chairman LeFebvre stated that we could proceed with discussion on the short form and Karen Umberger stated that we could not proceed at this point as all we were doing is reaffirming the motion on the 23rd; what we need to do is reaffirm what was done on the 23rd.

Karen Umberger questioned approving the Minutes of September 23rd. Chairman LeFebvre stated that they are not Minutes but Meeting Notes as we did not have a quorum and thus the Minutes do not exist, they are just notes of a meeting.

Chairman LeFebvre asked that members take a look at the proposed short form. Sheryl Kovalik stated we had a brief discussion about wanting to have some kind of a noting of the revenues that they receive from the Town being expended in full for the purpose as was intended, rather than paying for other items within the budget. She didn't know if it mattered to anyone else, but she did want it out there. Karen Umberger stated she certainly didn't have a problem with that and it was a good idea because the Town is giving them the money, they told us what they are going to spend it for and she thought they should certify to us that is exactly what they spent it on; this creates the loop for the taxpayer to know that when they vote "yes", they know how the money is going to be spent. Sheryl stated she hadn't given deep thought about how they would account for it, she just wants it to be clear they asked for these dollars to pay for these services and that's where it went; it's as simple as that. Chairman stated we could ask them to certify that the monies that they receive from us were spent for the purposes for which the Town gave it; just a simple certification statement.

Pat Libby stated on the short form she did not see where they are saying what they are expending the funds for; how can you certify doing it for that purpose. Chairman LeFebvre stated in paragraph 2 on the first page, "Specifically state what the funds will be used for."

Bob Drinkhall stated accidentally with the new short form, the real estate tax exemption language was left out and needed to be put back in. Chairman LeFebvre stated that is doable. Karen Umberger stated the real estate tax exemption is kind of a shaky area in many things; for example, for Vaughan the reason that the tax exemption is there is because the Church receives the tax exemption and they have no way of knowing what portion of that tax exemption might or might not apply to Vaughan or to the Day Care or to the Clothing Depot. Karen was not exactly sure about Children Unlimited which has a building; she did not know if Tom assesses the building. If they don't receive a tax bill, they would somehow have to calculate without knowing anything, without having the data available to them to know what it was. If you take Tri-County Cap, they get their money for the people that provide the fuel service and that's only a very minute portion and she was not sure they could come to grips with what that minute portion is, it may be a room, she didn't know. We do have some people that do a payment in lieu of taxes; have a couple of organizations that do that; it's a very hard thing and she was not exactly sure whether it would have any effect on her decision whether or not to support a charitable organization for the work that they would have to do. How do we come to grips with a number and she was not sure that we could give them a formula for how they could come up with that number. Karen further stated it was not really relevant.

Bob Drinkhall stated he found it to be extremely relevant. As a matter of fact, he added up last year's tax abatements as it was printed; it came to \$56,906.00, this is almost \$57,000.00 that has to be made up by the taxpayers because if those buildings were in fact commercial or residential they would be taxed. Tri-County was nothing; Gibson Center was \$18,900.00; Children Unlimited was \$19,800.00, Starting Point was \$3,200.00; Red Cross was zero which he thought they had space. Karen Umberger stated they share a space with another non-profit. Bob further

stated Vaughan and Day Care, that is very easy to do; you take the value of that building and if they have one-fifth of the space or one-half of the space, it's one-half or one-fifth. For some reason, White Mountain Community Health Center had nothing listed. Sheryl Kovalik stated the Hospital owns the property. Chairman LeFebvre stated subsequent to our discussion on this short form, he stopped in and talked to one of the staff at the Assessor's Office and asked if they could provide us with what the non-profit abatements were and the answer he got was that they could, there was a formula they would use and they may have to use last year's tax rate.

Karen Umberger stated she had no problem if the Town wants to provide it on a piece of paper; but she did have a problem with the individual organizations trying to figure out what it is. Bob Drinkhall stated that was part of the form at that point in time; it has always been there; it was a typographical error in it being eliminated. Dan Bacon stated he didn't see why we couldn't use last year's or check with the Town. He didn't want them to provide it, but they could provide us with last year's as they would have that on hand from last year's form.

Sheryl Kovalik stated if you can get the form that lists everybody's abatement value, why can't we just add it to the form for the people that are submitting or in our analysis process consider it; that's really what it's about, having a reasonably accurate number to consider as part of the evaluation process. She was with Karen, because of the difficulty in the possible calculations, if the Town can do it easily, then let's just do it that way. The other thing, what happens with tax rates and the sentiment that vacant or abated properties create more of a burden on the taxpayers that are left and she had the same issue with vacant commercial real estate and the fact that we keep allowing building permits and relocation opportunities and new construction for commercial real estate and then we let the other stuff go vacant which depresses the value of the market with no consideration for the impact it has on the taxpayer. Sheryl further stated that she thought \$57,000.00 in abatements for non-profits was peanuts compared to the impact that the depressing commercial real estate market is having on the rest of the taxpayers and did not know if a message was needed to be sent back to the Town that says part of your responsibility is to maintain consistency in the tax status and Building Permits should be issued with that in mind.

Ray Shakir asked if these organizations were 100% tax abated which Chairman LeFebvre confirmed. Ray further asked why there was a listing for Conway property tax on the form. Karen Umberger stated in some cases they may not own the property that they are in. Ray stated so the owner is paying the real estate taxes. Karen Umberger stated it is a whole mess of any number of things and the item right above it which is the payment in lieu of taxes. Chairman stated often times when you say payment in lieu of taxes you are looking at educational universities like Dartmouth College in Hanover pays several millions of dollars to the Town of Hanover. Karen further stated that Northern Human Services provides a payment in lieu of taxes of some amount; Ham Arena does the same thing; there are several organizations in Town. Chairman stated the question might be are they legally obligated to do that; the answer of course is no, it's a payment in lieu and they don't have the requirement legally to

do that. Karen stated that is a whole area that used to boggle her mind. Ray stated his second point: he was told that an owner of a vacant commercial rental property is granted some type of abatement if that property is not rented by a commercial owner. Chairman stated as far as he knew, the answer was "no".

Bob Drinkhall stated it is a shame that we have all the vacant space and build new, but there is nothing that you can do; this is the "Live Free or Die" state and how do you stop somebody from developing their property which just then moves your business from your location to this new location. It is a terrible shame and it is a terrible waste, but there is really no way to control it that he was aware of. Chairman LeFebvre stated it was an interesting concept but the private property thing is very strict with the exception of a Supreme Court case where the City of New Haven was allowed to transfer from one private property owner to another private property owner because they saw a better use and a higher tax rate if they took away these little shops and built a huge Ramada Inn or something; the tax rate would be higher but that gets into some very interesting legal issues which he was not qualified to discuss since he was not an attorney. Ray Shakir addressed Mr. Drinkhall's comment, there are partial solutions which have been tried in other municipalities and that's to provide tax incentives for people to not develop property that they own and actually purchase a property that is vacant with certain municipal tax advantages, so it has been done. Karen Umberger asked if he was talking about tax abatements. Ray stated he was talking about offering somebody a building that is vacant instead of developing a property and the reward for that would be a certain amount of years for tax abatement. Bob Drinkhall stated still not collecting tax money at that point in time. Sheryl Kovalik stated one would not be depressing the real estate. Chairman stated at a recent Board meeting, there was a discussion with someone who was talking about incentives. Bob Drinkhall stated referring to Jac Cuddy; it is a shame but he believed the State has \$800,000.00 that they can dole out to areas, not necessarily Town and not necessarily one building but general areas, and the Economic Council has applied for that. We went back and forth and back and forth on it because he personally didn't think that you should give a business a tax incentive because that means that the private property owner is going to, in his opinion, pay more in taxes because that business is not. The argument though is if they don't get it here and that money is available, they may move to Madison if Madison sets up one of these areas; so we ended up voting in the affirmative 4-1 to go along with it. Again, he feels that if you are going to open a business and that's what you really and truly want to do, you're going to open that business whether you get the tax incentive or not, but it may determine where you open it up and that's the killer.

Karen Umberger moved, seconded by Sheryl Kovalik, that if we want the tax information for the non-profits, that we obtain it from the Tax Assessor. In favor: 8; Opposed: 6 - Dan Bacon, David Jensen, Raymond Shakir, Doug Swett, Ben Kane and Bob Drinkhall; Abstained: 0.

Bob Drinkhall asked who is going to do it and why should it be put on someone else, it should be the responsibility of the applicant.

Doug Swett stated for years, prior to the form we used before this was proposed, we had problems; then we got something that was kind of airtight and now you create something like this and if somebody here asked a question of these people on this form and they don't have the answer with them, they will say we don't have it but we can come back at a later date and give it to you. He knows this Board voted this in, but he hasn't understood why from day one.

Bob Drinkhall stated he wanted to reiterate that we voted that in with that in there and he wants to keep it in and now we are talking about eliminating it. Karen Umberger stated it was her understanding when we left our non-meeting that we had said that we would take a look at the form and that you would bring it back this time as our draft and that we had made some adjustments as our little committee did afterwards and that the fact that it is out of there doesn't upset her at all. Karen further stated that she believes very firmly as she had stated three times that if we want that information and you said it was available and she was sure that if they said it was available it is, that we should simply ask the Assessor for that information instead of having 20 people asking the Assessor for the information.

Chairman LeFebvre stated his (Doug's) point is that with the longer form you have more information and that has a certain value to some members of the Board and it was understood about the issue with the Assessor and the abatement; he would like to hear what the consensus is from the Board about the abatement issue.

Sheryl Kovalik stated she had a compromise on this tax abatement thing: leave the item on the form, but put a footnote on it that indicates that the individual organization should call the Tax Assessor's Office for their number and that you (Chairman) make arrangements with the Tax Assessor's Office to have those numbers on hand for those organizations that we typically see, that come before us. Chairman stated what he has already done, after the 15th, if we give them the list we should have the information within a week or so; there should not be any problem. Sheryl stated so we give them the information and we let them put it on the form. Bob Drinkhall stated that is how it would be done anyway. Sheryl stated there were some implications that they would be trying to calculate it themselves and she was not encouraging that.

Karen Umberger stated you will have to change the cover letter. To her it is immaterial, it doesn't matter, it doesn't effect her decisions one way or the other and she thinks of it as superfluous information that is not going to have an effect on our discussion and decision making process; but if the rest of the Committee wants it on there, she was not going to get into it.

Chairman LeFebvre advised that he would entertain a motion to move the question. Sheryl Kovalik asked what the actual question was. Chairman stated the question is whether or not we have the abatement on the form. Karen Umberger stated the motion was to have the Tax Assessor provide the information. Chairman had the Recording Secretary read the motion. Bob Drinkhall asked whether or not it would be on the form or not on the form. Chairman stated that with the way the motion is worded, we would

obtain it from the Assessor and he would do that on a separate document; that is how he is reading Karen's motion.

Dan Bacon stated some comments here were that we obtain from the Assessor and that may be good; some comments here were that we take and put that on the form for them. Dan would like to know the legality of putting information on the form that they are submitting to the Town and our modifying their applications. Chairman LeFebvre stated since he was not an attorney and the Town Attorney was not present, he believed that we should not modify their form; that is why he was saying a separate document.

Pat Libby asked if a "no" vote on the Motion mean that we don't get it from the Tax Collector in addition to the form; she was looking for both. Chairman LeFebvre stated if you vote "no" on this motion, you are telling the Chair that he can not go to the Assessor's Office and get the information. Bob Drinkhall stated it will still be on the form. Chairman stated no; the way the motion is worded you are telling him not to go to the Assessor's Office and get the information. You are not saying a thing about whether it is on the form or not. Karen Umberger stated that can be somebody else's motion. Chairman asked if all members understood the purpose and intent of this motion.

Sheryl Kovalik moved the question.

Chairman LeFebvre stated there would be a separate document which the Assessor would provide for those organizations that are applying for funds from the Town on or around January 15th.

Bob Drinkhall moved, seconded by John Edgerton, that the following language be included on the form: "Does your organization receive a Town of Conway real estate tax exemption or abatement? Yes ___ No ___. If yes, include the dollar value: \$_____." In favor: 10; Opposed: 4 - Jim LeFebvre, Ray Shakir, Sheryl Kovalik and Karen Umberger; Abstained: 0.

Ray Shakir stated it seemed to him that the adoption of the prior motion would render the second motion irrelevant. Sheryl Kovalik stated it is not going to happen often, but she was with Ray. Bob Drinkhall stated it is not irrelevant because he wanted it on the form; he didn't want to have to deal with another piece of paper and the fact that you've now complicated it: he's going to get it, give it to them to put on the form, is kind of foolish, but that's basically what needs to be done. Chairman LeFebvre stated he did not think Bob understood what he was going to do; he is going to get a separate form from the Assessor's Office with the information and we will have it available; it will not be on the form itself. Bob stated he thought it was just foolish not to have it on the form.

Sheryl Kovalik moved the question.

Karen Umberger stated she expected everyone who said that to provide us each time that we discuss a non-profit the importance of having this data on the form and she will specifically ask that question every time.

Bill Masters stated the point being the more information we have, the better off we are. In terms of you asking the Tax Assessor, he was all in favor of that; that gives us hard data from the Town and what the non-profit says; if it's something less or something more we have that as a basis in which to look at and make adjustments accordingly. He was not opposed to having the Chairman get the information and soliciting from them; if there are differences, why are there differences.

Karen Umberger moved, seconded by Bob Drinkhall, that someone add to the letter how they are suppose to do this; it needs to be in there so that the non-profits get the information that we are requesting. In favor: 5 - John Edgerton, Bob Drinkhall, Sheryl Kovalik, Karen Umberger and Ray Shakir; Opposed: 9; Abstained: 0.

Chairman LeFebvre stated what Karen is referring to for Budget Year 2010 there's a letter that has been prepared to be sent to the non-profits. What Karen is asking us to do is to put in a paragraph or an explanation on how they are to get their abatement information.

David Jensen asked if the Chairman required a Board vote to rewrite the letter. Chairman stated rewriting the letter is going to be done anyway. Karen Umberger stated her motion was not to rewrite the letter, her motion was to emphasize that it was essential for those that voted for this have a clue as to what kind of information you are going to get and how it is going to be computed so that you can receive the information, understand it, process it and use it and that the person that is compiling the information knows what they are supposed to do.

John Edgerton stated going back in history, it is his understanding of why we are doing all of this had one purpose and one purpose only and that was so we had a history of financial background of the non-profit. That was the real intent; not just one year's budget but that we had a history of the budget. If you only go back one year that is really not the intent of the discussion from last year.

Bob Drinkhall stated the reason he wanted everything on there and it has been brought up by other members of past Boards, we're in difficult financial times; we're asking everybody to spend carefully and to spend less; we don't ask these people to spend less, but what he was going to recommend is that perhaps we come up with a recommendation that they either come in level-funded or possibly 5% or 10% below what they did last year. He voted against some with a lot of hullabaloo last year and he has voted against them every year; some because he thinks they spend foolishly, others and most because he feels why should you force a taxpayer to give to a non-profit. They have the ability to donate on their own; if they have the ability and the desire to do so; probably would be a way but you don't generally donate to the Town to pave your road or hire another police officer or whatever. Non-profits do collect and in some cases they might get money from an individual 8 different ways because they are getting it from all branches of government and from contributions.

Sheryl Kovalik stated a lot of non-profits file for Grants and Grants are measured on certain degrees of broad based participation and one of the

things they measure in a lot of their decisions as to whether they are going to donate, give Grant money which does not necessarily come from taxpayer's pockets is whether or not they have broad based support, such as a Town giving a small portion towards the total budget. Sheryl wanted to respond to John Edgerton's comment about the history of the years that we've been working at and last year we had a couple of non-profits that came forward with a 5 year review of what they'd asked for and how much it had changed; in many cases it hasn't changed, the one's showing us 5 years hadn't asked for anything substantially more over that 5 year period. Sheryl thought that is an important message to see how their budget moves, whether it is flat or not, year to year and what the share of that budget is coming from the Town. She likes the idea, she would support it and guessed that it would not be difficult to add that to this form.

David Jenson asked if the letter could include a paragraph that states something along the line of additional years of information could be beneficial to your request; that leaves it up to them to make their case and look impressive to us and if they don't, the Board can react accordingly. Karen Umberger stated she thought we just need to get the same information from everybody. If people feel strongly that they want 5 years of budgets or whatever she would prefer that we simply have a bottom line rather than individual things because she personally is not going to look at postage for 5 years because she doesn't care, but she would care about the bottom line of the budget for 5 years and the contribution of the Town and what their fundraising activity presented, but beyond that she was not particularly interested in the individual breakdown of their budget from 5 years ago. John Edgerton stated he was not particularly interested in the postage, but he was very interested in what they've done with Salaries and some of the other expenses and where their income has come over the last 5 years.

Bill Aughton stated he would be happy with 3 years, not 5 years, but he would like to see it on the same form and not have to go digging through his old papers just to see what direction they've been moving in, where they've been spending more, where they've been spending less, that effects strongly the way he would vote for them.

Chairman LeFebvre stated he was looking for a resolution; these forms are going to be due from the non-profits by January 15th. In order to meet our statutory requirements; that means we have to have them on the website in the relatively near future so they can have the time to go through their paperwork and get this together. Chairman further stated he was not looking for a decision from this Committee as to how you want to structure this and what we have here is what the sub-group came up with, that does not seem to meet the requirements of some of you. We can have another look at this thing, get the sub-group back together and put it in for 3 years, put it in for 5 years, but if we don't make a decision and give the people that are going to draft this thing clear, definitive guidance as to what you want as a Committee, we are going to be here all night on something that really is not that critical.

Sheryl Kovalik stated she would like to recommend that we format it differently; move the budget items to the second page horizontally, we

could add two more years of history as a requirement and we could asterisk the categories that we would like to have the history on versus all of them; so if we only want Salaries and Income Sources for the multiple years, we could asterisk it and have a footnote and then the form is done. The Salary moves to the third page with the Cost of One Unit of Services and page 2 becomes financial and shows the income and expenses and you can have 3 or 5 years or whatever to start with of history and we just asterisk Salary and Income.

Bill Aughton stated he liked some of what Sheryl was saying; he likes the short form and would like the same short form from every non-profit and he would like them to do all the work and not put any of it on the Tax Assessor. If he was writing a Grant, he would be up all night writing it and getting the information that is needed. There is not a lot of stuff on there; if you want \$5,000.00 or \$50,000.00, there is not a lot of stuff on there. If you don't have two years records before that then probably you shouldn't be asking us unless you are a new person. Bill further stated that he was in favor of 3 years with what's on the form; we might look at different things, he was interested in salaries. Question on the back about contract employees in the expense statement, would that be under other miscellaneous or would it be under whatever the contract was for, it seems to be floating. Karen Umberger asked if Bill was suggesting that contract employees be added.

Karen Umberger asked when the next meeting would be and Chairman LeFebvre stated tentatively November 18, 2009. Karen stated that several people have thoughts on this and she thought that maybe they need to take some time and re-look at it in light of what the comments are and try to come back at our next meeting with something we can vote on. We have several other things that have been brought up that probably have some validity. Sheryl Kovalik stated we could make a motion to send it back to committee for revision. Karen Umberger stated no, here's the problem: the Committee didn't necessarily feel that those things that had been brought up were important.

Chairman LeFebvre stated the group that worked on it and he believed he could speak for the other two, was what we were shooting for. Karen stated that was not what they were hearing. Chairman stated it may require some other individuals because he was somewhat firm on his belief that this was a reasonably good attempt to do what we wanted to do and reduce the amount of paperwork that we are putting the non-profits through as opposed to 7 pages of materials as was used in year's past.

John Edgerton moved, seconded by Bill Aughton, to accept the short form with the addition of making it 3 years of data. In favor: 13; Opposed: 1 - Karen Umberger; Abstained: 0.

Bill Masters asked if we were saying bottom line, not a full blown repeat of this for 3 years; we are saying we want to know what you have spent, not by category but what have you spent on a single line item; are we back to the long form again. Bob Drinkhall stated 3 pages instead of 7.

Ben Kane moved the question.

Chairman LeFebvre asked the following individuals to meet tomorrow, if possible, or at some time in the very near future to revise this form so that we can give it to the typist in a clean copy that she can actually work off of: Sheryl Kovalik, Bob Drinkhall, Chairman and John Edgerton. John Edgerton stated we're already asking for the data, it says last year and two years, we're already asking for that, to put it on the form is not that difficult. Chairman stated that was not the point, we have to give this in a format so that Karen can actually type it up for us and have it right the first time; we don't want it to go back and forth three or four more times. Sheryl Kovalik stated we did not need a committee meeting for that; Sheryl will re-format it and send it to Karen (Hallowell); she was unable to make a meeting tomorrow; she will re-format it and she won't leave anything out. Chairman asked that it be sent to both he and Karen Hallowell.

Chairman LeFebvre thanked everyone for their patience and understanding as we worked through this process; he knew this was not done last year and he felt that it was important this year for the Committee to have an opportunity to go through this sort of thing. Chairman advised that the Committee could be rest assured that he will continue to give opportunities to excel. Chairman further stated that the attached letter of instruction will be modified as necessary to make sure that is understandable by all.

OTHER BUSINESS

Chairman LeFebvre stated every member was given a schedule for meetings and that the next meeting is tentatively set for November 18th, it is not on the list as the list was prepared before Karen was advised of the meeting date. Sheryl Kovalik stated she would not be in attendance at the meeting on the 18th.

Chairman LeFebvre stated there is a note from Carl Nelson discussing that the School Board is meeting as their Budget Committee on the 10th, 18th and 19th. Since we are having our own meeting on the 18th, he hoped that all members would be present for that. Chairman further encouraged as many folks as possible to attend the meetings on the 10th and the 19th so you hear what the School Board and the folks are discussing as they go through their process; it can be a very valuable educational tool, especially for folks who haven't been involved in this yet. Chairman will be there on the 10th and the 19th and hoped that most would try to make it because it is a valuable process to go through.

Chairman LeFebvre continued with the review of the meeting dates that are all tentative and subject to change; there are a few dates that are fixed in concrete: January 15th is when the non-profit forms must be in; February 6th - non-profits meet with the Selectmen and us, a snow date of possibly February 8th has been discussed with the Town, but it would be difficult because that's a week day and we may not have the time necessary to do it all on the 8th. After that, we're running late on the rest of our window and we have to be very careful. If we do it on the 13th, a week later, we are right up against our window. We do hope to have the books from the Town and School by the 16th. If we can get them earlier, he would like to ask if he can get the Town by the 10th, would

it be possible to have a meeting on the 14th to start their introduction, the overview which would speed up the process a little bit and then you could dig into more detail on their budget between that date and their first January date which would be the 4th of January. Karen Umberger stated she thought it is a good idea. Chairman LeFebvre stated he would shoot to get the books from the Town by the 10th. Sheryl Kovalik stated she would not be able to attend; she has a Board meeting where they approve their budget. Chairman LeFebvre stated he understood and that this would be the first meeting with the Town and Sheryl's participation is obviously encouraged and appreciated, but it is not essential. Sheryl stated that she noticed that all of the Public Hearings are going to be in the KHS Auditorium and she wanted to let the Committee know that if anybody wants to put their presentation on Power Point for the benefit of the attending audience to make it seen easier, they can make arrangements to have the technology available to be able to do that and we can put a TV on the floor in front of the Committee members so they can see what everyone else sees at the same time. Chairman further stated that he would like to get the books from the School on the 16th with the overview that evening; that way we move the process a little bit faster.

Chairman LeFebvre asked for a report from the Garage Committee. Ray Shakir stated he formulated a specification summary sheet for the garage with several of the Committee members; they agreed what the summary sheet was suppose to encompass and sent the summary sheet out to 3 local commercial contractors and several prefabricated steel structure companies. Quite frankly, it hasn't been easy getting most of the estimates back; kind of figured that would happen. Did get enough information back so that the meeting on Thursday will provide a reasonable estimate of what the building will cost and he anticipates getting several more bids between now and Thursday.

Chairman LeFebvre passed out a Memo from Carl Nelson dated October 15th, its subject is information requested; this is discussing the accreditation, list of Special Ed Aides divided into Program Aides, 1 to 1 and so forth; please take this home and read it. For those of you who requested this information it is all right here hopefully. Chairman advised that he got it just as the meeting started so he has not had a chance to review it himself.

Karen Umberger asked Chairman LeFebvre if he remembered to run off the K through 8 Study for the group and Chairman stated no. Karen stated there were two of us from the Budget Committee that served on the K through 8 Committee and there was a final report that was put out that basically says as of right now we'll just leave things as they are. She and Jim thought the School Board was going to get a briefing on the report in October and they dutifully showed up and it didn't occur. Sheryl Kovalik stated they weren't ready to do a report and she didn't think what was in the report was adequate. Karen stated Jim will run copies of the report and have them at our next meeting. Chairman asked Sheryl if they were going to brief us at the meeting on the 10th. Sheryl stated Cindy White is actually giving a presentation to the Board on the 10th and anyone else that is in attendance. Chairman stated what you'll have is what was presented to them but it will have already been briefed to the School Board on the 10th of November; so those that can afford to attend and are

interested in the K through 8 Study, he would encourage to attend that session also. Karen stated the reason she thought it was important to read the Study and to be aware of it is because one of the very major concerns we, as the Budget Committee, have had, has been the cost associated with the Middle School, 7th and 8th Grade. When we looked at moving 6th Grade to the Middle School, it ran into some road blocks associated with the Tuition Agreements and in order for that to occur there will need to be some work with SAU 13 if in fact the School Board decides that's where they want to go. Of course, the SAU 13 representatives weren't necessarily excited about 6th Grade moving from Freedom and Madison because moving those students out changes the dynamic of their Elementary Schools. There are all kinds of things and there are some cost data that was associated with some of it. We did also look at closing an Elementary School and the bottom line on that was that it really wouldn't save enough. Chairman stated the numbers ranged from \$500,000.00 to \$750,000.00 per annum which in a \$32 Million budget is not really significant. Karen stated those are the kinds of things that are in the report. Chairman stated the report would be available at the next Committee meeting.

John Edgerton stated the intent was to move Conway's 6th Grade, not all the 6th Grades in Mount Washington Valley because that didn't work to start with because all of the contracts had to be adjusted. Karen Umberger stated we looked at that also, that was part of the options. If we went to the 6th Grade at the Middle School, if in fact that moved and that's up to the School Board to make a decision on, that it would also be open to Madison and Freedom since Tamworth, Bartlett and Jackson have their own thing.

Chairman LeFebvre stated one more update: we have basically approved the use of the personnel form for the School and we've asked the School Board and the Administration for the Town to see if they could get that squared away. Sheryl Kovalik stated she volunteered some software from the company that she is currently working with to help expedite the process, but they need to assign somebody that would be able to have access to all that very private data to be able to use the software, learn it to do that and that's not necessarily going to happen. Bob and Carl, as of this afternoon, are trying to figure out what path they are going to use to get it all on that form. She expected to have an answer very soon from them; how they want to tackle it. Chairman stated we may have to look at another option if, in worse case scenario, they can't do it. Sheryl stated not going there yet; they need to talk about, it's a personnel issue more than an access of data; they need to find the right person to be able to do it.

John Edgerton stated the intent at the last meeting we discussed this was that each individual fill out their own information and it would be simpler that way. Sheryl Kovalik stated she didn't want to sound snide, but unfortunately she was not confident that every employee of the District is fully aware of all of the dollars attached to their own position, such as what is the value of their health care, what is the value of their pension plan, she did not think we could rely on that. Chairman LeFebvre stated if you can't get reliable information, you might as well not get it.

Sheryl Kovalik stated on the commentary about the 6th Grade going to the Middle School, one of the things that changes, and you've probably already thought about this, is the mix, the number of students from Conway without the other sending towns becomes disproportionate and changes the amount of dollars billed to Conway out of the Middle School. Chairman LeFebvre stated it could have a negative impact on the Conway tax rate.

John Edgerton stated commercial properties and tax abatements for commercial properties. The State of Virginia uses it for employment incentive and the State of Maine uses it for an employment disincentive. Tax abatement depends on how many employees you employ, not on any other basis as an incentive to bringing a company in. Bob Drinkhall stated look at the mess Maine is in and you think our tax structure is bad. John stated that's because they use as a tax disincentive, they increase the taxes on a corporation who comes into the state and forces the company to go out or leave the state again.

Karen Umberger stated she had one other question which she should have asked Lucy, dealing with the fact that the Town is now its own group in health insurance. How did we get over 100; who did we hire to go from under 100 to over 100, because she certainly doesn't remember approving any hires; don't need answers tonight, but she did think it is an issue that we certainly need to figure out how we managed to do that without hiring any people. Sheryl Kovalik stated she was going to go out a limb and guess it has to do with who opted for health insurance because every employee that meets certain criteria has the opportunity to choose to enroll and if you've had over 100 but 20 were saying "no thank you, I'm going somewhere else" then they have the right and it may not even be a hiring issue. Chairman stated this is a very interesting question which will be explained by the Board in more detail; we will get the answer for you and everyone else.

John Edgerton moved, seconded by Ben Kane, to adjourn the meeting at 8:35 PM. Motion carried unanimously.

Respectfully Submitted,

Iris A. Bowden, Recording Secretary