

Town of Brunswick, Maine

**Finance Committee Meeting
Monday, July 12, 2021 at 6:30 PM
Meeting via electronic devices**

Meeting Minutes (Approved 9/13/2021)

Elected Officials: Councilors Dan Ankeles, Stephen Walker, Dan Jenkins

Staff: Julia Henze, John Eldridge

1. Acknowledgement that meeting was properly noticed

DA called meeting to order. JH confirmed the meeting was properly noticed.

2. Adjustments to agenda / Public comment

JH asked committee to consider cancelling the August 9th FC meeting. Added item.

2a. Cancellation of August Finance Committee meeting

SW moved, DJ seconded, all in favor.

3. Approval of meeting minutes from 6/14/2021

DA moved, SW seconded, all in favor

4. Cash and Investments

a. Review Investment Policy

JH reviewed the policy, outlining the investment principles and stressing the sequence of priorities – safety, liquidity, yield. SW asked question about opportunities to divest from fossil fuels. JH stated that though the Town’s current investments are not in instruments that make this a concern, the policy could incorporate the goal of Environmental, Social, Governance (ESG) Investing. JH will suggest language for FC consideration and recommendation to the Town Council. Finally, JH reviewed the standard of prudence.

b. Fed Funds Rate & Yield Curve

The Town’s interest rates are based on the Fed Funds Rate – and rates have dropped significantly over the past year. Yield curve is looking normal, in comparison to last year when rates were higher, but the curve was inverted.

c. Status of banking & accounts 6/30/21

JH provided the Town’s current bank account structure, and balances. Described the methods used to manage cash between the accounts to maximize interest earnings, and how the pooled cash functions.

d. Historical cash flows

The chart indicates cash levels, and JH pointed out how the General Fund cash balances increase twice per year around tax collection dates. Committee discussed the balances in

the other governmental funds, noting that as the Town pays for the landfill closure, the bulk of the balance will be expended.

e. General Fund advances to other funds

JH reviewed the Advances ('loans') provided by the General Fund to other funds, as distinct from the Due To/From accounts which are used for short-term cash paid by the General Fund in anticipation of grant reimbursement or bank transfers.

f. Moody's 6/21/21 Issuer Comment

JH provided most recent analysis from Moody's and the table on pg 3, noting that Net Direct Debt/Full Value which is 'weakened' due to the issuance of debt for the Kate Furbish School in 2020. JE pointed out that in the credit overview on the first page this is noted as well. This means we should be careful about issuing more debt or adjust for it in some other way – perhaps we should look at the fund balance policy again.

5. State Biennial budget

a. Revenue Sharing

JH provided the updated projections of Revenue Sharing from the State based on the recently adopted budget. The total estimated for Brunswick is \$3,139,899.75, which is \$689,900 more than the amount in the Town's 2021-22 budget. JH also provided the chart of historical Revenue Sharing and transfers out of the pool.

b. Aid to Education

JH provided a list of the increase in GPA by municipality. Brunswick is projected to receive \$1,510,784 more with the State's recently approved budget.

DA reported on correspondence from Jean Powers asking about how the increases could help lower taxes. JE reviewed the budget law, reading the one-time language related to the increase in GPA. The current understanding is that the law leaves control of the increased revenue with the School Board. JE spoke with the Superintendent, and the expectation is that the Brunswick School Board does not intend to increase expenditures, but rather to let it roll forward into the school fund balance. The committee agreed that it would be good to ask the School Board to consider using some of the additional revenue for tax relief.

The committee discussed what the Council can do, and the possibility of amending the 2021-22 budget to account for the increased Revenue Sharing estimate. JE stated that this item will come to the Town Council on July 19th for discussion.

6. American Rescue Plan Act

a. \$1.88 Trillion – Summary by title

JH provided a list of the full ARPA funding, organized by federal committees. Most of the funding will flow to the states, which will need to develop and administer programs. Pointed out that the State and Local Aid is under Title IX – Committee on Finance.

b. SLFRP – US Treasury FAQs 6/24/21

JH provided the updated FAQs, encouraging the Committee to read through the questions. The guidance continues to be fine-tuned, and permissions generally seem to be narrowing in. The principle continues to be to respond to COVID-19, and to benefit the health and well-being of underserved, disadvantaged populations. JH pointed out that Auburn is planning to build a bike park, and this can be eligible because they have Qualified Census

Tracts. Brunswick doesn't have any QCTs, so would have to prove the benefit to LMI families with additional income studies, etc.

JH reviewed the revenue loss provision of the SLFRF, which requires that revenue be counted on an entity-wide basis. 2020 revenues in Brunswick increased due primarily to property taxes. The Committee discussed options for clean water infrastructure, as determined eligible by the Clean Water State Revolving Fund (CWSRF).

JH pointed out that there is time to consider the Town's options. The deadline for commitment of the SLFRF grant is 12/31/24, and the deadline for expenditure is 12/31/26. In the meantime, the Town will continue to look for other grant opportunities in the larger ARPA funding.

7. Adjourn

SW moved, DJ seconded, all in favor.