

**MINUTES OF MEETING
MUNICIPAL BUDGET COMMITTEE
June 3, 2015**

A meeting of the Municipal Budget Committee was called to order at 6:32 PM in the Professional Development Room at Kennett Middle School with the following members present: Chairman Joe Mosca, Doug Swett, Dick Klement, Danielle Santuccio, Peter Donohoe, Mark Hounsell, John Edgerton, Pat Swett, Pat Kittle, Bill Marvel, John Colbath and Jim LeFebvre. Excused: Frank McCarthy, Bill Masters and Greydon Turner. Absent: Christopher DeVries and Terry McCarthy. Also present: Dr. Carl Nelson and Lilli Gilligan, Town Finance Director.

Mark Hounsell led those present in the Pledge of Allegiance.

ELECTIONS

Acting Chairman Joe Mosca stated that the Chairman position would be vacated and that Danielle Santuccio would act as Chairman Pro Tem for nominations. Chairman Pro Tem Santuccio opened nominations for the position of Chairman.

John Edgerton nominated Joe Mosca for the position of Chairman, seconded by Peter Donohoe.

Chairman Pro Tem Santuccio asked for further nominations for the position of Chairman.

Dick Klement moved to close nominations. (Not seconded). Mark Hounsell moved, seconded by Jim LeFebvre, to instruct the Clerk cast one vote for the election of Joe Mosca as Chairman. Motion carried unanimously.

Joe Mosca was voted unanimously as the Chairman of the Conway Municipal Budget Committee for the 2015/16 Budget Year.

John Edgerton nominated Danielle Santuccio for the position of Vice Chairman, seconded by Peter Donohoe.

Chairman Joe Mosca asked for further nominations for the position of Vice Chairman.

Jim LeFebvre moved, seconded by Peter Donohoe, to close nominations.

Danielle Santuccio was voted unanimously as the Vice Chairman of the Conway Municipal Budget Committee for the 2015/16 Budget Year.

SCHOOL REVIEW

Dr. Carl Nelson stated that he had passed out three documents that he would quickly go over for the members. The first document was the Conway School District Budget Summary by function. Members could see that the

District is still anticipating there will be \$1.6 Million remaining in the account. Everything will close out the end of this month.

Dr. Nelson proceeded with the second document which was a Memo from Becky Jefferson to Dr. Nelson which talks about the Fund Balance that is available in the Conway School District this year and the sources of that Fund Balance. The primary contribution was that the health insurance came in considerably less. Unfortunately, they do not get the real number until May after the Budget has already been done. They have estimated that they will be giving back to the taxpayer approximately \$300,000.00 and they anticipate revenue of \$288,000.00 to be applied the same way. That will still give the District a Fund Balance of almost \$600,000.00 that is right now unaccountable as the School Board has not made any decisions on what to do with that.

Dr. Nelson further stated that as the members know one of the things that did pass this year at election time was the 2.5% retainage. What that means is the School Board can retain in Conway up to \$411,000.00 for either an emergency situation which must be approved here and at the Department of Education or just to lower taxes if they wish to do that in a given year, but \$411,000.00 is the magic number there. The School Board needs to make some decisions and will be making some decisions between now and September.

Dr. Nelson proceeded with the last document which was given to the School Board for consideration with regard to the Pine Tree facility and the work that will be done this summer on the heating system. It was estimated that they needed to reserve \$200,000.00 for that, that's high, but when you're doing renovations on a building you have no idea what you're going to find once you get inside the walls. That's the amount they want to be able to reserve. Right now the Conway School Board has said they are going to take 50% of that or \$100,000.00 from the Maintenance Trust Fund which only has \$258,000.00 in it and the other half of that will come from the Fund Balance. That was the split: \$100,000.00 from one and \$100,000.00 from the other or 50%. Obviously, it's going to be a little less than \$200,000.00 so it would be 50% from one and 50% from the other.

Dr. Nelson further stated that personally, he is a little concerned about taking anything out of that Maintenance Trust Fund because we have buildings that are along in years if you will and the Maintenance Trust Fund for the District, the large one, is only \$258,000.00 right now. This gives you and the Conway School Board some options as they can fund the unexpected payment of the Pine Tree heating issue. He likes particularly the one on the back of the page. It talks about the \$411,000.00 that he had mentioned and a suggestion that we take \$200,000.00 out of the Surplus that they have which is just about \$600,000.00 and instead of retaining the \$411,000.00, retain \$211,000.00. That kind of puts more against the Tax Rate next year. Decisions haven't been made yet.

Chairman Mosca asked if any of the members present had any questions for Dr. Nelson.

Jim LeFebvre stated to Dr. Nelson, as being new back on the Board, could Dr. Nelson give him a little bit more background on what's exactly wrong at Pine Tree. Dr. Nelson stated what's happened is that the heating system is starting to spring some leaks and it has to do with the gaskets that were used. What will happen is we can get water coming out of there during the heating season at 180 or 190 degrees. Right now they've found one leak in the Nurse's Office and that's where it started. They now know what's wrong with it, they now have a plan to fix it, but if it doesn't get fixed then we could have some problems next year and possibly no heat which is a bigger problem.

Jim LeFebvre stated your best estimate is that it is going to take \$200,000.00 +/- . Dr. Nelson stated yes the estimate is \$200,000.00. The estimate is a little lower than that but they put a little bit of a cushion on it based on what Andy Grigel was talking about some of the issues that may develop as we move forward.

Mark Hounsell stated that at this time the Budget Committee should know that the School Board has taken the position to use \$100,000.00 of the Surplus and \$100,000.00 out of the Maintenance Trust Fund. The rationale behind that he thought was solely based on making sure that the people of the town, the taxpayers, the Budget Committee and everyone was aware of what they were doing and that they were not disregarding the Maintenance Trust Fund.

Mark Hounsell further stated that he was here to present the School Board's position which has been a 50/50 split; however, at the same time they were eager to know about this meeting and happy and eager to hear back from this Committee as to what it's recommendation might be. So any action that this Committee may or may not take, he will be happy to relay it back to the School Board accordingly.

Chairman Mosca stated we are going to talk about that under new business. Chairman asked if any other member had any questions for Dr. Nelson.

Pat Swett stated the notice from Becky (Jefferson) is dated the 11th of May; there's no figures after that. Dr. Nelson stated those are still the estimates they have at this point in time. Once they close out the books, they will have the exact figures.

Bill Marvel stated he just wanted to know and asked Mark Hounsell if he could explain to the Committee everything the members need to know about what sounds like three options. Not necessarily now. Mark stated his responsibility as a School Board member is to tell this Committee the School Board's position. He felt that he has fulfilled that. His intention is when the discussion takes place, he is going to remove himself from his seat and speak as a member of the public so that he can speak his own personal thoughts on the matter, but that's under New Business.

Chairman Mosca asked if any member had anything further for Dr. Nelson. Since there were none, Chairman thanked Dr. Nelson for coming out tonight.

Dick Klement stated this may be the last time Carl (Nelson) is here in front of us, so he thought it might be in order to thank Carl for his continued service. Chairman Mosca asked Dr. Nelson if this was going to be the last time in front of this Committee. Dr. Nelson stated he never knows. Chairman stated in the event it may be, he thought Mr. Klement's suggestion is well thought and he thanked Dr. Nelson for everything he's done for the Committee and that the Committee appreciated it greatly. (applause) Dr. Nelson stated we've had our debates and going ons, but 95% of the people have been extremely respectful of everybody else's position and that's the way it should be. Business is carried on in a very dignified manner, we can agree, we can disagree. You guys have been a real plus to the community and a real plus to Conway and he had a great time working with the Committee.

TOWN REVIEW

Chairman Mosca welcomed Lilli Gilligan, Town Finance Director, to the meeting. Lilli introduced herself to the Committee for the new members and welcomed the new members to the Budget Committee.

Lilli Gilligan stated the document she passed out is double sided and starts with the Revenues. The Revenues are tracking approximately \$100,000.00 more than expected and when she says "Revenues" she means non-tax Revenues. The reason for that primarily is the new fees for Notary Services, a larger than expected snow fall so the Highway Department is charging for plowing School properties and the Courthouse has doubled. It is expected Revenue. The Health Trust has refunded the Town yet again \$85,000.00; they had told us last year to expect a refund in February, but they had no idea what it might be, so the Town plugged in \$15,000.00 and \$85,000.00 came in.

Lilli Gilligan further stated that to date the Health Trust refunds of premiums overcharged from 2010 to 2014 is \$300,000.00 refunded. It's disappointing to work so hard to educate people on health insurance premium increases only to see that there's actually no increase whatsoever at the end of the game. The last thing is the timber sale on the West Side Road resulting in the newly acquired Conservation land resulting in Timber Revenues. The Selectmen's policy is to cover the Conservation Budget entirely and then everything else goes into the Conservation Fund, so \$12,056.00 was this year's Conservation Committee's Budget so that came in as Revenues Unanticipated for this year.

Mark Hounsell stated he couldn't read the numbers and was listening. Mark asked Lilli Gilligan how much did the Town get for the timber sale. Lilli stated the amount that's put in the General Fund is \$12,056.00. Mark asked what was the Conservation Committee's Budget set at. Lilli stated \$12,056.00, so it covers that in its entirety and then the balance of the rest of the Timber Revenues went into the Conservation Fund. Lilli did not have those numbers with her. Mark asked if the Town received more than \$12,056.00 for the timber sale. Lilli stated they did. Mark asked if Lilli would send that amount to the Committee and Lilli stated she would be happy to.

Lilli Gilligan proceeded with Expenditures. The Town is tracking right now in an under spending trend, primarily because she has asked everybody to be extremely careful due to cash flow. Right now the Town has \$7,000.00 in the bank. Tax bills did go out last Tuesday and the Town has to pay the School \$950,000.00 next week so she was hoping to get at least \$300,000.00 in the next couple of days. They do have TANS in place if needed and she has not yet tapped it and the TANS is in place until the end of June when the tax bills are due.

Lilli Gilligan further stated right now what the Town has left is 63.6% of the budgeted funds which is approximately \$578,000.00 under spent to convert it to dollars for the members. The things that are done and complete are Elections - there was only the Town election this year; the Town Report is done; postage is bought and paid for for the year - if you look at the Executive Postage line about a third of the way down under "Executive Budget", it looks like it has been over spent by \$2,700.00 but those are through journal entries from Motor Vehicles quarterly reports and the Planning Department's quarterly reports - their Postage Budgets will then support that postage spending.

Lilli Gilligan further stated the other things that have been paid for to date are Membership Dues, Insurance for Unemployment Workers Comp have been paid and has come in larger than what she was told it would be, so those lines are over spent by about \$4,000.00 total between all of the different Departments. The Sick Buyout is done in January so that is completed. The Police Department's Uniform Allowance and Education Incentive is also paid out - that's done once a year. The Town has already paid for the Fireworks for the Fourth of July and obviously Memorial Day is spent.

Lilli Gilligan further stated the highlight beyond that are, in terms of items that might jump out to the members, is the Audit line is over spent by \$1,900.00 because the liability required an update for an insurance company to be able to calculate that. She knows that sounds absolutely ridiculous because OPEG liabilities are for employment benefits for retirees which there are none with the exception of the implied cost of allowing retirees of the Town of Conway to continue to buy at 100% their cost into the Health Insurance Plan and those implied costs affect the health insurance premiums overall. The \$2,800.00 paid for that service will cover the Town for this year and next year.

Lilli Gilligan further stated on the Retirement line on the second page under "Employee Benefits" shows that only 30% has been spent and that is because the increase to the NH Retirement won't happen for another month. Members will see that draw down more directly in the August meeting maybe, but certainly in the October meeting.

Lilli Gilligan further stated in the Highway Department on page 4 of the Expenditures - the Inspector position that was approved by this Committee last year and then approved at Town Meeting - that dollar figure of \$50,000.00 was budgeted within the Highway Labor line and in order to track that individual's true cost because it's an hourly position, where

some of the monies will be covered from Performance Bonds, like the Fair Point work that's being done along the super interconnect, some of his hours directly related to that project will be completely reimbursed by that Performance Bond. In order to be able to account for it more easily and identify the true cost of that position, she pulled it out and created a new line called "Public Works Inspector". This Committee had approved \$50,000.00 for that position.

Lilli Gilligan further stated the Inventory line for Highway - May Inventory has not been received yet as it is the first week of June and it is usually done in the second week of the following month and the average adjustment for Inventory is \$11,500.00 so that is not actually over spent by \$15,000.00. After the Highway Department Service Garage fixes vehicles then those departments whose vehicles are fixed are then charged for those services and equipment.

Lilli Gilligan directed the members to the next page, still under Highway, the second to last line, called "Highway General Repairs". Although the Town has fixed one snow plow this past winter after a snow plow accident with the ground, not a vehicle, it appears that the Town has made money on the situation. In this winter, the Town has had two accidents: one happened at the end of 2014 and the insurance payment didn't come in until the end of January so that was fixed in 2014 but was then credited for the insurance payment at the end of January.

Lilli Gilligan further stated the last thing to note in the Welfare Department, General Assistance, as the members could see, is really way down and the Welfare Officer credits that to, it's not a lower number of people coming in, it's her active case work that's being done and identifying sources of money to assist people from other agencies, such as the agencies that are supported through the Town's Warrant Article process.

Lilli Gilligan concluded her presentation by stating that she would be happy to answer any questions. Chairman Mosca asked the members if they had any questions.

Peter Donohoe asked on the damage to the plow, was that one of the trucks or was it the sidewalk plow or plows. Lilli Gilligan stated it was one of the large Internationals.

Peter Donohoe asked on the line item for School Buses, he has not seen that before, and maybe it's just his oversight, but what is that for. Lilli Gilligan stated that is for fixing the School Buses for the School and then there is a Revenue line for the School paying for the fixing of said School Buses.

Mark Hounsell asked everyone to turn to page 3 - Insurance and asked Lilli Gilligan if this is where the Property Liability and Auto Insurance is purchased. Lilli stated yes. Mark further asked if the Town's provider was the Property Liability Trust. Lilli stated it was Primex and that bill is due in July.

Mark Hounsell stated that he would like to make the Budget Committee aware of something that is happening right now in the State Budget, the Senate version of the Budget, the Public Liability Trust is the provider for the School District. He didn't know until now about Primex which is the other provider for the Town. PLT has informed everyone that it is their plan at this point to stop operation on June 30, 2016 which will leave us in a single provider situation which does not usually bode well when you only have one source. The Senate provided an amendment to House Bill 2 where they are recommending changing the regulatory authority from the Department of State to the Department of Insurance. There's been indication, although he hasn't seen any real document of it, if that was the case then the PLT would decide or reconsider not going out of business. This is something that has taken place in Concord right now and could very well effect out premiums in the future, both at the Town and School level.

Lilli Gilligan stated just so the members know, the Town switched from the PLT to Primex last July due to premiums that were better.

Mark Hounsell stated the School went from Primex to PLT for the same reasons, lower premium costs. Just for your edification.

Pat Kittle stated, as a new member, just to make sure that he was reading it correctly, the Budget is the annual Budget, Current Year Expenditure is how much the Town has spent so far, leaving that balance for the rest of the year. Lilli Gilligan stated yes; it's a calendar year Budget for the Town.

Chairman Mosca thanked Lilli Gilligan for coming out and for her presentation. Chairman stated that this Committee really appreciates all that Lilli does for us.

APPROVAL OF MINUTES

Mark Hounsell moved, seconded by Peter Donohoe, that the Minutes of January 21, 2015 be accepted. In favor: 7; Opposed: 0; Abstain: 5 - Jim LeFebvre, Bill Marvel, Pat Kittle, Pat Swett and John Colbath.

Mark Hounsell moved, seconded by Peter Donohoe, that the Minutes of January 28, 2015 be accepted. In favor: 6; Opposed: 0; Abstain: 6 - Jim LeFebvre, Bill Marvel, Pat Kittle, Pat Swett, John Colbath and Peter Donohoe.

Mark Hounsell moved, seconded by Peter Donohoe, that the Minutes of February 2, 2015 be accepted. In favor: 5; Opposed: 0; Abstain: 7 - Jim LeFebvre, Bill Marvel, Pat Kittle, Pat Swett, John Colbath, Danielle Santuccio and John Edgerton.

Dick Klement moved, seconded by Peter Donohoe, that the Minutes of February 4, 2015 be accepted. In favor: 6; Opposed: 0; Abstain: 6 - Jim LeFebvre, Bill Marvel, Pat Kittle, Pat Swett, John Colbath and Mark Hounsell.

Peter Donohoe moved, seconded by John Edgerton, that the Minutes of February 11, 2015 be accepted. In favor: 7; Opposed: 0; Abstain: 5 - Jim LeFebvre, Bill Marvel, Pat Kittle, Pat Swett and John Colbath.

Peter Donohoe moved, seconded by John Edgerton, that the Minutes of February 12, 2015 be accepted. In favor: 7; Opposed: 0; Abstain: 5 - Jim LeFebvre, Bill Marvel, Pat Kittle, Pat Swett and John Colbath.

Dick Klement moved, seconded by Peter Donohoe, that the Minutes of March 2, 2015 be accepted. In favor: 6; Opposed: 0; Abstain: 6 - Jim LeFebvre, Bill Marvel, Pat Kittle, Pat Swett, John Colbath and Mark Hounsell.

OLD BUSINESS

Chairman Mosca asked if anyone had any Old Business before we proceed with New Business.

Dick Klement stated during the last cycle the previous Budget Committee voted against the Teacher Contract and it subsequently passed. It was a very close vote if he remembers correctly. During the course of that year leading up to the vote, the School Board was highly concerned about the starting teacher's salary because it was so low and that discussion went on for almost the entire Budget cycle at the School Board. Yet the Contract that was approved by the School Board went to a Step Increase Level rather than what they had before. The Step Increase for the senior teachers, most of the senior teachers, those with Masters Degrees if you will and a lot of seniority, received an annual raise over and above that of the starting teachers. In fact, the total dollar value was in the area of \$130,000.00 for these teachers over and above the Step Level. They were given \$1,500.00 a year.

Dick Klement further stated now we also need to remember that in addition to that, even though they have gone to Step Level, that the teachers also were receiving longevity pay, but isn't a Step Level, it's an increase based upon longevity because it goes that way, a Masters Degree with 10 years Step is less than a Master Degree with 11 years. They are getting this longevity increase in their Steps, so what he would like to do if the Committee feels it is appropriate, is to give the School Board an assessment of what the Budget Committee feels, the School Board hasn't started negotiations yet for the upcoming year, that we feel that more money should be given to the starting teacher and those that are way above the Step Level should receive a minimal amount, if anything, and that the whole area of longevity pay should be deleted from the Contract.

Dick Klement moved, seconded by Peter Donohoe, that this Committee go forward to the School Board recommending that the Negotiating Committee take this into account. (Motion withdrawn due to changes.)

Dick Klement moved, seconded by Danielle Santuccio, to recommend to the Conway School Board that starting teachers be given a substantial salary increase and the teachers receiving increases in excess of their current Step Level receive a minimum or no increase. In addition, all longevity

increases be deleted from the Contract. In favor: 0; Opposed: 11; Abstain: 1 - Mark Hounsell. MOTION DEFEATED.

Danielle Santuccio moved, seconded by Jim LeFebvre, to amend the motion as follows: That the Budget Committee recommend to the Conway School Board that in negotiations involving the Teacher Contract, take the aggregate increase in teacher pay and that new teachers receive a substantial portion of the increase. If any teacher receives above their Step shall get little or no increase in pay and longevity pay will be eliminated in its entirety. In favor: 0; Opposed: 10; Abstain: 2 - Pat Swett and Mark Hounsell. MOTION DEFEATED.

John Edgerton moved, seconded by Jim LeFebvre, to amend Dick Klement's motion to eliminate the word "substantial" and change "minimum" to "minimal". In favor: 0; Opposed: 11; Abstain: 1 - Mark Hounsell. MOTION DEFEATED.

Mark Hounsell moved the question. In favor: 12; Opposed: 0; Abstain: 0.

Chairman Mosca asked if there was any discussion on this motion. Mark Hounsell stated he needed to know what the exact motion is because if this is a message that this Committee adopts formally, he wants to make sure that he gets it right. So far he has "recommend to Conway School Board that" and that's all he has and he was writing as fast as he could.

Dick Klement stated that the starting teacher's salary be given a substantial wage increase and that those senior teachers receiving increases in excess of their Step Level.

Chairman Mosca asked Iris Bowden to read back the original motion that Dick Klement made. Iris stated the original motion was going forward to the School Board recommending that the Negotiating Committee take this into account. That was what Dick said, but he did not explain what "that" was. Iris asked Dick if he wanted to totally change his motion. Dick stated he wanted to amplify it.

Mark Hounsell stated this is an important motion and asked that he be allowed to continue his task with Dick (Klement) then maybe Dick can modify what Iris (Bowden) has in the Minutes.

Dick Klement stated the teachers earning above their current Step Level receive a minimal or no increase. Mark Hounsell questioned minimum or no increase. Dick stated it depends; it's got to be some flexibility because if they are already \$20,000.00 above their Step Level. Mark interrupted stating before we talk about the motion, can we conclude this is it.

Iris Bowden asked Mark Hounsell to see what he had written down. Mark stated this is what he got from Dick (Klement): "Recommend to the Conway School Board that starting teachers be given a salary increase and the teachers receiving increases in excess of their current Step Level receive a minimum or no increase." Iris stated to Mark that the only thing he had to add to that was the word "substantial" after "...be given a 'substantial' salary. Mark stated no, that's not what he said because he

wrote it as Dick stated it and that's not what he said. John Edgerton stated he did say substantial. Dick asked if the word "substantial" could be added and asked Mark if he would put that in there.

Chairman Mosca stated we're going to redo the motion anyway once everybody is good on the wording. Dick Klement stated additionally "all longevity increases should be deleted from the Contract". Mark Hounsell stated he thought he had it.

Chairman Mosca stated the motion has been moved and seconded. Mark Hounsell stated so now we are open to amendment. Chairman agreed.

Danielle Santuccio stated she had a suggestion to perhaps shorten it. She really didn't want to amend it, but ask maybe a question. Because it is so lengthy, is it your (Dick Klement) goal to say that if there are increases in the teacher's salaries that the majority of that increase go to the starting teachers and the ones above their Step Level getting minimal if any increase. Dick Klement agreed. Danielle asked if Dick wanted to say it like that. Dick stated he would be happy to say it like that. Danielle stated she was just trying to clarify and didn't want to be wrong about this.

Dick Klement stated his concern is that there was a big emphasis on starting teacher's salaries and yet they got a \$1,400.00 raise and the teachers that were making \$60,000.00 which was some \$20,000.00 above their Step Level got a \$1,500.00 raise.

Peter Donohoe asked Dick Klement to clarify what he was saying the difference was between Step increases and longevity pay because he believed he was thinking along the same lines, but he wanted to be sure. Dick stated the Step increases are based upon years of service and your educational credentials. So if you have a Bachelors Degree with no additional credit, you would be in the Bachelors column and it goes Step Year 1 through Year 10, 11. If you have a Bachelors plus 30 you are in a separate column Year 1 through 11. As a teacher goes along and gets more education, they move to different columns and then towards the end of their teaching career, there are Masters plus 60, there is no PhD line, a Masters plus 60 and that is \$60,000.00. Dick further stated he found fault with the way they put the Step Levels together when so many people with those credentials were way outside the Step Levels.

Peter Donohoe stated for just some clarity, the longevity pay piece. Dick Klement stated is on top of that. Peter asked if Dick was trying to address the longevity piece and the Step increases. Dick stated yes, because the increases are an annual increase.

Mark Hounsell asked Chairman Mosca if the issue was now being debated. Chairman stated no, clarification on the language. Chairman stated Peter (Donohoe) asked for a clarification from Dick (Klement). Mark asked if the motion was Danielle's (Santuccio) or Dick's (Klement). Mark asked if it was being debated. Chairman stated it was. Mark asked that the Chairman recognize that his hand is up whenever it is his turn.

John Edgerton stated he didn't understand the difference either. Peter Donohoe stated he thought he did, but he just wanted to be clear that Dick's (Klement) motion includes the School Board addressing both the Step increase and longevity pay and, in essence, redirecting that down to those resources down to starting salary pay.

Dick Klement stated yes and that he was assuming that the Step increases as they go along are longevity pay just by living another year, their Level goes up, so why do you put longevity pay on top of that.

Mark Hounsell stated first of all what Dick (Klement) has touched on is a very important problem with the current Contract. He did support the passage of the last one, but he considered it to be yet another Band-Aid on a flawed one. What Dick's pointing out he thought is something that needs to at least be considered and that is if our focus has been expressed as to what increase, what we can offer starting teachers we are working against ourselves by not addressing the issue of longevity. He can tell the Committee that there has been some discussion that he's had, private discussions, about maybe having a bifurcated Step Schedule. The problem he thought exists because after Year 10 there are no more Steps and so longevity is kind of thrown in there to continue Steps that aren't otherwise described and he thought that because of that when we address the beginning of the Salary Schedule we cause a ripple that is not one that we are after and actually works against us if our concern and desire as a community is to increase starting teachers' pay. It's expensive to do that under the current language. He would be happy if the Budget Committee were to adopt this. He will abstain on it because of his position, but he would be happy to convey this back to the full School Board at their next meeting.

John Edgerton stated the way he gets it is that there are Step increases to 10 and then you get longevity increases. Dick Klement stated no. John stated he was trying to figure out the difference between Step increases and longevity.

Chairman Mosca stated the current Contract put in longevity pay increases for certain individual teachers. John Edgerton questioned just certain individual teachers. Chairman stated yes; not everybody. There are Step raises in the Contract based on years of service and some teachers were above and maxed so they got longevity pay. John stated they got boosted up. Chairman stated the longevity pay in most instances was more than the new teachers starting pay increase was going to be. It didn't make sense.

John Edgerton asked if there was an increase set annually that everybody gets like 1%. Mark Hounsell stated only with vote of approval. Dick Klement stated based on the educational level, so if you from Year 2 to Year 3 go from your Bachelors Degree to a Bachelors plus 30, you move over a column and down because you've got one year. Dick apologized actually you move over a column, so you would get a double hit, if you will. If you go with your Masters plus 60, you will go over to the furthestest column and at some point, there is no more raises because in the outside world if you're a carpenter or a Software Engineer, it gets to a point and they say that's what you're worth to the company - you're

worth \$30,000.00 or \$40,000.00 or \$50,000.00 a year and after that maybe the only thing you are going to get is a COLA raise. John stated he understood.

Mark Hounsell asked if we could hear the motion. Chairman Mosca asked Iris Bowden about the second motion. Iris explained that she did not have the second motion as she had stated earlier.

Pat Kittle stated he had one question and that was Dick (Klement) stated that there were a number of teachers that are way above their Step. He guessed his question was: how did they get to that point, was it through the Merit System that used to be in place.

Dick Klement stated they had a Merit System in place that wasn't really a Merit System. It was if you were one of the 90% of the people who were distinguished, then you got, let's say \$1,000.00 plus \$500.00. If you were only really good but not distinguished, you just got \$1,000.00. They discontinued Merit because the School Board attempted to change it, so the Teachers' Union decided that they preferred to stay with non-meritorious pay raises. This year they adopted a Salary Schedule.

Chairman Mosca stated with the Salary Schedule, half the teachers were above the Salary Schedule. So how can you adopt a Schedule when 50% of the people are above the highest pay increase. That was some of our comments last season.

Chairman Mosca asked Mark Hounsell to read back the motion as he had it written down. Mark stated this is how he understood it: Dick's (Klement) motion would like to have us convey to the School Board: The Budget Committee recommends to the Conway School Board that starting teachers be given a salary increase and the teachers receiving increases above their current Step Level receive a minimum or no increase. In addition, all longevity increases be deleted from the Contract.

John Edgerton stated the word "substantial" was in there the first time. Mark Hounsell stated he didn't get it and he was just reading back how he understood it. Mark asked Dick Klement if that was what he meant or not. Dick stated he believed he used the word "substantial". Mark asked where would this word "substantial" go. Dick stated in the very beginning. Chairman Mosca stated "...starting teachers be given a substantial salary increase ..."

Dick Klement asked Danielle Santuccio that while the members are having this discussion, could she make a motion to amend the main motion to what she had stated.

Bill Marvel stated both motions contain the word "substantial" somewhere and given his knowledge of the team that will be doing the negotiating, he suspects that the only words that they will hear are "substantial increase" and they will grant that, but will not hear the second half of that motion. The other thing that he has to say is really to the entire issue of presenting the motion. He understands why we want to do it. He agrees we are talking equitably, but he's said and he means personally

that he intends to vote for no teacher's Contracts until we see some staff reduction. To him that is the only way to pressure both sides to give up some of the over staffing in our system. That is all he has to say about it and he prefers Danielle's (Santuccio). He tried to come up with something even simpler, but it really doesn't address anything that you want to do.

John Colbath stated this motion is a recommendation. Chairman Mosca agreed and stated that this is all we can do is make a recommendation. John further stated that he thought this past year that the starting teachers had a big increase in their salary. Chairman stated \$1,400.00. John stated which could be substantial or not substantial. John Edgerton stated some of the other teachers got \$1,500.00. Chairman stated some teachers got over a \$5,000.00 raise.

Peter Donohoe asked Dick Klement if he dared to quantify what Dick thought that substantial amount should be for starting teachers or do you not want to go there. Chairman Mosca stated that Dick didn't have to answer. Peter further stated that what he was getting at and would give a little background and it plays a little off what Bill (Marvel) was saying in terms of the attempt to strike some equity here. If you've got "x" which represents the excess over here, are you moving it all down to "y" which represents the starting salary.

Dick Klement stated the excess was \$130,000.00 out of \$480,000.00 or so Warrant Article. That's a lot of money, but what we have to understand is that as you raise the starting teacher salary, there's a ripple because the person making \$1,000.00 more than a starting teacher - you can't say "I'm giving a starting teacher \$3,000.00" and now the guy that has been there is \$2,000.00 less than the starting teacher so you've got to bump it all up. What he was trying to do was take the position saying that if we are going to increase the starting salary, we need to do that at the expense of, if you will, the senior teachers. Peter Donohoe stated that's what he thought.

Chairman Mosca stated he had a suggestion and asked that the members hear him out. For the Town employees, there's a 30-Town Survey that we use to figure out salaries. Why don't we set the starting teachers at 90% of the 30-Town Survey. Mark Hounsell stated he didn't want to do that. Chairman further stated to forget it then.

Chairman Mosca stated he didn't want to stay on this issue too much longer.

John Edgerton stated the discussion that went on last year before the Town Meeting and all the votes and all of that, the biggest thing he got out of that was that those people looking at negotiations felt that the starting teachers' pay was still \$1,000.00 less than what it should have been last year in the Contract. That 5,000 words we had to listen to was the starting figure was still \$1,000.00 less than what it should have been for a starting teacher.

Chairman Mosca stated he didn't want to stay on this all night and the members could, he suggested that he would ask both authors of the motions to withdraw their motions and when we have our next meeting, bring something in writing or send it to the Chairman ahead of time and he will send it out to everybody and that way we can have something in front of us that we can all agree with or disagree with or whatever, but it's in writing. Right now it's too lengthy, too wordy and he thought Mark (Hounsell) understood the gist of what the conversation is and he can discuss with the School Board what the feeling of the Budget Committee is. It may not pass, it may pass, but we're going to be coming up with some type of recommendation and we'll get that to them in September.

Dick Klement asked if we could get a straw poll of those that figure we should send a recommendation. Chairman Mosca stated yes.

Mark Hounsell stated Point of Order. This body has a motion in front of it. You can not just dispose of a motion by withdrawing it, actually that's a violation of Robert's Rules. What you can do is make this motion, Danielle's (Santuccio) motion, a special order of business for the next time we meet. That activates everything that Chairman Mosca just said. The other thing is that Mark would not be taking any straw poll back. It's either a vote or it's not a vote. The other thing this Committee should know is that negotiations start real soon, so he didn't know if this Committee had until September before the ball had already been kicked down the court. If you're going to make a statement, it should be made tonight. He knows this has taken a lot of time. Again, he will not take back a straw poll.

John Colbath asked who negotiates - the School Board and the Teachers Union. Mark Hounsell stated there are 3 School Board members who are the Negotiating Committee and then they bring anything back to the School Board and the Union takes anything back to the teachers. If everything is ratified and the School Board approves, it goes on the Ballot for the vote.

Doug Swett stated he would like to make a statement. A couple of months ago we passed a Teachers' Contract at the polls. It involved a lot of money and it's a 1 year Contract. In the general discussion of that whole situation, it was stated that next year they wanted to come back here for a 3 year Contract. He did not think with the condition of the economy in the United States and the world that we should be deciding what somebody is going to be getting paid 3 years from now when things aren't running smoothly in this country and beyond. That's just his personal opinion.

Chairman Mosca asked about Danielle's (Santuccio) motion. Chairman asked if all members were comfortable with the motion or did it have to be read again. Chairman was asked to have the motion read again. Danielle read the motion: "That the Budget Committee recommend to the Conway School Board that in negotiations involving the Teacher Contract, take the aggregate increase in teacher pay and that new teachers receive a substantial portion of the increase. If any teacher receives above their

Step, they shall get little or no increase in pay and longevity pay will be eliminated in its entirety."

Mark Hounsell stated he would caution about passing any motion using the word "substantial". Chairman Mosca suggested striking the word "substantial". We will vote on this and reject it without the word "substantial" in it.

Chairman Mosca stated since the motion was defeated, we are back to the original unless there is another motion to amend.

Mark Hounsell asked if he could make a suggestion even though he is not going to vote for it, but he thought it captures what everybody has been saying: Recommend to the Conway School Board, emphasis on salary increases for starting teachers and with limited increases given to teachers who have served more than 10 years of service.

Danielle Santuccio stated that's not the concern. Mark Hounsell stated yes, it is. Dick Klement stated no, because it's not the years so much as the amount the teachers above the threshold amount for the Step. So, somebody could have 10 years and be \$500.00 above the Step; where another person may have 10 years and is \$20,000.00 above the Step.

Mark Hounsell stated he was just trying to help; he wasn't going to vote for it any way.

John Edgerton asked if the members could accept Danielle's (Santuccio) statement with the elimination of the word "substantial" only. Danielle stated she didn't think it says anything. John stated keep it the same as it is and just take the one word out and recast it. Danielle stated it doesn't work.

Bill Marvel asked about possibly tying it to something like a salary figure, like median income and focusing on starting teacher's salaries and those below median income and addressing people above median income with minimal increases.

Dick Klement stated as he understands it, the starting salary now is in the vicinity of \$31,800.00 or \$31,900.00, it's in that ball park. Let's just go for the whole thing and say \$35,000.00 and there won't be money left over to give to anybody above the Step.

Danielle Santuccio stated we can still put in the no increase for the other people.

Chairman Mosca stated we've been on this for about 25 minutes now and, not to burst anybody's bubble, but no matter what we recommend, they're not going to listen to us any way. You know that and he knows that.

Mark Hounsell stated he didn't know that and he thought they do listen - he knows he does and he believes they do and he thought this Committee was touching on something that makes their stated goal practically impossible to meet unless it's addressed. He would say that it is

imperative that they have a hold harmless provision here because people are acting in accordance with the Contract and so we need to be looking forward. If their stated goal is to do these increases then we need to address how the Salary Schedule works. Now we should stop short of trying to negotiate at this table and, if you want to express your concerns to the School Board, he'll do everything he can to make sure they understand it and they'll hear it. They may not apply it, but they will hear it.

Doug Swett stated you're using that \$31,000.00 plus for starting pay and for the TV people and everything it should be mentioned that on top of that is perks which makes the figure go higher and higher. The general public has to pay for that. It's retirement, health insurance and it should be emphasized that they do get more than \$31,000.00. He knows that it is not cash in hand, but it needs to be mentioned. It's anywhere from a quarter to a third of what they are getting paid.

Chairman Mosca stated we are now on to Dick's (Klement) original motion. Mark Hounsell stated with the word "substantial" in it. Mark asked if all the members understood that it had the word "substantial" in it.

Bill Marvel stated he was afraid it will give more of a wrong impression than just hearing us talk about it. Hearing us talk about it he thought anybody would know. Mark Hounsell stated the TV show is going to help a lot of people. Chairman Mosca stated a lot of people do watch it, believe him, there are a lot of people that do watch.

Pat Swett asked Chairman Mosca when did he have the next meeting planned. Chairman stated usually we don't have our next meeting until October, but we can have another meeting whenever we need to and we may need to have something sooner than that any way based on the discussion for the money for Pine Tree. Pat stated this was very confusing and probably only about half of the members actually know what is being voted on. Chairman stated we could have another meeting in a couple of weeks if we want to. We can call a meeting for whenever we want.

Pat Kittle stated he wouldn't feel comfortable voting on the amendment as written, but what Mark (Hounsell) had said earlier is a little more general in terms of recommending to the School Board to place emphasis on increasing starting teacher pay as opposed to increases at the higher end of the salary range. He would vote for it and he could support that. He thought it's kind of confusing and also it's very prescriptive and he was not so certain that we want to be that prescriptive. Danielle Santuccio stated she was certain.

Mark Hounsell asked Pat Kittle what that meant in this discussion. Pat stated he thought ... Mark stated negotiating. Pat agreed with using negotiating as opposed to giving some direction or feedback from the Budget Committee that this is what we think they should be emphasizing and focusing on.

Chairman Mosca stated he thought the School Board heard from this Committee last year at the Deliberative Session and at the Public Hearing they heard our concerns. If they didn't, they weren't listening because

most of what's in the motion was discussed at those two sessions. Again, it's only a recommendation and, for what it's worth, they will know where we are coming from.

Mark Hounsell stated a recommendation could serve to be a hand tire and really make things difficult in actual negotiations. Going along with what Pat (Kittle) was saying, what if we made it simple that we're looking at this budgetwise and recommend to the School Board that primary emphasis be on increases in the Contract be to starting teachers period. How we get there, there is only so much money.

Dick Klement stated no, they don't believe there is only so much money. They believe that there are buckets of gold. Mark Hounsell stated no, no, no.

Chairman Mosca stated that the amended motion is without the word "substantial" and changing "minimum" to "minimal".

Dick Klement stated unless you give them the recommendation, put your emphasis on the starting teachers and don't give the money to the people above their Step.

After the original motion was defeated, Dick Klement stated if we don't provide an input to the School Board Negotiating Committee, they're going to do the same thing they did last year.

Chairman Mosca stated let's move on to a few other things and then come back real briefly at the end because he was going to try to write his own motion. Mark Hounsell stated as it stands right now, he is taking nothing back to the School Board. Chairman agreed.

NEW BUSINESS

Chairman Mosca stated it has been in the news where, in California he believed and maybe some other states, they're increasing the minimum wage to \$15.00 an hour and this is something we may want you (Mark Hounsell) to bring back to the School Department. If something of that nature occurs or if the State of New Hampshire decides to raise the minimum wage to \$15.00 an hour, what financial impact could there be on the School Department. He thought it could be several hundred thousand dollars. Danielle Santuccio stated but they're not doing it all in one year. Chairman stated no, but over time it could be.

Mark Hounsell asked why are we spending time on what might happen because the whole world is falling apart like Doug (Swett) said and we should wait until it does. He would be surprised if New Hampshire would ever go that way.

Chairman Mosca stated he was just bringing things up that have been brought to him.

Dick Klement stated when the State voted for the Evergreen Law, on the School Board we said "hey, this is not a good idea" and we told a

Representative who came from Conway at the time to say "hey, this is not a good idea; you've got to tell them down there not to do this". Of course, he voted for it and after it was passed, he said "well, you never told me". Unless you tell your Representative up front, everybody thinks McDonald's is going to go up and you've got a problem with McDonald's. There are probably 30 to 50 employees at the School who make under \$15.00 an hour, some substantially under that. So if you raise them, a couple hundred thousand dollars is probably right and then what about the person who is making \$15.00 and has been here for 10 years. Are you going to continue to give them the same amount of money you are giving to a burger flipper. There could be a lot here. We just need to tell them that "hey, think about this when you cast your vote". Dick knows that the gentleman from Conway is going to cast a vote and say \$15.00 an hour is a good idea.

Danielle Santuccio asked if it was being debated in the Legislature. Mark Hounsell stated no. Dick Klement stated not yet.

Mark Hounsell asked doesn't this fall under Other Business. Chairman Mosca stated no, under New Business. Mark stated he didn't know we were in New Business and asked if the Chairman wanted to talk about the Pine Tree School. Chairman stated we're getting there.

John Edgerton moved, seconded by Jim LeFebvre, to recommend that it be put on the table until the next meeting. In favor: 12; Opposed: 0; Abstain: 0.

Chairman Mosca stated the next item up that he wanted to be brought up has to do with Hale's Location and the fact that the Conway Police Department services Hale's Location without compensation and the question is: Is it time to put some type of intergovernmental agreement together because of the amount of time that the Conway Police Department is potentially going to Hale's Location.

Peter asked what the population was; did anyone know. Mark Hounsell thought around 200.

Mark Hounsell stated this one caught his attention when he read the news that the Conway Police Department responded to a Mutual Aid call at Hale's Location for an alleged robbery at the hotel that's up there. The word "mutual" implies at least that you're going to get something in return and the citizens of Hale's Location have the, he would say, luxury of having a low tax base and having the Commissioners of the County administer their town affairs. This results in them not having to pay such things as Police response. The Conway Police Department spends a substantial amount of dispatch money to relay calls to the Sheriff's Department in order for them to service. So there's that expense that occurs and a service that's provided to the citizens of Hale's Location. He thought it was very important for the members to understand that not with Mutual Aid to the Police Department, there's also Mutual Aid problems with our 5 Fire Departments. So this Mutual Aid, in his opinion serves as a conduit for communities of lesser means and less appropriations to tap into our resources pro bono and darn it, he's tire

of that. He thought there should be some sort of intergovernmental agreement that the Town should seek with the County Commissioners to set up some sort of Mutual Aid response. Having said all that, he understands that the Department under Chief Wagner has an agreement with the State Police and the Sheriff's Department for Mutual Aid and they will respond because they probably have to, to a call for help. His problem is that every time he sees a Conway Police Department vehicle leave town to service another community, causes him to chagrin a little bit. That's why he brought it up.

Bill Marvel stated his only comment would be that "pro bono" means that they do it for free. They're really taking it for free, so it's more pro moocher.

Mark Hounsell further stated that he would like to have this Budget Committee, if he could be recognized for a motion. Chairman agreed.

Mark Hounsell moved, seconded by Jim LeFebvre, to have the Budget Committee recommend to the Conway Board of Selectmen that they look into the situation of Mutual Aid of the Conway Police Department to Hale's Location and any other surrounding community, but in particular Hale's Location. In favor: 11; Opposed: 0; Abstain: 1 - John Colbath.

Bill Marvel asked if that wasn't the Police Commission and not the Selectmen's bailiwick. Mark Hounsell stated he would be willing to add the word "and Police Commissioners" and thought that would be appropriate. Mark further stated he did think it was the Selectmen's intergovernmental agreement.

Dick Klement stated we have Mutual Aid Agreements with a Fire Department, for example Madison, and it is his understanding they charged each other for that. The Town just has the agreement that says "yes we are going to help you when you need help". Dick asked if he was right or wrong.

Mark Hounsell stated to Dick Klement that he was right. Mark then asked if he could state something that has happened. Conway, under Chief Solomon last year responded to a Mutual Aid call in Madison and he got to the fire that was engaged, there was not enough response from the Madison Department and even the Fire Chief didn't attend. Chief Solomon ended up taking charge of the fire from the Conway Fire Department and took matters into his hands and provided the fire protection that the Town of Madison needed at that particular moment. So there are flaws as he mentioned earlier in a lot of the Town's Mutual Aid arrangements. He's not talking about Mutual Aid of Redstone to East Conway or Center Conway to Conway or North Conway, he's talking about, and as another example, a few years back the Town of Eaton got upset with the Town of Conway, as they often do, and they decided that they didn't want their fire protection provided by Conway Village any longer and they went to Center Conway. Because of Mutual Aid, Conway Fire Department responds to the calls that they were previously paid for by the Town of Eaton in response to Eaton's calls for help. Again, the mutual side is not evident because Eaton doesn't have a Fire Department. The idea of Mutual Aid is all well and good, but at some point where's the mutual. He was saying this from a

budget point of view, not from whether or not we should respond to people in distress.

Chairman Mosca stated because there is a cost associated with it. Mark Hounsell agreed. Chairman stated the taxpayers of Conway bear the costs for this. Mark stated for the services to other communities. Chairman stated he thought it was a valid point without question.

Chairman Mosca stated he had two more items before going back to the 30 or 45 minute discussion earlier that the members had.

Chairman Mosca stated on the Pine Tree Emergency work, where should the funding come from. Dr. Nelson gave us three different scenarios. The School Board is considering Option B which would be half the money from the Trust Fund and half the money through the Surplus funds. Surplus funds right now are low, \$250,000.00, usually we like to see it above that. So, if they are taking money out of the Trust Fund and if there is an emergency during the year, will there be money available and should all of the funding come from Surplus. It's something new this year, there hasn't been a Surplus Fund until this year, it was just voted in by the voters. He thought one of the reasons it was voted in was to have situations like this where we know there's a known issue that isn't in the Budget, to not use Trust Fund money but to use Surplus money. That's his personal feeling and he's going to put it out to Mark (Hounsell) first.

Mark Hounsell stated he just wanted to restate for the record, that he's speaking as a citizen of the Town of Conway and not as a Conway School Board member and that the report he gave is the School Board's report. He is however concerned and does object to using the Maintenance Fund money to pay for this unexpected expense that needs to be taken place. If we were to treat the Maintenance Trust Funds as a savings account for unforeseen emergencies, like Dick Klement has previously stated, then we need other sources of money. For various reasons we have that source of money in hand and it's called the Surplus. The voters have approved that the School Board can retain 2.5% of the District assessment which is \$411,328.00. His strong recommendation is that the Surplus pay for the work at Pine Tree and the Maintenance Fund not be used. To use the Maintenance Fund would cause the Tax Rate of all things being equal this year to go like this (using a hand demonstration), but next year there will be an immediate need to replenish that Maintenance Trust Fund and, with everything else that's going on, including a possible Bond for the other boilers that the School Board will have to take place, the second year it will cause it to do this (using hand demonstration) and then it will take another year or two for it to level off. So what we have for the taxpayers is this experience and that is something he has found in his terms in office as being something that voters get antsy about. He thought it was better to have a leveler Tax Rate. He would hope that this Budget Committee would take the position to recommend to the School Board to use the Surplus Funds. As he said earlier, the School Board is quite anxious to hear what the members had to say and their primary concern is to be open and up front with what they are dealing with. So there you have it.

John Edgerton stated he was just interested in the \$411,000.00 surplus; it's at the School and it can be used for almost anything, right. Chairman Mosca stated yes, but it has to be approved by this Board and the Department of Education for the money to be used. That's the language in the Article.

Mark Hounsell stated for clarification, the School Board could right now use the Surplus without coming back to the Budget Committee and then put the remaining \$211,000.00 into the Fund you're talking about which can only be utilized with the approval of the Budget Committee and the Department of Education.

Peter Donohoe stated he was going to play Devil's Advocate; if we withdrew the \$200,000.00 from the Maintenance Trust Fund this year for this purpose, the cents on the dollar affect on the Tax Rate if the School Board opted to replenish it with an equal amount would be how much cents on the dollar. Mark Hounsell stated it would be about \$.16. Peter stated so as a taxpayer, again he's just discussing this and not saying it's his decision, he has a decision between giving the entire Surplus back to the taxpayers and then having to go for another \$.16 increase. He guessed he didn't see that up and down that Mark described. Peter did understand what Mark was saying about trying to keep things level, but he didn't see a lot of disparity there.

Mark Hounsell stated it works this way: if the School Board were to give the whole Surplus back to the taxpayers in addition to the \$800,000.00 being used to offset next year, if the School Board were to give that back, that would cause, by itself, a decrease in the Tax Rate. If it is spent, that decrease doesn't happen, but if it is spent and get the decrease in the Tax Rate, the following year we're talking \$200,000.00 to replenish the Maintenance Fund, they will see that increase come back. Peter Donohoe stated he understood. Mark further stated the question is why go through all that pain when we can maintain the Tax Rate. We have the Surplus, people have already paid their School Tax, some begrudgingly, but at the same time for the best use of resources for the entire community would be best to use that Surplus and to maintain those Maintenance Funds because even though there is \$258,000.00, one boiler has already broken down and he didn't want to use this as a tactic, but those other boilers are in pretty rough shape as discussed earlier when we raised \$287,000.00 to do Engineering Studies on replacing them. So fingers crossed, things don't happen.

Jim LeFebvre stated to Mark Hounsell that over the course of the last several years, did he know what the average number of dollars the School Board or the School District has returned to the taxpayers for, let's say, the last 3 or 4 years. Mark stated it's been running about 2%. Chairman Mosca stated \$600,000.00 to \$800,000.00 a year; this year it might have been a bit higher.

Jim LeFebvre asked if it could be anticipated for \$500,000.00 next year. Mark Hounsell stated he couldn't say that. They do the best they can with what they have. Jim stated he understood, but if one looked at statistic

averages, could we assume possibly the \$500,000.00. Mark stated he didn't know what to tell Jim on that; he couldn't go there because he didn't know.

Pat Swett stated it makes a difference if you have a Special Ed student come in and you can burn that \$500,000.00 very quickly.

Dick Klement stated his feeling is that in February 2016 the 30 year old boilers at either Conway Elementary or John Fuller or worse case one at each school, decide they're not going to work any more. Jim Hill has explained this to the Committee before, in cold weather months you need both of those boilers to function to keep the school going. If one boiler fails, we're out of luck and you would have to find a place for those students to go. If you deplete the Maintenance Trust Fund, then the rapid response to go get a boiler fixed would be that they would have to come here and ask for the money out of this 2.5%, then go to the Department of Education or whomever, to say can we use that money. That's a day or two. They need to have money on hand. If we burn that \$258,000.00 that's in the Maintenance Trust Fund, we can't do that. His recommendation would be that we use the \$200,000.00 out of the \$411,000.00 in that 2.5% reserve fund and that they only save another \$200,000.00 so that the money that was going to go back to the people still goes back to the people and the money that is held at that 2.5% from that Article that allowed the School to retain that 2.5%.

Chairman Mosca asked Dick Klement if he could put words in his mouth. Dick stated please do. Chairman stated that Dick was saying that he would like to make a motion for the Budget Committee to recommend to the School Board to use 100% of the Surplus Funds to fund the Pine Tree emergency repairs.

Dick Klement moved, seconded by Danielle Santuccio, to recommend to the School Board to fund 100% of the Pine Tree emergency repairs through the Surplus Fund. In favor: 11; Opposed: 0; Abstain: 0. (Note: Mark Hounsell not present for the vote.)

Peter Donohoe stated this is Option A and Chairman Mosca agreed and stated that the School Board is going with Option B at this present time. He thought if the Budget Committee were to support using the Surplus funds it may sway a few votes on the School Board to reconsider and use the Surplus funding because he thought that was the smartest way to go seeing that we have it and it is in place.

Bill Marvel stated just two things: he has been thinking about this for awhile, but he's still confused a little bit. If we take the money out of the Maintenance Fund and then replace that, isn't that essentially a wash over the course of the two years. Mark Hounsell stated over a course of three years it would be. It would level out at three years. Bill stated that also what you're really doing is the Maintenance Fund is there for that sort of thing and you're, without going through voter approval, replenishing it. That's the only other point he wanted to make.

Mark Hounsell stated the Surplus is appropriated money already. It's just money that somehow wasn't used, and that's not a bad thing, so it belongs to the taxpayers. What also belongs to the taxpayers is the heavy burden or struggle of paying for the repairs of Pine Tree School. That has to be done and that's going to cost \$200,000.00, so the overall picture is: what is the best source of revenue for that. He would contend and does strongly contend that it is from Surplus and not from the Maintenance Fund because you're just going to go back to replenish the Maintenance Fund. Chairman Mosca stated and the Surplus is just sitting there.

Mark Hounsell further stated he thought the School Board should be commended for reaching out and wanting to know what this Board has to say. You've got to admit that's somewhat of a turn. Bill Marvel agreed.

Chairman Mosca stated one more thing before going back to the earlier discussion. In March, last Budget season, there was an issue where a member of this Committee voted for the Teacher Contract without disclosing that they were a spouse to a teacher. He found out about it after the fact through an article in the newspaper. Needless to say he wasn't very happy about not having known. He reached out to the Town Clerk, he reached out to the Town Manager, he reached out to the Secretary of State's Office and to the Attorney General's Office. The Secretary of State's Office responded to the same question that went from the Clerk's Office from Rhoda Quint. What she wrote was:

We had a situation come up regarding Budget Committee members and a vote to endorse the Teacher Contract. The issue has been raised that his wife is a teacher and he stands to benefit financially if the Contract passes. The Budget Committee vote was 6 - 9 against so it wasn't recommended, but the Chairman has asked for guidance.

The response was and this is from the Secretary of State's Office:

I am not aware of any statutes that deal with specific instances when a vote is inappropriate. Some towns have ethics guidelines to help address situations like the one you describe. Generally, the practice comes down to simple disclosure. If an official believes the conflict is great enough, they recuse themselves. Otherwise a disclosure of a potential conflict if known should be made at the time preceding the vote.

Chairman Mosca stated he just wanted that out there. During the election cycle or actually Election Day he spoke a little bit to John (Colbath) and to Steve Porter. He is going to go before the Selectmen and ask them to put something on the Ballot for next year on something to do with ethics guidelines or conflict of interest. He is hoping they will support it. He is going to reach out to our Representatives and Senators in Concord and ask them to amend the RSA's because he thought it is important that if you don't think it is important that puts money in your pocket isn't an ethical violation or a conflict then there's something wrong. The member isn't here tonight, but he will have a discussion with

the member at another point in time. He wanted to bring this up because he believes it is very important that everybody know that. When we take our oath of office, it says "impartially discharge and perform all duties incumbent" and that's not being impartial if you're not telling people that you stand to make money or your family does. That's his say on that and it will be dealt with he hopes more formally.

Pat Kittle stated he potentially has a conflict of interest in the School issues because his wife is a part-time employee of the District, but he also owns a business and he does a fair amount of business with the School and he does a fair amount of business with the Town. He certainly wants all of the Budget Committee members to know that, but at the same time, he still wants to be able to participate in the Budget Committee process.

Chairman Mosca stated he would say that anybody can participate and discuss. It depends on whether you think there's a conflict and whether you should say all right my wife is a teacher or my wife is a part-time employee or whatever and it may be a certain Contract that you may just want to say "I'm going to abstain from this" because there may be a conflict there. He wants everybody to fully participate and discuss in pros and cons because you (Pat Kittle) might have something to say that everybody else on the Board may never think of. He thought it is only healthy that everybody discusses, but when it comes down to actually voting, that's up to you. Like he said, he's going to put something together and go in front of the Selectmen and ask them to put something on the Ballot. Whether they support it or not, he doesn't know, but he does know that he can get 25 people to sign it.

Pat Kittle stated he thought it would be helpful to have some guidance. He serves on a couple of Boards and his business does work with some of those organizations as well and there are some guiding principles in Conway about conflict of interest. Chairman Mosca stated what generally happens on this Board is that if somebody sits on a Board that comes before this Committee and asks for money, they usually recuse themselves from the vote. They participate in the discussion, but recuse themselves from the vote.

Danielle Santuccio stated she was just going to say if there's something you're voting on where your vote, a "yes" vote, will financially benefit you directly, that's pretty clear, you either know that or you don't and that's really the base line. That's really what he's (Chairman Mosca) talking about. As far as Boards or knowing people on Boards or working with Boards, this is a small town, but the direct financial benefit based on what the vote is, she thought Pat (Kittle) would be able to tell that and that he didn't have to worry about not knowing.

Pat Kittle stated he guessed in his own position, what he would say about that is that there are times when he is really not thinking or concerned about how it benefits him, but what he thinks is the right thing to do for the whole organization, but he understands what Danielle (Santuccio) was saying. Danielle stated you would know and you would at least tell these members she imagined. Pat stated absolutely.

Mark Hounsell stated he believes what Mr. Kittle has just done is to fulfill his obligation of the law by disclosing his potential conflict and that nothing more needs to be done and we can all assess his legal right to recuse himself or not based on his understanding if his actions are in violation of our laws.

John Colbath asked if there were any policies and/or procedures for the Budget Committee like the Selectmen have Policies and Procedures and that's covered in the Policies and Procedures. Chairman Mosca stated maybe that was something that we should look into doing for the Budget Committee. He will talk with Erl (Sires) to obtain a copy of the Policies and Procedures and maybe there is something that we can adopt on our own. John stated the New Hampshire Municipal Association has a lot of help and assistance for guidelines, too. The Town pays dues and belong to that so those people are available as advisors to Municipal Boards. Chairman thanked John and stated that they would talk more.

Peter Donohoe asked if the members could get the handouts before the meeting so that the members can not be reading while Lilli (Gilligan) is telling us what's going on. Every year he is sitting there trying to listen, trying to read; trying to listen, trying to read. Is that a monumental undertaking to request that.

John Colbath stated even a day or two would be fine. He sits on the ZBA, the Policies and Procedures of the ZBA is that they don't review anything that they don't have in hand 72 hours before the meeting, so that if somebody comes in and presents stuff and they have an urgency to get their decisions, they may be postponed another month because that Board is not going to sit there and read. Often it is not, but that policy is in place.

Mark Hounsell stated that wouldn't work in this environment because as it gets closer and closer to February and March this becomes Six Gun City. You've got to take the information as it comes. He agrees with Peter (Donohoe), he thought it was a little unfortunate that we didn't get these things until tonight and that can be worked on, but at the same time, to put a 72 hour barrier would probably work against us.

Chairman Mosca stated that he was sure that if he had asked Lilli (Gilligan) she could have downloaded it, sent it to him and he could have forwarded it to everybody. He will put it out there. Peter Donohoe stated he felt that he just didn't want to drag everybody down by asking more questions about things he discovered since this Committee was first presented the stuff at the meeting prior.

Chairman Mosca asked John Colbath about the Selectmen's Policies and Procedures and the ZBA Policies and Procedures; whether that was something the Boards themselves vote on. John stated yes.

Chairman Mosca stated he was going to go back to, and he didn't want to spend a lot of time as this meeting was adjourning at 8:30 PM one way or the other. He just wanted that out there.

Chairman Mosca stated he had come up with a motion (Option 1) and it would be to have the Budget Committee recommend to the School Board to increase the starting pay to \$33,000.00; furthermore, teachers whose salaries are above their pay grade will receive minimal to no increase and longevity pay be eliminated in its entirety. He thought that said everything that everybody wanted, it's very clean, it's very neat. It puts a starting salary for starting teachers.

Bill Marvel stated its specific about the start, but a little vague about the veteran teachers. Chairman Mosca stated he didn't think it was vague; if their salary is above their pay grade, they will receive minimal to no increase. That's pretty specific. Bill stated it's the minimal that he found vague, which he didn't mind as long as it's vague on both ends or specific on both ends. He was vague on both ends.

Chairman Mosca stated that was just his attempt and that Bill (Marvel) and Dick (Klement) both had suggestions.

Mark Hounsell stated he was going to take back whatever the members decide and he is not going to vote, but he would caution that by throwing out a figure of \$33,000.00, you're kind of throwing a stone in the water causing a ripple effect and he's not sure you're going to see where that is going to go because this is a two-sided negotiation process.

Bill Marvel stated he too had come up with a motion (Option 2) and it would have the Budget Committee recommend to the School Board that this year's negotiations with the CEA reflect far more emphasis on starting teacher salaries than on veteran teachers.

Dick Klement stated he too had come up with a motion (Option 3) and it would have the Budget Committee recommend to the School Board to bring starting teacher salaries in line with the Carroll County average for starting teachers. Teachers currently receiving salaries above their Step Level should receive little to no increase in salary. Additionally, all references to the longevity pay should be deleted.

Mark Hounsell stated that's changing the 30-Town Survey to a 2-Town Survey, Kingswood and Kennett. He didn't particularly want to have the influence of the Kingswood/Wolfboro voters deciding what we pay our teachers.

Chairman Mosca stated Option 2, can you add "eliminate longevity". Bill Marvel stated that would be pretty simple to add "and eliminate longevity pay in its entirety".

Bill Marvel moved, seconded by Peter Donohoe, to recommend to the School Board that this year's negotiations with the CEA reflect far more emphasis on starting teacher salaries than on veteran teachers and eliminate longevity pay in its entirety. In favor: 10; Opposed: 0; Abstain: 2 - Mark Hounsell and Pat Kittle.

Chairman Mosca asked if there was any more discussion on this issue. He thought this motion covers everything that we want, it may be a little vague in places.

John Edgerton asked if he could put something on the table. Five or six years ago he presented to the School Board that we try to make the Middle School a real Middle School and move the 6th Grade to the Middle School and let it settle out for a few years and see what happens. They added 52 questions to that request and because of that, they couldn't get anybody to come close to discussing the question. He still says one question and that's it. Move the 6th Grade to the Middle School period and let it settle out. Make it a Middle School.

Mark Hounsell stated that he could report that there are a few members of the School Board who are having that conversation, not in an official capacity at a meeting, but just in conversation.

John Edgerton moved, seconded by Jim LeFebvre, to recommend that the School Board consider moving the 6th Grade to the Middle School. In favor: 9; Opposed: 2 - John Colbath and Pat Swett; Abstain: 1 - Mark Hounsell.

Pat Swett stated she thought by doing this you're going to open up all of the Contracts with the sending towns. Mark Hounsell agreed. Pat further stated she thought it was going to open a can of worms.

Dick Klement stated it does open up a can of worms. His concern is over and above that. He thought this was a step, but in their Long Term Strategic Plan there is a facilities discussion which some day might occur. There hasn't been much movement in facilities he believed. Mark Hounsell stated not to the degree it will be. Dick further stated he thought until somebody looks at this thing and says we have two building too many or three buildings too many or however many buildings too many, moving them now in two or three years we may be moving them again. It's just an observation.

Mark Hounsell stated the wording he didn't think was inappropriate at all because if he remembers it to take a look at it. Chairman Mosca stated it's not saying to do it.

John Edgerton stated let him put some rationale behind it. The rest of the country, 90%+, a Middle School is 6, 7 and 8 and it was determined a long time ago by educators that the 6th Graders are better off to get to the Middle School environment where you have Math teachers and Science teachers and all that kind of stuff and they learn better and we get a better student whose better prepared for the world to get them up there and get them started. That's the reason for it. That's all he has.

Chairman Mosca stated it's only a recommendation to look at it and if he's not mistaken the sending towns only have about 5 years left on them. Mark Hounsell stated 10 years. Dick Klement stated it is under 10, but not much under 10. Chairman stated those Tuition Contracts are going to

be coming up before we know it. Dick stated that's why we have to figure this out now.

Mark Hounsell asked if Chairman Mosca was going to send him all of these motions tonight. Chairman stated he was.

Doug Swett stated a little while ago Chairman Mosca said the Committee had put 25 minutes into this and it was starting to drag, but we're dealing with something that's 67% of the tax load and he didn't understand how the Chairman can say we are spending too much time on something that involves so much tax money. Chairman stated it's not that we're putting too much time, it's putting too much time into something that's not going any where the way it was worded in his opinion and he thought what we ended up with in the last 5 minutes was much more beneficial than what we spent the other time on. It was a process to get there and that process led us to that motion. Doug stated 2 hours later. Chairman agreed.

John Edgerton moved, seconded by Jim LeFebvre, to adjourn the meeting at 8:30 PM. Motion carried unanimously.

Respectfully Submitted,

Iris A. Bowden, Recording Secretary