

**Committee Name:** City Council - Finance Committee

**Location:** 50 Payson Ave., Conf. Rm. 1 and Remote by Google Meet

**Date:** February 25, 2026

**Members Present:** Tom Peake (Chair), Koni Denham, Jonathan Schmidt

**Members Absent:** None

**Also in Attendance:** Salem Derby, Mayor; Hetal Patel, Auditor

Meeting called to order at 5:40pm by Chair Peake

**1. Approval of Prior Meeting Minutes:**

- November 26, 2025; January 14, 2026; January 28, 2026
- MOTION by K Denham, seconded by J Schmidt, to approve; **APPROVED 3-0**

**2. Mayor's Communication:** None

**3. Public Speak:** None

**4. New Business:**

- ***Supplemental Appropriation Request: \$20,000.00 to City Attorney Professional Services for legal fees***
  - Previously, in response to a cut in staff hours in the FY26 budget, City Council reduced the City Attorney Professional Services line by \$75,000 for the year.
  - City Council approved an appropriation of \$20,000 for this budget line in September 2025, which has now been used.
  - Another appropriation request for this budget line is anticipated in the future.

MOTION by K Denham, seconded by J Schmidt, to recommend the appropriation to full Council. **APPROVED 3-0.**

- ***Mayoral Request to create a Health Care Costs Stabilization Fund***
  - Request to create a dedicated fund to supplement the budget when overspent on health insurance costs.
  - Funds will be derived largely by appropriating a percentage of free cash.
  - Funds may also be captured from remaining surpluses in Health, Dental, and Life Insurance budget lines (through free cash).
  - Funds cannot be derived from deductions to employees' paychecks.
  - Appropriations could be made from free cash to cover health insurance costs; creating a dedicated account is a choice to prioritize funds for this purpose, separating them from other competing needs.
  - Anticipating a deficit of around \$1 million for health insurance costs this fiscal year, and around a 13% increase for next year.

MOTION by J Schmidt, seconded by K Denham, to recommend the request to full Council. **APPROVED 3-0.**

**5. Continuing Business:**

- ***Quarterly fiscal reports from the City Auditor***
  - No new information
  
- ***Rescinding of borrowing authorizations for CitySpace restoration & Honeywell Energy Conservation Project***
  - Previously, City Council authorized the borrowing of funds to upgrade the HVAC system at city hall (Honeywell Energy Conservation Project).
  - By leveraging other sources, including ARPA funding, the City was able to borrow less than expected to complete this project.
  - What remains of the authorized amount continues to show as a liability on the City's financial records, as do other authorizations in a similar state.
  - Rescinding these authorizations will improve the City's financial standing (and available interest rates) when borrowing for upcoming projects.
  - Movement cannot proceed until receiving exact figures from the external auditors; draft is expected from them the week of March 9th..

**Other Notes or Documentation:** N/A

**Next Meeting:** TBD

MOTION by K Denham, seconded by J Schmidt, to adjourn at 6:08pm; **APPROVED 3-0.**

Respectfully submitted by,

Jonathan M Schmidt