

October 15, 2007

Minutes
Town of Lexington Appropriation Committee
October 15, 2007

Place and Time: Town Office Building, Room G-15

Members Present: Alan Levine (Chair), Rod Cole (Vice Chair), John Bartenstein (Secretary), Deborah Brown, Richard Eurich, Pam Hoffman, Susan McLeish, Eric Michelson, Rob Addelson (ex officio, non-voting)

Also Present: Susan Yanofsky (Town of Lexington Economic Development Officer)

The meeting was called to order at 7:35 p.m.

1. Staff Report. Rob Addelson reported that bids for the DPW project came in significantly under budget. Free Cash has been certified at slightly more than \$4.8 million, which is higher than the earlier estimate of \$3.0 million. Rob is working to identify the non-recurring components of Free Cash so they can be used to cover non-recurring expenses (i.e., Stabilization Fund or capital projects.)

2. Shire and Proposed TIF Agreement. The most recent draft of the proposed TIF Agreement with Shire was discussed.

- a. The negotiations phase has ended. Rob reported that minor edits have been made. Shire's attorneys are reviewing this version of the Agreement, and Rob expects the BOS to sign it on Wednesday evening before the Special Town Meeting begins.
- b. A reasonable base value for parcels affected by the TIF needs to be established. Rob explained that the value of property in FY09 is based on a 1/1/08 assessment. This 1/1/08 assessment is based on market conditions in late '07. The assessors feel they can accurately estimate the value based on current market conditions because they don't see market conditions changing between now (October '07) and January '08. Rob said the staff has spoken with commercial appraisers and members of the Board of Assessors regarding the estimates that have been made. They feel that proper due diligence has been done and that the starting base value estimates are reasonable.
- c. The Agreement has been written to make sure that Shire receives value from the TIF on the increment attributable only to its capital investment.
- d. In 1987, the Town changed the zoning and FAR requirements for this and other parcels, taking away value from the buildings/companies. Prior to this change Shire could have built what it wants to build today.
- e. There was a discussion about Shire building the 400 Building versus not building it. There was also discussion of the Town's remedies if it grants the TIF and does not receive the full benefits Shire is required to provide. The language in this draft

October 15, 2007

of the Agreement strengthens the Town's ability to apply for and get the TIF decertified if necessary. Deborah Brown will create a chart showing the Town's exposure up to 2013 for Town Meeting members to review.

- f. The Committee voted 8 – 0 to reaffirm its vote from the October 8th meeting in support of this Article.

3. Future Meetings. The following meeting schedule was set for 2007: 10/17 before STM, 10/30, 11/13 after the Summit, 11/26 and 12/5.

The meeting was adjourned at 9:43 p.m.

Respectfully Submitted,

Pam Hoffman

Approved January 31, 2008