

**Minutes
Town of Lexington Appropriation Committee
November 17, 2005**

Members present: Deborah Brown, Richard Eurich, Paul Hamburger, Pam Hoffman, David Kanter, Alan Levine

Others present: Helen Cohen (School Com.), Michael Young (staff)

The meeting was called to order at 7:45 PM in the Legion Room on the second floor of Cary Hall.

R. Eurich was thanked in advance for agreeing to contribute an A.C. report for inclusion in the Town Report.

Since there was a lot of background noise from the main hall where the Lexington Bee was taking place, and since the acoustics of the Legion Room are not good, R. Eurich moved that the meeting be moved to the conference table in the Finance Dept. in the Town Office Building. This was agreed to by consensus. A sign directing people to the new location was posted. The meeting reconvened at 7:55 in the Finance Dept. room.

There was general discussion of snow removal deficits and whether they should be addressed by raising the appropriation for snow removal for FY 2007.

D. Brown reviewed the discussions and progress of the Selectmen's Ad Hoc Financial Policy Committee (FPC). She noted that it would be difficult for that committee to make recommendations before their original Dec. 1 target date. The FPC will need to extend the target date to make recommendations, but has discussed making some interim recommendations re reserves. Three topics have been emphasized in the discussions of the FPC: capital policies, debt management, and reserves. D. Brown, P. Enrich, and M. Kenneally prepared material on reserves for the FPC.

D. Brown continued her review of FPC discussions by going over P. Asquith's list of proposed financial policies. Substantial discussion ensued in this meeting on most of the proposed policies.

The discussion digressed into whether cash capital should be supported solely by cash or should make use of debt. M. Young explained that there is already a cash capital problem for FY 2007 since of the \$5.2M (the total according to the 5% policy), \$2.6M will go to debt service of previously issued long-term debt, \$0.3M will go toward interest on BANs, and \$0.7 to \$1.3M will go to servicing debt not yet issued (but to be issued before FY2007). This leaves only \$1.0M to \$1.6M to support new capital articles.

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There was discussion in preparation for the upcoming Nov. 30 Budget Collaboration/Summit meeting and the FY 2007 budget in general. The view was expressed that the Town's reserves should continue to be built up. It was asked whether the snow removal appropriation should be increased by \$100K or \$200K, and whether there should be reserves for SPED and utility cost increases. M. Young discussed the process of estimating revenue. P. Hamburger pointed out that reserves may need to be protected if not increased. The question of putting some free cash into the Stabilization Fund was raised. Finally, the question was raised whether the Town Manager considers the main reserves to be free cash and the stabilization funds.

The meeting was adjourned at 10:11 PM.

Respectfully submitted,

Alan M. Levine

Approved December 15, 2005