Minutes  
Town Council Finance Committee Meeting  
August 12, 2019  
Town Hall Conference Room B

1. The meeting was called to order at 7:00 PM.  
Present: Carolyn Arabolos, Mike Sobol, Lisa Conant, Joan Lewis  
Also present: Amanda Backhaus, Finance Director

2. Acceptance of Minutes:  
Mike Sobol moved to accept the minutes of the Finance Committee meeting on July 8, 2019, seconded by Lisa Conant. The following correction was requested: page two, item 6, second line: change 7.1% to 7.5%. The motion to accept the minutes as corrected carried on unanimous vote.

3. Investment Portfolio Management: The Baker Group:  
Matt Stefurak and Andrew Okolski, representatives of the Baker Group, were present to discuss their recommendations for investment portfolio management. They provided background on their company, which has a 40-year history in credit and financial investments portfolio management for municipalities. The firm has proprietary software and integrated services for portfolio monitoring, underwriting of negotiable CDs and municipal debt. The Baker Group underwrites municipal CDs directly and is currently number two in the country for bank underwriting. They develop a customized investment strategy that enables better management and the ability to hedge liquidity and cash flow risk. They feel it is time to be more defensive and protect assets against falling rates. The market is anticipating another significant cut. They can offer higher yields than the banks, but rates are dropping. They are fully insured. An updated proposal with laddered maturities, which projects a savings of $46,000, was provided. Other towns that use the Baker Group’s services include North Branford, Bloomfield, and Manchester. The banks pay Baker’s fee so the town pays nothing.  
Amanda Backhaus said she is on board with this approach, and although she technically doesn’t need the Town Council’s approval, she wanted to bring it to Finance for transparency purposes. She sees no danger in trying this out. From a liquidity standpoint this money is not needed.

Carolyn Arabolos asked why more municipalities don’t do this. Matt Stefurak replied there are a variety of reasons. Some are very sophisticated. There is a lot of complacency. Keeping your money short term was one of the best rates in town, but that is changing. Mike Sobol said this is a great thing to bring to the table. We’ve been doing the same thing for so long. Joan Lewis said she appreciates the presentation – it makes us feel more confident. Carolyn asked about the reporting structure. Matt replied that is up to you. We will design a report and once you’re happy with it we can provide it at the frequency you want. Committee consensus was to proceed with this partnership.

4. Reports:  
A. Committee Chair – Carolyn Arabolos: No report.

B. Committee members:  
Mike Sobol asked who is responsible for the flag at Coventry fire - a new one is needed. Amanda will take care of it.

Lisa Conant has been at the Farmers Market and asked if there is any way to improve wireless service. She is concerned that we are going to lose vendors. Amanda said that it is being worked
on. Our IT staff went out on Sunday and said all we have to do is buy a new router. Mike said we should have a mobile ATM there too. Amanda said we are working on that too.

C. Finance Director - Amanda Backhaus:
Amanda provided highlights of fiscal year 2019. Expenses are fairly final but there is a 60-day rule for revenue, which will be adjusted at the end of August. She is in the process of reconciling with School Finance Director Bob Carroll. Mike Sobol asked about collection rates. Amanda replied that we collected an extra $214,000 in taxes, but should have collected $340,000. Fund balance is up but the budget is going up.

Joan Lewis asked if we should be concerned about Recreation. Amanda said yes. Based on the budget they put together their fund will have a negative balance. A meeting is pending with Wendy Rubin.

An early overview of the fiscal year 2020 was reviewed. Amanda noted that many of the reports look skewed because of encumbrances made for the year with only one month of reporting. Civic and cultural looks high because of the quarterly grant to the Library. It’s normal.

Carolyn asked how are things going at the transfer station with the temporary fee schedule. Amanda reported that the new scale has been ordered and should be here soon.

Amanda reported that July was busy for the tax office, which processed over $16 million in bills. A tax sale is still planned for September with the same number of properties. Mike Sobol requested an updated property list. The Assessor is current with prorates. They are still working on revaluation. ECHIP strategic planning is underway. Amanda will be the vice chair of that committee. Two of the Finance staff members are undergoing Certified Municipal Official certification. The Town Clerk’s staff will also be doing this certification. Several Board of Education uncertified staff are pursuing early retirement with associated pension claims. We hope to issue banking services RFPs for the Town Manager’s review this week.

5. Adjournment:
The meeting was adjourned at 8:19 PM on a motion by Lisa Conant, seconded by Mike Sobol and unanimously approved.

Respectfully submitted,

Laura Stone
Town Council Clerk