

BOARD OF SELECTPERSON'S MEETING MINUTES
March 27, 2013, 4:00 p.m.
Rumford Falls Auditorium

PRESENT: Chairperson Gregory Buccina, Vice-Chairperson Jeffrey Sterling, Selectperson Bradford Adley, Selectperson Jolene Lovejoy Selectperson Jeremy Volkernick, Town Manager Carlo Puia.

ATTENDEES: Phillip Zinck, Eric Giroux, Roger Arsenault, Len Greaney, Tony DeSalle, Mark Belanger, Maurice Belanger, Ted Hotham, Jennifer Kreckel, Douglas Freeman, Terry Karkos, Beth Bellegarde, Sue Buck, Larry Buck, Deborah Laurinaitis, Jerry LeClaire, Tony Lyons, Kelly Berry

1. Meeting Called to Order
2. All present Pledged Allegiance to the American Flag
3. Discussion with NewPage Regarding Town Budgeting

The Town Manager acknowledged the presence of NewPage representatives Jerry LeClaire, Mill Manager; Tony Lyons, Fiber Supply and Public Affairs Director; and Kelly Berry, Controller.

The Town Manager explained that according to information provided by NewPage, they pay 4.3 million in property taxes, and with the 1 million dollar reimbursement from the State of Maine's BETR program, the local mill pays 3.4 million net dollars in taxes, which is a million dollars higher than their next highest taxed mill in Escanaba, Michigan. The Town did work with the mill management in 2009-2010 that dropped their property tax burden from 5.8 million to 4.3 million approximately, a net reduction of 1.5 million in property taxes at that time.

The Town Manager expressed that everyone here shares the same concern that our number 1 employer and tax payer continue to have an opportunity to remain an integral part of our area, with provision of better than average paying jobs and benefits and many supporting jobs that contribute generate an economy that most rural communities do not enjoy. However, as government officials we are required to work within the parameters of State of Maine laws including those relating to property taxation. Many people may not be aware of the limitations that we have to simply solve the dilemma that is currently being faced. The mill currently pays approx 1/3 of all property taxes in Rumford. Unless cuts were made to the education budget, in order to reduce their tax burden by 2 million dollars, it would require our 8 million dollar proposed budget to be reduced by 6 million dollars. That would leave 2 million dollars for the Town to operate on. The Board of Selectpersons does not have the authority to give the mill a tax break by State law. He feels the purpose of this meeting is for all to get a better understanding.

Chairperson Buccina expressed that we are faced with some unknowns with the Maine Revenue Sharing and with the concerns of full operations at NewPage's Rumford Mill. He asked the NewPage representatives for an overview of how things have played out to date and the short term outlook.

NewPage Paper's Mill Manager Jerry LeClaire, Fiber Supply and Public Affairs Director Tony Lyons, and Controller Kelly Berry addressed the Board with their concerns. NewPage is experiencing a declining market and need to improve their costs. They have implemented a

percent employee reduction company wide and have 20 million dollars in targeted cuts across the board. They are trying to improve their internal benchmarking and have identified that their property taxes are quite a bit more than their other mills. As part of the bankruptcy process, the Mill went through an evaluation process by an outside auditor. As a result, the value of the Rumford facility has decreased dramatically and they will plan to pursue a reduction in town assessment. His understanding is that the Mill pays about 100 percent of the assessed value while many other Town properties pay at approximately 84 percent.

Tony Lyons stated that there is a potential loss of the BETR program reimbursement. He has provided testimony to the legislature and communicated to employees where they stood with their cost structure. In order to modernize the Mill, the corporation has to see a cost structure that makes sense.

Mr. Sterling requested some specific cost cutting suggestions for town budgets from taxpayers, as we could then analyze the suggestions and go from there.

Kelly Berry stated that within the Mill they look to their own management for suggestions of cost cutting reductions.

The Chair opened the floor to further comments from those in attendance.

4. Adjournment

Mr. Adley made a motion to adjourn at 5:07 p.m. Vote: 5-0

Carlo J. Puiia
Town Manager

CJP/tp