

**Needham Finance Committee
Minutes of Meeting of December 10, 2008**

The meeting of the Finance Committee was called to order by the Chair, David Escalante, at 7:00 pm in the Selectmen's Meeting Room at Town Hall.

Present from the Finance Committee:	David Escalante, Chair Lisa Zappala, Vice Chair Scott Brightman Richard Creem	Richard Reilly Steven Rosenstock Michael Taggart Richard Zimbone
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Also Present:

- Kate Fitzpatrick, Town Manager (departed 7:20 pm)
- David Davison, Finance Director – Assistant Town Manager
- Paul Denver, Chair, Town Meeting Study Committee (departed 8:00 pm)
- Gregory Shesko, member, TMSC (departed 8:00 pm)
- Elizabeth Handler, member, TMSC (departed 8:00 pm)
- Susan Abbott, member, TMSC (departed 10:00 pm)
- Mark Gluesing, member, TMSC (departed 7:20 pm)
- James Lamenzo, Chair, Future School Needs Committee
(arrived 7:20 pm, departed 8:50 pm)
- Evelyn Poness, Town Treasurer (arrived 7:30 pm, departed 9:50 pm)

There were no public comments.

Discussion of Municipal Department Budget Requests and Town Manager and Board of Selectmen Spending Priorities: Ms. Fitzpatrick distributed a document dated November 25, 2008, setting forth the Town Manager and Board of Selectmen Spending Priorities. There was a discussion regarding the core budget priorities and their usefulness to the Finance Committee. There was a discussion regarding the amount of funds allocated to cash capital and the appropriate level of cash capital spending. Ms. Fitzpatrick stated that the department managers had submitted budget requests for a sustainable budget for FY 2010 based on historical revenue growth.

Discussion of Town Meeting Study Committee Report: Mr. Denver stated that the overall theme from Town Meeting member survey responses was that Town Meeting members need timely and useful information to determine how to vote at Town Meeting. The timing and venues for relevant information were discussed. The redundancy in warrant article presentations at Town Meeting by the Finance Committee and Board of Selectmen was discussed. The personnel needs of the Finance Committee were discussed. The establishment of an ongoing committee to continue the work of the Town Meeting Study Committee was discussed.

Discussion of Future School Needs Report: Mr. Lamenzo provided an overview of the Future School Needs Report. The Future School Needs Committee generally predicts the student population within 1% for the following year. There was discussion about the analysis

and data used to generate the Future School Needs chart. Mr. Lamenzo stated that he does not see any trends in student population either upward or downward in the near future.

Discussion of Cash Flow and Income Producing Investments: Ms. Poness provided an overview of the Town's investments. The Town does not keep an official accounting of cash flow. Ms. Poness relies on a financial adviser and rating agencies to determine which investments she will make. Her three governing criteria, in order of importance, were safety, liquidity, and yield. Ms. Poness agreed with Ms. Zappala that ratings are changing very quickly in the current economic environment and that investments need to be updated quickly. Ms. Poness discussed her practice of diversifying cash investments among banks. There was a discussion of the various accounts held by the Town. There was a discussion of the Town's purchase of collateralized debt obligation in UBS. Ms. Poness stated that she is in the process of reviewing the Town's investment policy document. She stated that there is no pressure on the Treasurer's office to produce income from investments. The average return currently is 2.5% to 3%.

Acceptance of Minutes of Prior Meetings: Mr. Rosenstock moved that the minutes of the Finance Committee meeting of October 27, 2008 be accepted as amended by the executive secretary. Mr. Zimbone seconded the motion. Discussion: none. Mr. Rosenstock's motion was approved by unanimous vote: 8-0.

Mr. Creem moved that the minutes of the Finance Committee meeting of October 15, 2008 be accepted as submitted by the executive secretary. Mr. Rosenstock seconded the motion. Discussion: none. Mr. Creem's motion was approved by unanimous vote: 8-0.

Finance Committee Updates: There was a brief discussion about the expected cuts in State Aid for FY 2010 and the expected increase in personal property taxes. Mr. Escalante stated that he will be appointing a Finance Committee member to a study committee being formed because of the need for the building repairs at the Newman school. There was a discussion about the charge of the study committee. Mr. Zimbone stated that the school budget liaison meeting went well and that the School Department and School Committee should be producing a list of prioritized cuts and additions to their budget request. Mr. Zimbone spoke about his work on energy usage in the Town's public buildings. He stated that there will be energy audits of the Mitchell and Hillside schools and of the Emery Grover building.

Mr. Rosenstock moved to adjourn the meeting at 10:20 pm, seconded by Mr. Zimbone. The meeting was adjourned by unanimous vote: 8-0.

Respectfully submitted,

Louise Miller
Executive Secretary