

Town of Brunswick, Maine

**Finance Committee Meeting
Thursday, May 19, 2022 at 6:30 PM
85 Union Street – Council Chambers
and by electronic devices**

Meeting Minutes (Approved 6/23/22)

All participants remote (by Zoom):

Elected Officials: Councilor Christopher Watkinson
 Councilor Sande Updegraph
 Councilor Kathy Wilson (partial)

Staff: Julia Henze
 John Eldridge
 Branden Perreault
 Sally Costello

- 1. Acknowledgement that meeting was properly noticed**
CW called meeting to order. JH confirmed the meeting was properly noticed.
- 2. Adjustments to agenda / Public comment**
None.
- 3. Review of meeting minutes from 3/31/22**
SU moved to accept minutes from 3-31-22. Seconded by KW. Approved unanimously by those present.
- 4. Tax Increment Financing (TIF) and Credit Enhancement Agreement (CEA) Policy**
 - a. Review current TIF Districts and current CEAs**
JH presented the Town's existing TIF districts and current/recent CEAs. Committee discussed development programs and allowed expenditures within each TIF, and reviewed current and historic CEAs as well as potential for future requests for CEAs for projects.
 - b. Review proposed policy**
SC presented the draft TIF and CEA policy to the committee. The push to create a policy was prompted by an increase in requests for TIF funds to support housing development in Brunswick. SC described three projects that have come forward recently, emphasizing the need to develop a method to evaluate projects by determining public benefit to the Town.

JE pointed out that the law recently changed to allow TIF funds from Economic Development TIFs to be used for affordable housing, without creating an Affordable Housing TIF. However, the TIF development program must be

written to allow this use, which is not the case for Brunswick's TIFs without amendments. Staff feels that the more streamlined method would be for the Town to use CEAs under the current TIFs. JH emphasized that any CEA would require approval from the Council after a public hearing.

The policy will provide guidance to staff and developers on which project requests will be brought forward to the Town Council for review & public hearing process. The committee discussed the benefits of defined priorities and procedures to be followed in consideration of new development projects.

KW moved to recommend adoption of the policy to the Council. Seconded by SU. Approved unanimously by those present.

5. Fund Balance

a. Review Fund Balance Policy

JH presented the Town's fund balance policy. Brunswick's policy was adopted based upon GFOA's suggested best practices, and Brunswick's particular situation. The policy establishes two months of revenue as the unassigned target balance. This is the reserve/ cushion to protect the Town in the case of unanticipated/emergency costs. JH pointed out the comments from rating agencies, which emphasize the importance of having a fund balance policy and following the policy.

b. FB components and trends

Unassigned FB trends - JH presented a graph of the fund balance in relation to the target over many years illustrating the use of fund balance in the annual budget, the amount over/(under) the target, and the use for capital or one-time projects.

c. Use of FB in budget

Use of FB in budget - Committee discussed historical use of fund balance to 'balance the budget', noting years when BNAS closed and the Town used \$1M to offset the loss of federal and state aid. JE noted years when the fund balance dipped below the target, and actions taken to bring balance back above the target.

d. Use of available Unassigned FB – one time uses

JH presented list of how amounts over the FB target have been used - primarily for emergencies and capital projects. JH noted that with a bit of surplus, the Town has been able to fund some smaller capital projects (< \$350,000) with fund balance, rather than debt.

e. Moody's June 2021 Report

JH presented page from Moody's 2021 Annual Comment on Brunswick to demonstrate how rating agencies consider fund balance in assessing the fiscal health of the municipality. Even with levels above the Town's fund balance policy, Brunswick's 'available fund balance' is lower than the median as measured by Moody's. The Town may want to consider amending the policy at some point.

6. Long-term Financial Planning – look at model

JH shared screen to demonstrate Excel model of general fund budget projections. The spreadsheet shows six years of actual operating expenditures, two years of budget, and five years of projections based on assumptions.

Model shows a line called “Gap” – which is revenues over/(under) expenditures, in which bracketed (negative) numbers show a budget shortfall, positive numbers show a budget surplus. This line changes as the model is manipulated. JH outlined the increase percentage assumptions at the bottom of the page. Percentages can be adjusted to see how each element affects the bottom line. JH suggested several assumptions, and the committee discussed the elements and how they affect the model.

7. Adjourn