

January 13, 2005

Minutes
Town of Lexington Appropriation Committee
January 13, 2005

Place and time: Cary Hall, Room 105, 7:30 p.m.

Members present: Al Levine, Rick Eurich, David Kanter, Ron Pawliczek, Eric Michelson, John Bartenstein, Paul Hamburger

Also present: Selectman Bill Kennedy

Meeting opened at 7:45 by Chair Al Levine

1. **Old Minutes** – Minutes of the 1/6/05 meeting were reviewed and, upon receipt of inputs from members, DK will revise and distribute copies to all members for further review and pending approval.

2. **Moody's Meeting** – DB reported on her and PH's involvement in the planning for the upcoming Moody's Bond Rating meeting. The town's Bond Consultant (Cinder McNerney, Sr. VP, First Southwest Co.) believes that a downgrade will be unlikely due to town's actions that were taken in FY05 to address the structural problems, and combined with the town's strong demographics that potentially can support an Aaa rating. As of this time the presentation will be based on the FY06 Pro Forma with a \$2.6M gap. It will also show positives such as additions to the Stabilization Funds, no use of free cash, and will also highlight our pension fund. That fund is 84.7% funded (10th best of all retirement systems in the state), has a fully funded date of 2015 (state mandated date is 2028), and 4th best compared to similar communities. This is all after we took one pension holiday and are supporting an early retirement package.

DB also reported on other FY06 issues that have come up during these planning sessions.

- BANs will be rolled over, instead of issuing bonds.

- Pro Forma Levy limit Debt service line item will be reduced by \$900,000; \$400,000 due to increasing the terms of recently issued debt; \$500,000 due to rolling over BANs instead of issuing additional debt.

- The anticipated increase in the Fed rate will adversely effect short-term rates much greater than it will the long-term rates on bonds that we issue.

- A lump sum SBAB reimbursement of \$26,282,315 is scheduled to be received on 2/1/05. This should arrive prior to the reissuing of the BANs, and will help reduce carrying the amount of BANs needed. John Ryan, Linda Vine and Cinder will be addressing how to structurally deal with this lump-sum payment.

- A \$900,000 premium was made on the FY05 issuance of debt. Its effect on debt service, tax rate and undesignated fund balance levels are to be researched.

- \$500,000 - \$600,000 will be available from the NESWC stabilization fund. Most members felt it should go into reserves.

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-NESWC Trash rate has been negotiated to \$64/ton for all of FY06, with no GAT. This rate is part of a five-year contract that will top out at \$71/ton.

3. Water/Sewer Committee – JB reported the Selectmen voted 3-2 to ask legal counsel to give an opinion on the legality of PILOTs. The Committee is also discussing a CFO for the enterprise fund. JB and DB plan to meet with John Ryan concerning the pending audit of the W/S fund, to present him with their information.

4. Selectmen Budget Session – DK reported the last meeting included presentations of the Selectmen’s Department budget, capital requests, and a review of the municipal needs-based requests. He noted that during the review of needs-based requests, Chair Dawn McKenna asked that each request include any associated revenue the position would be expected to generate. DK noted that the MIS expense line item includes a MUNIS software service-contract increase of 10%, and that will include getting us onto a new and improved version of the software in FY 2006. Capital items discussed were a study of the “White House”, Clarke heating units, and the Fire Department garage floor.

5. Health Benefits Committee – PH reported that the committee will be making their recommendations to the Selectmen in February.

6. 20/20 Budget Committee – PH reported that they are bring together multi-town financial information.

7. Report on the Warrant – Preliminary review of the Articles showed the committee would report on 8, 15, 16, and 18-39. In question are 4, 7, & 14.

8. Budget Balancing – PH presented his updated budget estimates and a discussion followed. Items discussed included how to deal with the \$900,000 reduction in in-levy debt service & \$500,000 NESWC Stabilization Fund, budgeting for COLAs, the Cash Capital Policy, factors that can be used to increase Stabilization Fund levels, the proper level to budget health-care costs, the Minuteman Regional Pro-forma amount and money the Library Foundation committed to contribute to offset the increased cost of the library construction if their campaign collections exceeded \$4M.

9. Miscellaneous - DB was asked to act as chair during AL’s absence for the summit and committee meetings.

RE moved to adjourn at 10:17 PM

Respectfully submitted,

Eric Michelson
Acting Secretary

Approved February 3, 2005