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The State of the Health Care Industry in Belknap County

The health care industry has been in the news a lot recently, especially in the past month with LRGHealthcare's announcement that it will no longer provide primary care to Medicaid beneficiaries in most of its primary care settings in the region. This brief profile of the health care and social assistance sector in Belknap County illustrates the importance of this industry to our local economy and outlines long-term strategies for reversing some alarming trends that have contributed to the current crisis.

Overview

Data from NH Employment Security shown in the table below reveal that the health care and social assistance sector provides about 13% of total employment in Belknap County, making it the third largest employment sector (the second largest private employment sector after retail). The average weekly wage for health care & social assistance is significantly higher than the other top five employment sectors, with the exception of manufacturing. LRGHealthcare (LRG) is the largest employer in the health care and social assistance sector in Belknap County and the largest employer in our region overall. Lakes Region Community Services Council is another important employer in this category, with more than 250 employees in Belknap County.

Belknap County Employment - Fourth Quarter 2010			
Industry	# of Businesses	# Jobs	Average Weekly Wage
Total	1,876	24,662	\$766.27
Retail Trade	329	4,983	\$508.54
Government	107	4,352	\$750.99
Health Care and Social Assistance	151	3,239	\$916.52
Accommodation and Food Services	203	2,825	\$349.56
Manufacturing	89	2,160	\$1,024.85
Construction	202	1,187	\$1,269.21
Administrative and Waste Services	103	865	\$574.87
Other Services Except Public Admin	156	862	\$623.15
Professional and Technical Service	161	717	\$1,591.96
Wholesale Trade	93	574	\$1,554.95
Arts, Entertainment, and Recreation	51	504	\$445.31
Finance and Insurance	67	495	\$966.03
Transportation and Warehousing	28	470	\$619.07
Management of Companies/Enterprises	11	325	\$1,264.47
Educational Services	18	315	\$748.50
Information	17	292	\$825.15
Real Estate and Rental and Leasing	67	248	\$720.35
Utilities	8	130	\$1,554.42
Mining	5	60	\$1,030.53
Agriculture/Forestry/Fishing	10	59	\$443.16

Source: NH Employment Security

In general, medical facilities and social assistance providers have a positive economic impact on their host communities. For example, hospitals typically employ relatively large numbers of people and draw people and spending into a community from surrounding areas. However, a hospital can only be as healthy and sustainable as the community it serves, and recent events at LRG highlight disturbing trends that our region must address head-on.

1. Significantly fewer adults in LRG's service area have health insurance coverage compared to other parts of the state. Only 77% of adults have health insurance here versus 89% statewide according to the most recent data available. This is largely due to the fact that a very high percentage of jobs in our region are in sectors that offer relatively low wages and little or no health insurance coverage. In Belknap County, roughly one-third of total employment is in retail and accommodation and food service, which typically fall into the low-wage, no health insurance category. In response to rapidly escalating health insurance costs, even companies that have traditionally provided health insurance to their employees are struggling to do so and many have had to cut back significantly in this area in order to remain viable. LRG provides a significant amount of charity care to people without insurance or those who cannot afford to pay their medical bills. In 2010, LRG's charity care totaled \$6.7 million in free or reduced cost services, valued at cost.

2. According to projections by the NH Office of Energy & Planning, by 2030, over 36% of Belknap County's population will be 65+ years old. Seniors typically consume health care services at a much higher rate than younger people. One would think this high proportion of seniors would be good for LRG because it means a lot of people will purchase services from them. However, according to a recent study by the NH Center for Public Policy Studies, 12.5% of seniors in Belknap County live below poverty, which is the highest concentration of seniors in poverty of any county in the state. This means many of our seniors are on Medicaid, which only covers about 85% of the cost of services, leaving a 15% gap for service providers to absorb. This adds to the significant burden that LRG already carries in providing charitable care to the uninsured/underinsured. Projections indicate that this burden will increase over the next 20 years.



In summary, LRG has been experiencing significant financial pressures for some time due to the trends outlined above. On top of that, the decision in June 2011, by the state legislature to radically change the Medicaid Enhancement Tax, effectively resulted in a new tax of \$9.0 to \$10.0 million



for LRG. This is in addition to cumulative payment cuts of \$4 million annually from prior legislative initiatives. These major cuts created the need for LRG to take some kind of action to prevent significant operating losses from undermining its service to the community at-large.

Economic Development Implications

No matter your stance on LRG's recent actions, it is clear that socioeconomic dynamics in our community are putting a strain on our largest employer. BCEDC recently interviewed an executive with LRG about these challenges. Here is a summary of his recommendations, all of which are long-term in nature and will require new partnerships and resources to be leveraged:

1. Grow what we have to create a stronger job base, especially jobs that provide a living wage and benefits, such as in manufacturing and professional and technical services. This would reduce the financial burden of providing medical care to the uninsured and those on Medicaid.
2. Invest in education, especially pre-school and kindergarten. Exploring how to provide early childhood education for all is critical because it is proven to have a positive impact on children's prospects for long-term health and success in the workplace. A pilot program for universal pre-school in Belknap County made possible by some kind of public-private partnership would be beneficial.
3. We need to provide role models and strong mentoring opportunities for children. Supporting the growth of such programs will also enhance children's chances of succeeding later in life.

In light of these recommendations, BCEDC's focus on workforce development for manufacturing and establishing a regional system to enhance school-to-work opportunities for more children through the 200x2020 Initiative appear to be right on target to support the needs of our largest employer.

EPTAM Makes \$25,000 Donation to BCEDC's Workforce Development Efforts

Citing a desire to support the Belknap County Economic Development Council's focus on workforce development for manufacturing, EPTAM Plastics recently purchased the \$25,000 in tax credits awarded to BCEDC by the NH Community Development Finance Authority. BCEDC is currently in the process of developing a new strategic plan, and initiatives to support manufacturing in the region are at the top of its list.

"We see our donation to BCEDC as an investment in EPTAM's future in the Lakes Region," said Jeff Hollinger, President of EPTAM Plastics. "We like the fact that BCEDC is looking for new ways to expose young adults to the field of advanced manufacturing because it addresses one of our core challenges: finding qualified help. We need young people to be excited about this field and to pursue a course of study that will prepare them to work in this sector. Our entry-level positions require strong math, computer and blueprint comprehension skills. Unfortunately, it's not easy to find young people with this mix of skills today."

EPTAM specializes in precision machining of high performance plastics used in the aerospace, military, medical, energy, semiconductor and plasma cutting industries. Their strategy has been to focus on diversification among industries and customers, operational excellence and the utilization of technology to reduce cost while improving quality. This strategy seems to be working as EPTAM's sales have more than doubled in the past six years. EPTAM was started in 1981, and today employs more than 100 people at its 62,000 square-foot, climate-controlled manufacturing facility in Northfield. "We have been successful because of our focus on machining difficult materials to high quality standards and our ability to fill complex orders under tight deadlines. Our engineers work collaboratively with our customers to bring value and solve problems – there is no room for error in the work we do here," explains Hollinger.

BCEDC recently produced a profile of manufacturing in Belknap County to educate local decision makers about the opportunities in this sector. "Contrary to public perception, manufacturing is alive and well in the Lakes Region," said Carmen Lorentz, BCEDC's Executive Director. According to data from NH Employment Security, manufacturing is the fifth largest employment sector in Belknap County and average pay in manufacturing is more than twice the average pay in retail and tourism. "The manufacturers still in our region today are like EPTAM - they have found a niche that allows them to focus on high-quality products that can't be outsourced to Asia or Latin America. These companies are strong and growing, but they struggle to find qualified workers. Our community needs to step up to make sure they have the workforce they need to stay here for the long haul."

As part of its focus on workforce development, BCEDC participates in the 200x2020 Initiative, a new partnership



BCEDC Executive Director Carmen Lorentz expresses gratitude to EPTAM Plastics President Jeff Hollinger.

that also includes the Huot Technical Center, Lakes Region Chamber of Commerce, Lakes Region United Way, Lakes Region Community College, NH Works and the Laconia Shared Youth Vision Team. The goal of the 200x2020 Initiative is to get a minimum of 200 Lakes Region businesses signed on by 2020 to provide local students access to a full range of vocational, technical and occupational experiences throughout the school years to support the long-term workforce development needs of the Lakes Region. In March 2012, the 200x2020 Initiative will host a career cluster panel at the Huot Center for regional high school students interested in learning more about career opportunities in advanced manufacturing. The 200x2020 Initiative is also laying the groundwork for a Lakes Region internship and job shadow program that all high schools in the area can access to find school-to-work opportunities for their students. This program will provide students greater access to internship opportunities in advanced manufacturing and other fields.

For more information on EPTAM Plastics, please visit www.eptam.com.

MVSB Teams with BCEDC to Finance Lakes Region Pet Resort

Each time they planned a vacation, animal lovers Mike and Cindi Ingalls struggled with the question of how to care for their beloved pets. The Ingalls feel that anyone should be able to go away and know their four-legged family members are safe, happy, and getting the personal attention they need. Their new business, Lakes Region Pet Resort, is an expression of their passion for animals and a response to the need they see in the Lakes Region for a unique, non-traditional facility, offering the best in animal day care, boarding and training.

The new Center Harbor facility at 89 Daniel Webster Highway, just over the Meredith town line, offers personal attention, 24/7 care, professional trained staff, separate climate controlled buildings for small and large dogs, a spacious fenced-in run, and a host of specialty services, including luxury suites with raised beds and soft music, “home boarding,” and extra walks around the property. Doggie day care, doggie massage, and dog training are also available. Visiting felines are accommodated in vented cat condos equipped with scratching posts and comfortable perches.

Meredith Village Savings Bank and Belknap County Economic Development Council teamed up to finance the project, supporting the Ingalls in realizing their dream of providing a safe and enjoyable retreat for family pets when their humans are away.

“Cindi and Mike Ingalls did a great job developing a viable plan for their unique business and showed a tremendous amount of dedication to their plans,” said John Swedberg, vice president and commercial loan officer at MVSB. “This is exemplary of what can be accomplished with the combination of local funding from a community bank like Meredith



Village Savings Bank and a forward-looking organization like Belknap Economic Development Council.”

“This is a perfect example of the type of project that BCEDC gets involved in,” said executive director Carmen Lorentz. “We are here to help our banking partners make good projects happen and we are pleased to be a part of Lakes Region Pet Resort.”

Professional Consulting Services for Communities and Non-profits

BCEDC is pleased to announce that it now offers a menu of consulting services for Belknap County municipalities and non-profits at a rate of only \$50 per hour. Services include:

- Strategic Planning
- Economic Impact Analysis
- Grant Writing
- Grant Administration

Executive Director Carmen Lorentz has significant experience as an economic development consultant and is putting those skills to work for Belknap County at a fraction of the cost of hiring a private consultant. She will work with interested parties to clearly scope out the project so that her services fit within the available budget. BCEDC recently facilitated the City of Laconia's first strategic plan and is presently finalizing an economic impact study for the WOW Trail.

For more information, contact Carmen Lorentz at (603) 524-3057.

PREMIER PROFESSIONAL OFFICE SPACE FOR SUBLEASE

The Belknap County Economic Development Council (BCEDC) is seeking to sublet a portion of its office on the first floor of historic One Mill Plaza, a beautifully renovated mill building in the heart of downtown Laconia. Mutually agreed upon terms to be negotiated depending on specific amount of space and amenities needed. Maximum of 400 to 500 SF available. Sharing of color copier/printer/scanner, Wi-Fi, and phones possible. Contact Carmen Lorentz at 603-524-3057.



Leadership Lakes Region Begins New Program Year

Leadership Lakes Region recently kicked off the program year with History and Culture Day. Carol Pierce of the Laconia Human Relations Committee discussed the social, cultural, and financial challenges faced by refugees now living in the Lakes Region. Ishor Mishra from Bhutan and Umija Gusinac from Bosnia recounted their stories, challenges and successes in relocating to New Hampshire.

The LLR class participated in a leadership exercise that was facilitated by LLR Board Member John Beland who used excerpts from the movie "Gettysburg" as discussion points. Other highlights of the day included a presentation on the Restoration of the Colonial Theatre by David Bownes of the Cultural Arts Center of the Lakes Region, and a talk by local author Carol Anderson on her research published in her new book, *The History of Gunstock – Skiing in the Belknap Mountains*. The class also toured the museum buildings of The Thompson-Ames Historical Society in Gilford.

History and Culture Day is part of a series of eight seminar days that seeks to inform participants of the numerous issues at work in the Lakes Region and to foster a climate of greater volunteerism, community building, networking and leadership skills among its graduates. The next program day is Political Issues Day on December 6th.

Founded in 1996 by citizens committed to fostering strong civic awareness in the Lakes Region, the program is modeled after other successful leadership programs throughout the United States. To learn more about the program, contact Leadership Lakes Region, One Mill Plaza, Laconia, NH 03246, by calling 524-6791 or by visiting the web site at <http://www.leadershiplakesregion.org>.

Together we make a difference



*In this season of Reflection & Gratitude,
BCEDC gives thanks for the support
of its Investors, Incorporators, and Patrons!*



Small Businesses and Account Takeover

Have you ever heard of the term “account takeover”? If you run a small business, you should expect to hear about it in the very near future. Your banker wants to discuss the topic with you.

Unless you follow risk news or happen to have had an association with somebody who was victimized, it is understandable that account takeover has not been on your radar. It concerns the Secret Service, the FBI, and a lot of banks, though!

What is “account takeover” and how does it happen? Essentially, it is some form of compromise to the computers of an organization that is performing banking online. Over the years, banks have become adept at securing their own online systems, so the easiest thing for a hacker to do is to focus on the weakest point in the process — and that is almost always the computers or the procedures in a small business!

The fraudsters target is a business’ online banking credentials that will allow them to initiate transfers, ACH batches, or payments to accounts that they control (often within a matter of minutes) that siphon off the balance of large-dollar bank accounts.

There are many ways to become compromised: missing or delayed patches to your computers; malicious SPAM or “phishing” e-mails (often with links to rogue web sites); key-logging software introduced through USB flash drives; unauthenticated software installed from Internet “pop-up” advertisements... the list can go on and on.

The problem has grown quite serious and, if you happen to be the victim with your corporate bank account cleaned out, it is often catastrophic, even to the point of business failure. Businesses, school districts, municipalities, non-profit organizations have all experienced losses in the hundreds of thousands of dollars. The FBI is currently investigating cases totaling several hundred million dollars nationally.

Keeping up with security is a big job for any organization, but it is especially tough for a small business with no internal IT staffing and little in the way of awareness about things that create the most risk.

What should you do? First, have a conversation with your bank and use any enhanced security features or options that they offer for securely banking online. Secondly, the resource below from IC3 lists a number of other tangible steps that any business can take. Perhaps the simplest and most effective security is to use a dedicated computer (an older “retired system” will work fine) for online banking and only for online banking — no Internet surfing except to keep it patched and no e-mail. Only the employees who are authorized to conduct your online banking should ever use this system.

Expect that the bank will also encourage you to take computer security seriously. When thousands of dollars are at stake — and they are — your bank will want to do whatever it can to help you protect yourself from the threats that exist in the online world.

— Lee Beachy, SCORE Lakes Region

Resources

<http://www.nacha.org/c/CorporateAccountTakeoverResourceCenter.cfm>

<http://www.ic3.gov/media/2010/corporateaccounttakeover.pdf>

http://www.idtheftcenter.org/artman2/publish/v_fact_sheets/Fact_Sheet_126_Check_Acct_Takeover_and_Check_Fraud.shtml

BCEDC will hold its Annual Meeting of Incorporators on Thursday, March 29, 2012. Please save the date!

Belknap Matters is a periodic publication of the Belknap County Economic Development Council.

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