



FINANCE COMMITTEE

June 25, 2018

5:30 P.M.

A meeting of the Sunset Hills Finance Committee will be held in the Public Works Conference Room at City Hall, 3939 S. Lindbergh Blvd., on June 25, 2018 at 5:30 p.m.

A G E N D A

1. Roll call
2. Approval of the minutes of February 26, 2018
3. Introduction of new Finance Director
4. Review of FY2019-2023 5 Year Capital Plan
5. Update on investments
6. Update on annual audit
7. Other Matters
8. Adjournment

**MINUTES OF THE REGULAR MEETING
OF THE FINANCE COMMITTEE
OF THE CITY OF SUNSET HILLS, MISSOURI
HELD ON MONDAY, FEBRUARY 26, 2018**

Meeting convened at 5:35 p.m.

Place of meeting: Public Works Conference room at Sunset Hills City Hall.

The Finance Committee of the City of Sunset Hills, Missouri met in open session. Chairman Alderman Rich Gau, Member Michael Sawicki, Member Jeff Camilleri and Member Tom Musich, Member Joe Stewart, Member Mike Fitzgerald, Director of Finance Bill Lehmann, City Administrator Eric Sterman, were personally in attendance.

Approval of Minutes:

The minutes of the January 29, 2018 Finance Committee meeting were distributed for review. A motion was made by Member Sawicki to adopt the minutes. Member Stewart seconded the motion and it was passed unanimously.

Review Investment Policy (Storm/Parks Funds (Fund 12):

Chairman Gau recapped the figures and noted the balance of \$1,704,079.00 left in Parks and Stormwater Fund. Mr. Sterman stated this is a conservative balance and the suggestion was to possibly invest some of this money.

Member Stewart asked what investments we would consider. Mr. Lehmann answered notes, bonds and money market. Alderman Musich asked what the coupon rate is now and stated he thinks it's 2.84.

Member Stewart suggested aggregating it. Chairman Gau stated these funds would have to be kept separate. Mr. Lehmann stated that each fund is determined or under the restriction or the two funds collaboratively. Member Stewart stated that each fund is separate and no more than 10% of one of the entities fund.

Chairman Gau asked for suggestions on how to reword the investment policy. After some discussion it was decided to remove the first part of the sentence in the second paragraph.

Member Sawicki made a motion to make the changes to the investment policy Sec 2-10. Alderman Musich seconded the motion and it was unanimously approved.

Workers Comp Insurance Update:

Mr. Sterman stated our renewal is with MO Rural and that the City had another good year. He stated our premium has been lowered due to our history, past performance, use and a rebate.

Chairman Gau asked what JW Terrill's fee is. Mr. Sterman stated they get their fee in January for the year.

Member Sawicki made a motion to stay with MO Rural and it was unanimously approved.

IRS Audit Update

Mr. Sterman recapped some items from the IRS audit. Mr. Lehmann stated six 1099's were penalized, at \$520.00 each. He stated the benefit Group Term Life, for the employees who have greater than a \$50,000 a year salary; the city had to pay a back tax. He stated this has been a little over \$400.00 for 2015 and \$400.00 for 2016 and this will be billed back to the employees and will be recouped.

Chairman Gau made a suggestion to just pay the \$800.00 instead of having the employee pay it back.

Chairman Gau made a motion to not recoup the amount from the employees. Member Stewart seconded the motion and it was unanimously approved.

Adjournment:

Member Musich made a motion to adjourn the meeting. Member Sawicki seconded the motion and it passed unanimously. Meeting adjourned at 6:02 p.m.

Recording Secretary – Dede Hendricks

Public Works Roadway		
1	Hadley Hill (Pavement & Storm)	ROW Acquisition \$25,000.00
2	Hadley Hill (Pavement & Storm)	Construction - Phase 1 \$400,000.00
3	Asphalt Street Maintenance	North Area \$150,000.00
4	Denny Road	Grant Application \$10,000.00
5	Leebur Sidewalks	Construction \$300,000.00
6	Street Striping	City Wide \$25,000.00
7	Lindbergh Sidewalk Improvements	Maintenance Fee (10 of Project Cost) \$70,000.00
8	Lindbergh Sidewalk Improvements	Construction (20% City Share) \$120,000.00
9	Rott/Geyer Intersection	Design (20% City Share) \$30,000.00
10	Lindbergh Blvd Improvements	Grant Application - MoDOT Project \$10,000.00
		\$1,140,000.00

Public Works Equipment/Facility		
11	Lift - 4-Post (Dump Trucks)	Replace 1999 Challenger 4-Post Lift - Parts Not Available \$50,000.00
12	Portable Air Compressor	Replacement for 2006 Kasser M57 \$25,000.00
13	City Campus Parking Lot Rehab - Phase 1	\$200,000.00
		\$275,000.00

TOTAL PUBLIC WORKS	\$1,415,000.00
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Parks & Recreation Equipment		
14	Water Tank & Trailer	Water tank \$8,000.00
15	Field dragger	Field master \$10,000.00
16	Tool Cat	Replace tool cat \$75,000.00
17	Trailer	Replace 1988 trailer \$8,000.00
		\$101,000.00

Parks & Recreation Projects		
18	Athletic Fields: lighting	Replacement of lights on Field #1,3 \$185,000.00
19	Watson Trail: lake maintenance	Dredging of lake \$68,750.00
20	Fitness Equipment	Gym Equipment \$30,000.00
21	Bleachers at soccer area	Bleachers \$12,000.00
22	Minnie Ha Ha: Trail Improvements	Asphalt Trail \$25,000.00
23	Replace wiring throughout aquatic facility	Aquatic Facility \$25,000.00
		\$345,750.00

TOTAL PARKS & RECREATION	\$446,750.00
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Administration Equipment		
24	Citywide Signage	New City Signs Throughout City - Phase 3 \$50,000.00
25	City Hall	Renovations to City Hall Chambers/Offices - Phase 2 \$150,000.00
26	Citywide HVAC/Energy Upgrades	New HVAC, Controllers, etc in City Buildings - Year 2 \$150,000.00
		\$350,000.00

TOTAL ADMINISTRATION	\$350,000.00
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Public Safety Equipment		
27	Marked Police Vehicles	Three Units \$83,349.00
28	Unmarked Police Vehicle	One Unit-Detective Vehicle \$27,783.00
29	Domestic Water Booster for Police Station	Replace Unit due to Age & Repairs \$30,000.00
		\$141,132.00

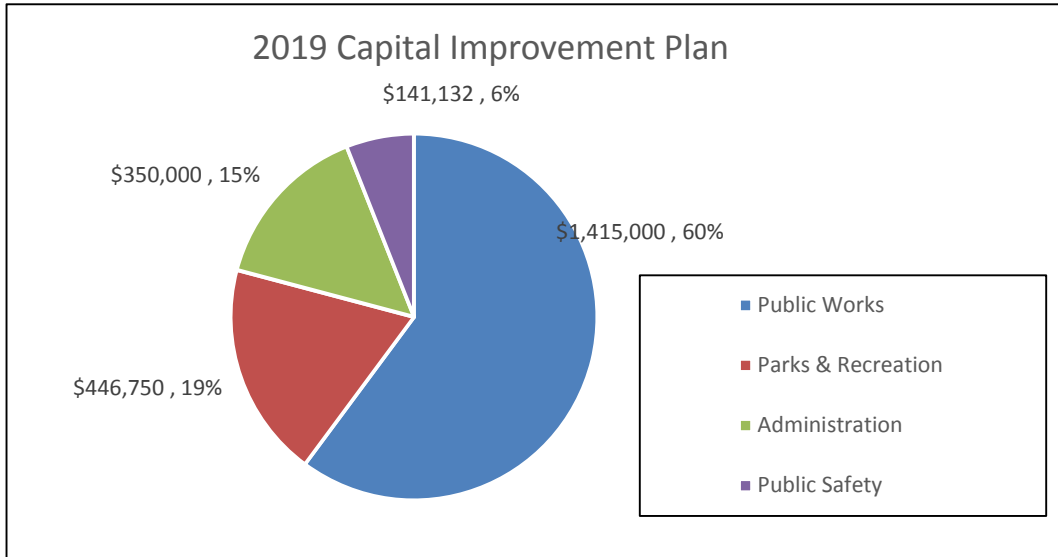
TOTAL PUBLIC SAFETY	\$141,132.00
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TOTAL ALL DEPTS	\$2,352,882.00
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Capital Improvement Five Year Plan - YEAR 1

2019

Public Works	\$1,415,000	60%
Parks & Recreation	\$446,750	19%
Administration	\$350,000	15%
Public Safety	\$141,132	6%
TOTAL	\$2,352,882	100% C



Beginning Fund Balances:

- Fund #5 Capital Projects Fund 12/31/18:	800,000 A
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2019 Projected Fund Tax Revenues

- Fund #5 Capital Projects Fund:	\$ 1,085,313	
- Fund #10 County Road Fund:	\$ 358,550	
- Fund #12 Parks and Stormwater Fund:	\$ 300,000	
Total Projected Tax Revenue FY 2019:	1,743,863 B	

Total Funds Carried Over From FY2018:	240,000
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Total Projected Available Funds FY 2019:	2,783,863 A + B
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Less: Expenditures from Above:	(2,352,882) C
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Estimated Net Remaining Funds 12/31/19:	430,981 (A + B) - C
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Public Works Roadway			
1	Hadley Hill (Pavement & Storm)	Construction - Phase 2	\$400,000.00
2	Concentrated Concrete Slab Replacements	North East Area	\$350,000.00
3	Denny Road	Design (20% City Share)	\$40,000.00
4	Rott/Geyer Intersection	ROW (20% City Share)	\$30,000.00
5	Street Striping	City Wide	\$25,000.00
			\$845,000.00

Public Works Equipment/Facility			
6	1-1/2 Ton Dump Truck	Replacement for 2009 GMC Vehicle #7	\$90,000.00
7	1-1/2 Ton Dump Truck	Replacement for 2009 GMC Vehicle #10	\$90,000.00
8	Public Works Department Truck	Replacement for 2010 Chevrolet Colorade Vehicle #12	\$28,000.00
9	18" Walk Behind Concrete Saw	Replacement for FS400 18" Walk Behind	\$5,000.00
10	City Hall Offices - Carpeting/Flooring	New Flooring - Admin/PW Offices	\$20,000.00
11	City Campus Parking Lot Rehab - Phase 2		\$200,000.00
			\$433,000.00

TOTAL PUBLIC WORKS	\$1,278,000.00
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Parks & Recreation Equipment			
12	Dingo replacement	Replace 2015 Dingo - purchased from PW	\$35,000.00
13	Replace Escape	2006	\$35,000.00
14	Replace Kubota Tractor	Tractor/excavator	\$40,000.00
			\$110,000.00

Parks & Recreation Projects			
15	Watson Trail playground border	Border around playground	\$5,000.00
16	Athletic Fields: parking lot	Conversion from gravel to asphalt parking lot	\$83,640.00
24	Minnie Ha Ha: soccer fields	Installation of lights on soccer fields #3	\$50,000.00
18	Fitness Equipment	Gym Equipment	\$30,000.00
19	Bridge at Watson Trail	Bridges	\$105,000.00
20	Resurface Gym Floor	CommuntiyCenter	\$9,000.00
21	Rock Alva trail and road	asphalt	\$32,000.00
			\$314,640.00

TOTAL PARKS & RECREATION	\$424,640.00
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Administration Equipment			
22	Citywide HVAC/Energy Upgrades	New HVAC, Controllers, etc in City Buildings - Year 3	\$150,000.00
			\$150,000.00

TOTAL ADMINISTRATION	\$150,000.00
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Public Safety Equipment			
23	Marked Police Vehicles	Three Units	\$87,516.45
24	Computer Server	Replace 2009 Device	\$5,000.00
			\$92,516.45

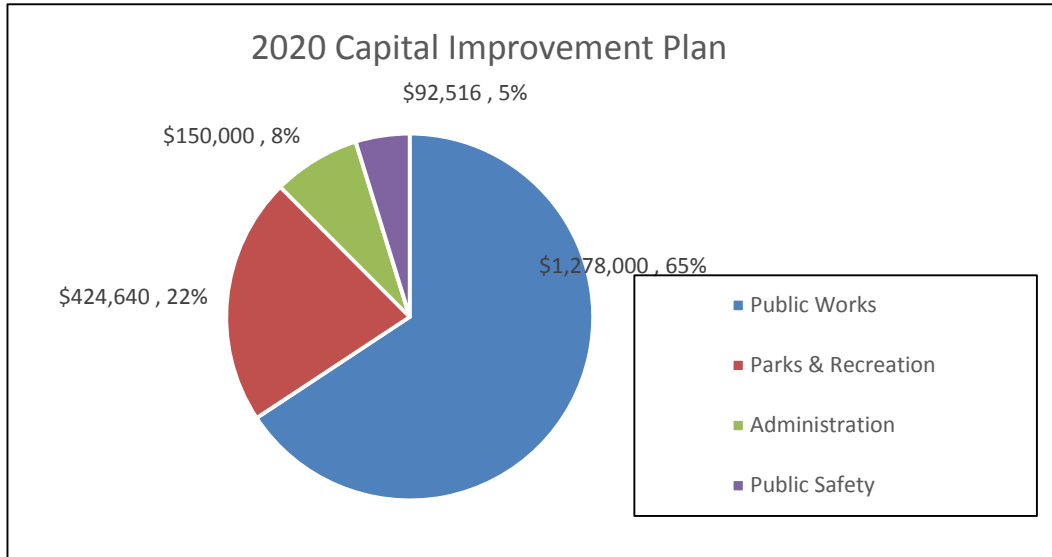
TOTAL PUBLIC SAFETY	\$92,516.45
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TOTAL ALL DEPTS (INLCUDING GROSS TOTAL FOR PW)	\$1,945,156.45
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Capital Improvement Five Year Plan - YEAR 2

2020

Public Works	\$1,278,000	66%
Parks & Recreation	\$424,640	22%
Administration	\$150,000	8%
Public Safety	\$92,516	5%
TOTAL	\$1,945,156	100% C



Beginning Fund Balances:

- Fund #5 Capital Projects Fund 12/31/19:	430,981 A
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2020 Projected Fund Tax Revenues

- Fund #5 Capital Projects Fund:	\$ 1,096,166
- Fund #10 County Road Fund:	\$ 362,136
- Fund #12 Parks and Stormwater Fund:	\$ 300,000
Total Projected Tax Revenue FY 2020:	1,758,302 B

Total Projected Available Funds FY 2020:	2,189,283 A + B
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Less: Expenditures from Above:	(1,945,156) C
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Estimated Net Remaining Funds 12/31/20:	244,126 (A + B) - C
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Public Works Roadway			
1	Asphalt Roadway Maintenance	North/South Areas	\$400,000.00
2	Denny Road	ROW Acquisition (20% City Share)	\$20,000.00
3	Rott/Geyer Intersection	Construction (20% City Share)	\$200,000.00
4	Street Striping	City Wide	\$25,000.00
			\$ 645,000.00

Public Works Equipment/Facility			
5	2 Ton Dump Truck	Replacement for 2009 International Vehicle #4	\$185,000.00
6	Hydraulic Hammer	Replacement for 2000 HB50 Hydraulic Hammer	\$14,000.00
7	18" Cold Planer	Replacement for 2012 Cold Planer	\$10,000.00
8	6" Hydraulic Sweeper Attachment	Replacement for 2007 Sweepster VRS6M	\$6,500.00
9	Public Works Copy/Fax/Scan	Replacement Copy/Fax/Scan	\$10,000.00
			\$ 225,500.00

TOTAL PUBLIC WORKS	\$870,500.00
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Parks & Recreation Equipment			
10	Copier	Replacement Copier/Fax/Scanner	\$8,500.00
11	Dump Truck	Replace/new dump truck	\$57,000.00
12	Trailer	Replace 1995 trailer	\$7,400.00
13	Truck	Replace 2006 1/2 ton	\$30,000.00
			\$102,900.00

Parks & Recreation Projects			
14	Watson Trail: Trail System	Mill, patch, overlay trail system	\$35,000.00
15	Watson Trail Park - shelter/restroom	Update/new shelter/restroom	\$94,000.00
16	Shade structure - metal slide	New	\$7,500.00
17	Replace windows at pool locker room	windows	\$7,000.00
18	Outdoor gym along trail - minnie	Equipment	\$15,000.00
19	Minnie Ha Ha Disc Golf Course	Disc Golf	\$20,000.00
20	Storage building/pod	Minnie Ha Ha	\$8,500.00
21	Storage pod - athletic fields	Athletic fields	\$5,000.00
22	Playground at soccer fields	Playground	\$75,000.00
23	Renovation of pool facility	Improvement	\$50,000.00
24	Renovation to community center roof	Roof update	\$29,000.00
25	Umbrellas for Kitun Park	Replacement umbrellas	\$17,000.00
26	Locker rooms - Renovate	Pool	\$20,000.00
			\$383,000.00

TOTAL PARKS & RECREATION	\$485,900.00
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Administration Equipment			
27	Citywide HVAC/Energy Upgrades	New HVAC, Controllers, etc in City Buildings - Year 4	\$150,000.00
			\$150,000.00

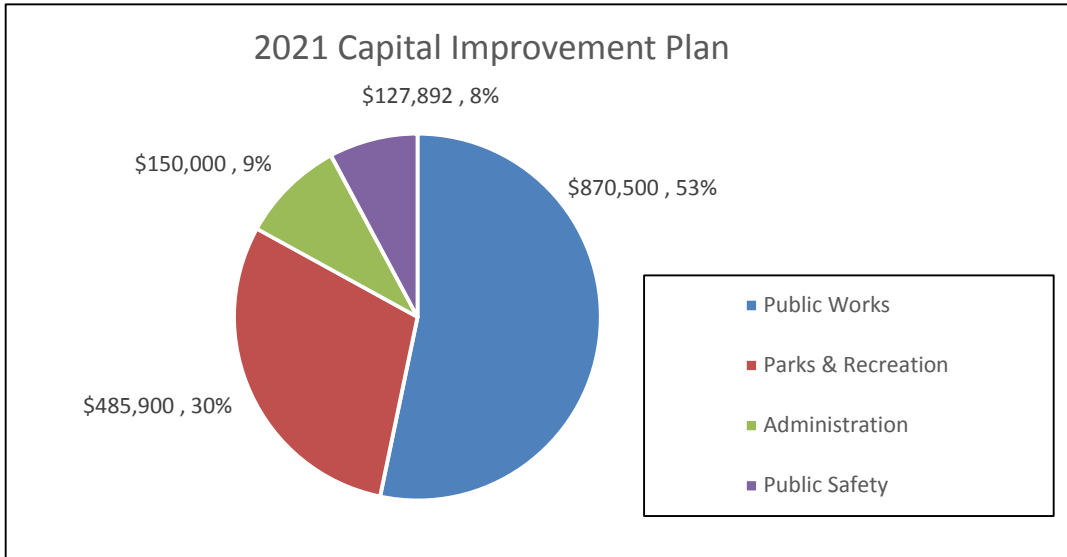
TOTAL ADMINISTRATION	\$150,000.00
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Public Safety Equipment			
28	Marked Police Vehicles	Three Units	\$91,892.27
29	Vehicle Dash Cams	Replacement dash cameras for squad cars	\$36,000.00
			\$127,892.27

TOTAL PUBLIC SAFETY	\$127,892.27
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TOTAL ALL DEPTS (INCLUDING GROSS TOTAL FOR PW)	\$1,634,292.27
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Public Works	\$870,500	53%
Parks & Recreation	\$485,900	30%
Administration	\$150,000	9%
Public Safety	\$127,892	8%
TOTAL	\$1,634,292	100% C



Beginning Fund Balances:

- Fund #5 Capital Projects Fund 12/31/20: 244,126 A

2021 Projected Fund Tax Revenues

- Fund #5 Capital Projects Fund: \$ 1,107,128
 - Fund #10 County Road Fund: \$ 365,757
 - Fund #12 Parks and Stormwater Fund: \$ 300,000

Total Projected Tax Revenue FY 2021: 1,772,885 B

Total Projected Available Funds FY 2021: 2,017,011 A + B

Less: Expenditures from Above: (1,634,292) C

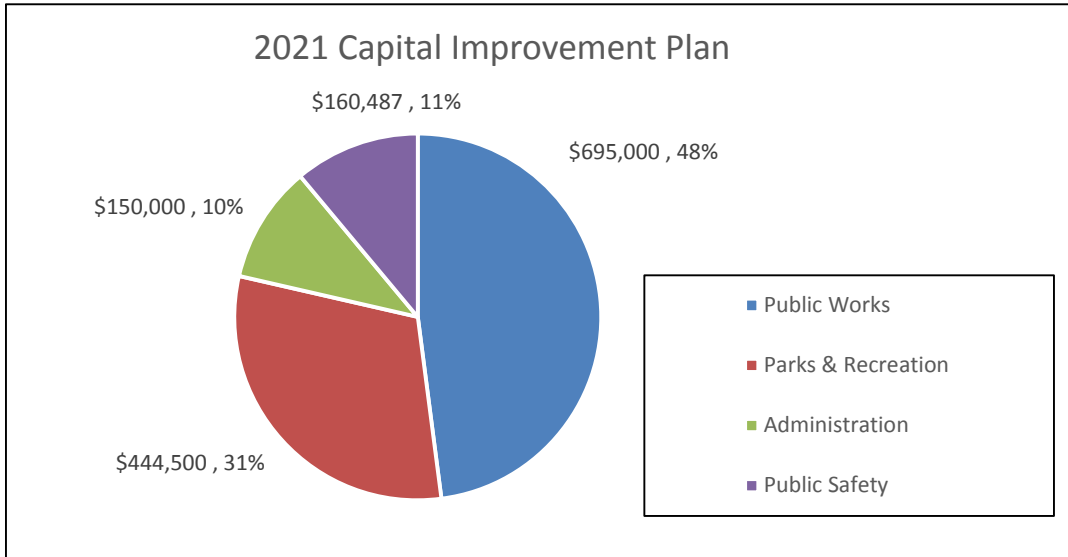
Estimated Net Remaining Funds 12/31/21: 382,718 (A + B) - C

Public Works Roadway			
1	Concentrated Concrete Slab Replacements	West	\$350,000.00
2	Denny Road	Construction (20% City Share)	\$200,000.00
3	Rott Road	Federal STP Grant Application	\$10,000.00
4	Street Striping	City Wide	\$25,000.00
			\$ 585,000.00
Public Works Equipment/Facility			
5	2 Ton Dump Truck	Replacement for 2009 International 7400 Vehicle #2	\$195,000.00
6	Skid Steer	Replace 2012 SRM 220	\$90,000.00
7	City Hall Office Renovations/Upgrades	Paint/Furniture	\$20,000.00
			\$ 110,000.00
TOTAL PUBLIC WORKS			\$695,000.00
Parks & Recreation Equipment			
8	Mule/Gator	Replace 2006	\$16,000.00
9	Escape	Replace 2006	\$37,000.00
10	Walk behind lawn mower	Replace 2010 walk behind	\$12,000.00
11	Truck	Replace 2010 1/2 ton	\$30,000.00
			\$95,000.00
Parks & Recreation Projects			
12	Watson Trail: Trail System	Mill, patch, overlay trail system	\$30,000.00
13	Replace picnic tables/benches	Replacements	\$15,000.00
14	Playground - Lynstone	Playground	\$80,000.00
15	Basketball court - Lynstone	Resurface	\$20,000.00
16	Reseal Trail system to Lynstone	Resurface	\$10,000.00
17	Signage at Gempp	Signage	\$8,500.00
18	Shelter at Eschabch Property	Shelter/restroom	\$45,000.00
19	Shelter/restroom at Rock Alva	Shelter/restroom	\$80,000.00
20	Replace water heaters	Replacement @ community center	\$16,000.00
21	Pool house renovation	Improvement	\$45,000.00
			\$349,500.00
TOTAL PARKS & RECREATION			\$444,500.00
Administration Equipment			
22	Citywide HVAC/Energy Upgrades	New HVAC, Controllers, etc in City Buildings - Year 5	\$150,000.00
TOTAL ADMINISTRATION			\$150,000.00
Public Safety Equipment			
23	Marked Police Vehicles	Three Units	\$96,487.00
24	Unmarked Police Vehicle	One Unit-Detective Vehicle	\$30,561.00
25	Replace PD roof	Replace 25 yr roof	\$64,000.00
TOTAL PUBLIC SAFETY			\$160,487.00
TOTAL ALL DEPTS (INLCUDING GROSS TOTAL FOR PW)			\$1,449,987.00

Capital Improvement Five Year Plan - YEAR 4

2022

Public Works	\$695,000	48%
Parks & Recreation	\$444,500	31%
Administration	\$150,000	10%
Public Safety	\$160,487	11%
TOTAL	\$1,449,987	100% C



Beginning Fund Balances:

- Fund #5 Capital Projects Fund 12/31/20: 382,718 **A**

2021 Projected Fund Tax Revenues

- Fund #5 Capital Projects Fund: \$ 1,107,128
 - Fund #10 County Road Fund: \$ 365,757
 - Fund #12 Parks and Stormwater Fund: \$ 300,000

Total Projected Tax Revenue FY 2021: **1,772,885** **B**

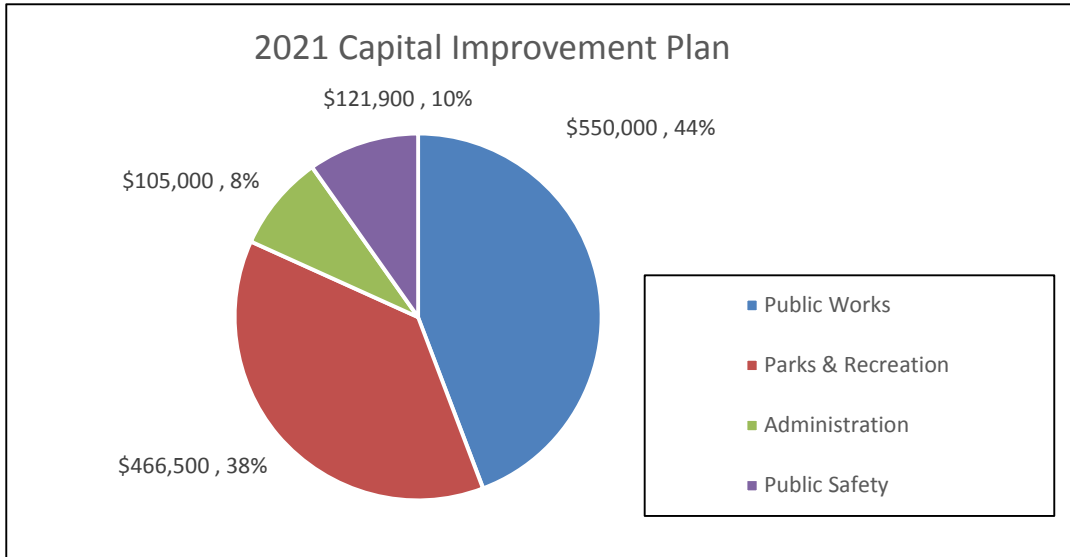
Total Projected Available Funds FY 2021: **2,155,603** **A + B**

Less: Expenditures from Above: **(1,449,987)** **C**

Estimated Net Remaining Funds 12/31/21: **705,616** **(A + B) - C**

Public Works Roadway		
1	Asphalt Roadway Maintenance	West/East Areas \$200,000.00
2	Rott Road	ROW Acquisition \$30,000.00
3	Street Striping	City Wide \$25,000.00
		\$ 255,000.00
Public Works Equipment/Facility		
5	Mini-Excavator	New Equipemnt - Currently Rent \$50,000.00
6	Public Works Building Generator	Replace 1998 Building Generator \$35,000.00
7	2 Ton Dump Truck	Replace 2012 International \$210,000.00
		\$ 295,000.00
		TOTAL PUBLIC WORKS \$550,000.00
Parks & Recreation Equipment		
8	Computers	\$9,000.00
9	Mule	Replace 2008 \$18,000.00
10	Lawn mower	\$15,000.00
11		\$42,000.00
Parks & Recreation Projects		
13	Fitness Equipment	\$30,000.00
14	Volleyball light replacements	\$15,000.00
15	Minnie Ha Ha/Rock Alva Trail Maintenance	\$40,000.00
16	Replace picnic tables & trash cans	\$15,000.00
17	New Pool Amenity	\$50,000.00
18	Paint Community Center	\$21,000.00
19	Replace carpet in CC	\$16,000.00
20	Minnie Ha Ha Signage	\$12,500.00
21	Picnic shelter & restroom at playground	athletic fields \$125,000.00
22	Renovate locker rooms in CC	\$28,000.00
23	Watson Trail Park - upper playground	Replace playground equipment \$114,000.00
		TOTAL PARKS & RECREATION \$466,500.00
Administration Equipment		
24	Citywide HVAC/Energy Upgrades	New HVAC, Controllers, etc in City Buildings - Year 6 \$105,000.00
		TOTAL ADMINISTRATION \$105,000.00
Public Safety Equipment		
25	Marked Police Vehicles	Three Units \$116,900.00
26	Laptop Computers for police vehicles (7)	5yr replacement \$30,000.00
27	Bullet Resistant Vests (5)	5yr Replacement \$5,000.00
		TOTAL PUBLIC SAFETY \$121,900.00

Public Works	\$550,000	44%
Parks & Recreation	\$466,500	38%
Administration	\$105,000	8%
Public Safety	\$121,900	10%
TOTAL	\$1,243,400	100% C



Beginning Fund Balances:

- Fund #5 Capital Projects Fund 12/31/20: **705,616** A

2021 Projected Fund Tax Revenues

- Fund #5 Capital Projects Fund: \$ 1,118,199

- Fund #10 County Road Fund: \$ 369,414

- Fund #12 Parks and Stormwater Fund: \$ 300,000

Total Projected Tax Revenue FY 2021: **1,787,613** B

Total Projected Available Funds FY 2021: **2,493,229** A + B

Less: Expenditures from Above: **(1,243,400)** C

Estimated Net Remaining Funds 12/31/21: **1,249,829** (A + B) - C

Capital Improvement Plan Summary FY 2018 - FY 2022

	Total Projected Tax Revenue	Total Plan Expenditures	Net
2019	\$ 1,443,863	\$ 2,352,882	\$ (909,019)
2020	\$ 1,458,302	\$ 1,945,156	\$ (486,855)
2021	\$ 1,472,885	\$ 1,634,292	\$ (161,408)
2022	\$ 1,487,613	\$ 1,449,987	\$ 37,626
2023	\$ 1,470,346	\$ 1,243,400	\$ 226,946

Annual Summary of Fund Revenues

Historical Fund Revenue

FUND#:	05		10		
	Capital Projects		County Road		Total
2005	\$	979,006	\$	276,695	\$ 1,255,701
2006	\$	1,224,547	\$	375,005	\$ 1,599,552
2007	\$	1,163,568	\$	346,916	\$ 1,510,484
2008	\$	1,036,343	\$	406,915	\$ 1,443,258
2009	\$	902,949	\$	359,918	\$ 1,262,867
2010	\$	858,866	\$	374,306	\$ 1,233,172
2011	\$	896,364	\$	361,811	\$ 1,258,175
2012	\$	1,096,656	\$	389,830	\$ 1,486,486
2013	\$	950,296	\$	325,455	\$ 1,275,751
2014	\$	994,823	\$	346,859	\$ 1,341,682
2015	\$	1,037,861	\$	352,838	\$ 1,390,699
2016	\$	1,064,121	\$	340,964	\$ 1,405,085
10-Yr Avg.	\$	1,017,117	\$	354,793	

Projected Fund Revenue @ 1% Increase over Prior Year

FUND#:	05		10		
	Capital Projects		County Road		Total
2016	\$	1,064,121	\$	340,964	\$ 1,405,085
2017	\$	1,063,928	\$	344,374	\$ 1,408,302
2018	\$	1,074,567	\$	355,000	\$ 1,429,567
2019	\$	1,085,313	\$	358,550	\$ 1,443,863
2020	\$	1,096,166	\$	362,136	\$ 1,458,302
2021	\$	1,107,128	\$	365,757	\$ 1,472,885
2022	\$	1,118,199	\$	369,414	\$ 1,487,613
2023	\$	1,129,381	\$	340,965	\$ 1,470,346

FUND#:	1		12		
	General Fund		Parks and Stormwater		Total
2016	\$	150,000	\$	100,000	\$ 250,000
2017	\$	151,500	\$	101,000	\$ 252,500
2018	\$	153,015	\$	102,010	\$ 255,025
2019	\$	154,545	\$	103,030	\$ 257,575
2020	\$	156,091	\$	104,060	\$ 260,151
2021	\$	157,652	\$	105,101	\$ 262,753

Capital Improvement - 5 Year Plan FY 2019-2023

List of Projects not Funded

Public Works

Project	Description	Cost Estimate
Concentrated Concrete Slab Replacements	West Area	\$ 350,000.00
Concentrated Concrete Slab Replacements	North Central Area	\$ 350,000.00
Sidewalks - Removed Each Year	Design and Construction	\$ 200,000.00
Skid-Steer Tractor	Replacement for 2012 Case SRM220	\$ 90,000.00
Public Works Satellite Facility	Property Purchase	\$ 200,000.00
Public Works Satellite Facility	Office/Garage	\$ 200,000.00
Public Works Satellite Facility	Garage/Shed	\$ 200,000.00
Additional street striping		
		\$ 1,590,000.00

Parks and Recreation

Project	Description	Cost Estimate
Reseal parking lot - pool	re-seal	\$6,500.00
Athletic Fields: soccer goals	Soccer goals for lower fields	\$6,800.00
Watson Trail: outdoor shuffle board court	Mill, overlay, re-striping of shuffle board court	\$8,700.00
Band stand area at pool	Renovate	\$7,000.00
Gempp Parking Lot	asphalt parking lot mill and overlay	
Gempp road - asphalt	asphalt gravel road	\$10,000.00
Minnie Ha Ha: playgrounds	Replace playground equipment	\$44,000.00
Watson Trail Park	Fire pit area	\$12,000.00
Community center: parking lot	Pavement sealing	\$19,500.00
Trailer	Replace 1995 trailer	\$7,400.00
Minnie Ha Ha Trail	asphalt trail	
Community Center	Indoor Track	\$300,000.00

Sec. 2-10. - Investment policy.

- (a) *Scope of investments.* The city hereby establishes the following investment policy to apply to non-trusted financial assets of the city not currently required for the operating expenses of the city. Any and all funds currently existing or anticipated are included unless specifically excluded by the board of aldermen or set aside in a special escrow account.

Except for cash in certain restricted and special funds, the city will consolidate cash and reserve balances from all funds to maximize investment earnings and to increase efficiencies with regard to investment pricing, safekeeping and administration. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting policies.

- (b) *General fund cash and investment reserves guideline.*

- (1) *Purpose.* General fund reserves are intended to enable the city to cover its budgeted operating expenditures, without a reduction in city services, for an extended period should there be a significant shortfall in revenue, or major unbudgeted non-discretionary expenditures.
- (2) *Intent.* Considerations regarding revenue shortfall and unbudgeted non-discretionary major expenditures should address factors such as:
- a. Natural disasters;
 - b. Fires and explosions;
 - c. Competitive impact on sales tax revenue and license revenue from major retailers;
 - d. Debt retirement relative to loans, bond issues, etc.;
 - e. Economic conditions in the area that could impact sales tax and other tax/license revenue.
- (3) *Control.* Reserves shall be maintained that are within a range of thirty (30) percent to fifty (50) percent of the city's prior year operating expenses or revenue, whichever is greater, exclusive of grant revenues, to be kept in the city's general fund cash and investment reserves.
- (4) *Review.* This guideline shall be reviewed by the finance committee no less than annually, with a recommendation to be submitted to the board of aldermen.

- (c) *Investment objectives.* The primary objectives, in priority order, of investment activities shall be safety, liquidity, and yield:

- (1) *Safety.* Safety of principal is the foremost objective of the investment program. All investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.
- a. Credit risk. The city will minimize credit risk, the risk of loss due to the failure of

the security issuer or backer, by:

1. Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the city will do business.
 2. Diversifying the investment portfolio so that the impact of potential losses on individual securities, from any one (1) type of security, or from any one (1) individual issuer will be minimized.
 3. Limiting investments to the types of securities listed in subsection (g).
- b. Interest rate risk. The city will minimize the risk that the market value of securities in the portfolio will fall due to changes in market interest rate by:
1. Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
 2. Maintaining a sufficient balance in liquid funds to adequately cover forecasted cash requirements.
- (2) *Liquidity*. The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands (static liquidity). Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity). A portion of the portfolio may also be placed in repurchase agreements that offer same-day liquid funds.
- (3) *Yield*. The investment portfolio shall be designed with the objective of attaining market rate of return throughout budgetary and economic cycles, taking into account the city's investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core of investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall generally be held until maturity with the following exceptions;
- a. A security with declining credit may be sold early to minimize loss of principal.
 - b. A security swap which would improve the quality, yield, or target duration in the portfolio.
 - c. Liquidity needs of the portfolio require that the security be sold.
- (d) *Delegation of authority*. Management responsibility for the investment program is hereby delegated to the city clerk, acting as finance director, who shall act in accordance with established procedures and internal controls for the operation of the investment program

consistent with this investment policy. The finance director shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate personnel.

(e) *Standards of care.*

- (1) *Prudence.* The standard of care to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with this investment policy and exercising due diligence shall be relieved of personal responsibility of an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the sale of securities are carried out in accordance with the terms of this policy.

The "prudent person" standard states that:

"Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived."

- (2) *Ethics and conflicts of interest.* Officers, elected officials, members of the finance committee and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. They shall disclose any material interests in financial institution with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Officers, elected officials, members of the finance committee and employees placing, approving and/or overseeing the investments of the city shall refrain from undertaking personal investment transactions with the same individual with which business is conducted on behalf of the city.
- (3) *Internal controls.* The finance director is responsible for establishing and maintaining an internal control structure that will be reviewed annually with the city's independent auditor. The internal control structure shall be designed to ensure that the assets of the city are protected from loss, theft or misuse and to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that:
- a. The cost of control should not exceed the benefits likely to be derived; and
 - b. The valuation of costs and benefits require estimates and judgments by management.

The internal controls shall address the following points:

- a. Control of collusion.
 - b. Separation of transaction authority from accounting and record keeping.
 - c. Custodial safekeeping.
 - d. Avoidance of physical delivery securities.
 - e. Clear delegation of authority to subordinate staff members.
 - f. Written confirmation of transactions for investments and wire transfers.
 - g. Development of a wire transfer agreement with the lead bank and third party custodian.
- (f) *Authorized financial dealers and institutions.* The City shall obtain investment services from financial institutions and broker/dealers approved by the city's board of aldermen that are primary government dealers qualifying under Securities and Exchange Commission Rule 15C3-1. Those financial institutions and broker/dealers shall be selected by credit worthiness and must be a qualified public depository as established by state law. A current audited financial statement is required to be on file for each financial institution and broker/dealer with which the city invests.

All financial institutions and securities brokers/dealers who desire to become qualified for investment transactions must supply the following as appropriate:

- (1) Audited financial statements.
- (2) Proof of current National Association of Securities Dealers (NASD) certification in good standing.
- (3) Proof of state registration.
- (4) Certification of having read and understood and agreeing to comply with the city's investment policy.

An annual review of the financial conditions of the qualified institutions and broker/dealers will be conducted by the finance director.

- (g) *Approved instruments.* Investment of city funds shall be limited to:
- (1) U.S. Treasury bills, notes and bonds (including zero coupon bonds).
 - (2) U.S. government agency and instrumentality obligations:
 - a. Federal Arm Credit Banks (FFCB).
 - b. Federal Home Loan Banks (FHLB).
 - c. Federal National Mortgage Association (FHLMC).
 - d. Government National Mortgage association (GNMA).
 - e. Student Loan Marketing Association (SLMA).
 - f. Small Business Administration (SBA).

- (3) Re[-]purchase agreements collateralized by government securities.
 - (4) Certificates of deposit meeting provisions of RSMo 30.270.
 - (5) Bankers' acceptance issued by domestic commercial banks possessing the highest rating issued by Moody's Investor Services, Inc. or Standard and Poor's Corporation.
 - (6) Commercial paper issued by domestic corporations having total assets in excess of five hundred million dollars (\$500,000,000.00), which has received the highest rating issued by Moody's Investor Services, Inc. or Standard and Poor's Corporation.
- (h) *Investment restrictions.* To provide for the safety and liquidity of the city's funds, the investment portfolio will be subject to the following restrictions in addition to those listed elsewhere in this policy:
- (1) Borrowing for investment purposes is prohibited.
 - (2) Contracting to sell securities not yet acquired in order to purchase other securities for purposes of speculating on developments or trends in the market is prohibited.
 - (3) No more than five (5) percent of the total market value of the portfolio may be invested in bankers' acceptance issued by any one (1) commercial bank and no more than five (5) percent of the total market value of the portfolio may be invested in commercial paper of any one (1) issuer.
 - (4) Instruments known as variable rate demand notes, floaters, inverse floaters, leveraged floaters, and equity-linked securities are not permitted. Investment in any instrument, which is commonly considered a "derivative" instrument (e.g. options, futures, swaps, caps, floors, and collars), is prohibited.
 - (5) Investment in any form of mutual fund is prohibited.
- (i) *Collateralization.* Collateralization will be required on all certificates of deposit and repurchase agreements as well as on time and demand deposits. Securities deposited shall be in an amount valued at market equal at least to one hundred (100) percent of the aggregate amount with the particular financial institution less the amount, if any, which is insured either by the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation or by the National Credit Unions Share Insurance Fund.

Securities acceptable as collateralization are those meeting the provisions of RSMo 30.270, subsection I. Any securities deposited pursuant to this section may from time to time be withdrawn and other securities as described in RSMo 30.270 may be substituted in lieu of the withdrawn securities with the consent of the city's finance committee.

Collateral will always be held by an independent third party. Safekeeping receipts must be supplied to the city and retained as long as legally required.

- (j) *Safekeeping and custody.* Securities shall be held by a third party custodian designated by the city officials. Securities shall be evidenced by safekeeping receipts in the city's name. All

security transactions entered into by the city shall be executed on a delivery-versus-payment (DVP) basis to ensure that securities are deposited in eligible financial institutions prior to the release of funds.

(k) *Investment parameters.*

- (1) *Maximum maturities.* Investments shall be made to insure the availability of funds on a timely and adequate basis for payments of general expenditures and capital outlay projects, both short and long term, in an expeditious manner. All investments shall mature and become payable as stated in the chart below.
- (2) *Diversification.* The investments shall be diversified to minimize the risk of loss resulting from over concentration of assets in specific maturity, specific issuer, or specific class of securities. Diversification strategies shall be established and periodically reviewed. At a minimum, diversification standards by security type and issuer shall be limited to the following maximum percentages of the total portfolio:

Investment Type	Not More Than:	Maturity
a. U.S. Treasury Bills, Notes and Bonds (incl. zero coupon)	100%	≤10 years
b. U.S. Government Agency and Instrumentality Obligations*	75%	≤3 years
c. Collateralized Repurchase	50%	≤90 days
d. Certificates of Deposit	50%	≤5 years
e. Commercial Paper	10%	≤5 years
f. Bankers' Acceptances	10%	≤180 days

Note— * Instruments in any single issuer of U.S. agency securities will be limited to forty (40) percent of the total amount in the U.S. agency securities category. All such securities must be AAA rated.

(l) *Reporting.*

- (1) *Methods.* The finance director shall prepare an investment report at least quarterly, including a management summary that provides an analysis of the status of the current investment portfolio and transactions made over the last quarter. This management

summary will be prepared in a manner that will allow the city to ascertain whether investment activities during the reporting period have conformed to the investment policy. The report should be provided to the board of aldermen of the city. The report will include the following:

- a. Listing of individual securities held at the end of the reporting period.
- b. Realized and unrealized gains or losses resulting from appreciation or depreciation by listing the cost and market value of securities over one (1) year duration (in accordance with government accounting standards board (GASB) 31 requirements). [Note, this is only required annually]
- c. Average weighted yield to maturity of portfolio on investments as compared to applicable benchmarks.
- d. Listing of investment by maturity date.
- e. Percentage of the total portfolio which each type of investment represents.
- f. Listing of each financial institution and security broker/dealer handling city investments.
- g. Copies of the most recent statements from each financial institution and security broker/dealer handling city investments.

(2) *Performance standards.* The investment portfolio will be managed in accordance with the parameters specified within this policy. The portfolio should obtain a market average rate of return during a market/economic environment of stable interest rates. A series of appropriate benchmarks may be established against which portfolio performance shall be compared on a regular basis.

(3) *Marking to market.* The market value of the portfolio shall be calculated at least quarterly and a statement of the market value of the portfolio shall be issued at least annually to the board of aldermen of the city. This will ensure that review of the investment portfolio, in terms of value and price volatility, has been performed.

(m) *Exemption.* Any investment held on the effective date of this policy that does not meet the guidelines of this policy shall be exempted from the requirements of this policy. At maturity of liquidation, such monies shall be reinvested only as provided by this policy.

(n) *Annual review.* The city's investment policy shall be reviewed at least annually by the finance committee and any modifications made thereto must be approved by the board of aldermen.

(Ord. No. 1833, § I—XIV, 6-12-2012; Ord. No. 1921, § 1, 8-12-2014; Ord. No. 1974, § 1, 7-14-2015.)



ARBITRAGE MANAGEMENT GROUP
Specializing in Investment of Bond Proceeds

CITY OF SUNSET HILLS, MO
GENERAL FUNDS SAFEKEEPING ACCOUNT

Recap:

- “Approved Instruments” detailed in the City’s Internal Investment Policy can enhance the returns in the Excess General Fund Account and include: U.S. Government Obligations; U.S. Government Agency Bonds; Certificates of Deposit; and Commercial Paper (by Domestic corporations, Total assets must exceed \$500mm, must be rated in the highest rating category and must represent no more than 10% of the City’s total portfolio).

- Maturity restrictions / diversification:
 - a. U.S. Treasury Bills, Notes and Bonds (incl. zero coupon) $100\% \leq 10$ years
 - b. U.S. Government Agency and Instrumentality Obligations* $75\% \leq 3$ years
 - c. Collateralized Repurchase $50\% \leq 90$ days
 - d. Certificates of Deposit $50\% \leq 5$ years
 - e. Commercial Paper $10\% \leq 5$ years
 - f. Bankers’ Acceptances $10\% \leq 180$ days

Instruments in any single issuer of U.S. Agency Securities will be limited to 40% of the total amount in the U.S. Agency Securities category. All such securities must be AAA rated.

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ARBITRAGE MANAGEMENT GROUP

Specializing in Investment of Bond Proceeds

CITY OF SUNSET HILLS, MO GENERAL FUNDS SAFEKEEPING ACCOUNT

Current Holdings:

DATE	FACE	DESCRIPTION	DUE DATE	YIELD
02/08/17	974,000	T-NOTE 2.00%	08/31/21	1.60%
03/30/17	3,320,000	T-NOTE 1.75%	03/31/22	1.76%
10/03/17	312,000	AID-BONDS 2.503%	10/30/20	1.47%
10/03/17	324,000	T-NOTE 1.625%	11/15/22	1.72%
APPROXIMATE MONEY MARKET BALANCE AS OF 5/16/18: \$70,000.00				

Historicals:

PURCHASE DATE	PRICE	FACE	DESCRIPTION	DUE DATE	YIELD	SELL DATE	SELL PRICE
07/20/16	100.000000	245,000	DIS BK GRNWD DE CD 0.60%	01/20/17	0.600%	01/20/17	100.000000
07/20/16	100.000000	245,000	MIZUHO BK NY NY CD 0.60%	01/20/17	0.600%	01/20/17	100.000000
07/22/16	100.000000	245,000	SYNCH BK DRAPER UT CD 0.60%	01/23/17	0.600%	01/23/17	100.000000
07/22/16	100.000000	245,000	FIRST ST CMY BK DRPR UT CD 0.6%	01/23/17	0.600%	01/23/17	100.000000
07/18/16	99.408880	704,000	TOYOTA MTR CRED CP 0.00%	04/10/17	0.800%	04/10/17	100.000000
11/12/14	99.820000	1,690,000	FHLMC 0.875%	03/07/18	0.930%	03/30/17	99.670000
11/12/14	101.998000	1,645,000	FHLB 1.75%	12/14/18	1.247%	03/30/17	100.590000
11/13/14	101.906000	1,650,000	PEFCO 2.25%	03/15/20	1.870%	02/12/16	103.231500

PLEASE NOTE: The information contained in this document is considered, to be reliable, however Prospera Financial Services, Inc. does not represent that it is accurate or complete and it should not be relied upon as such. Investment recommendations by Prospera Financial Services, Inc. are made based on a client's specific investment objective, time horizon and risk tolerance. Information included in this document may not be suitable for all investors. Past performance is not a guarantee of future results and should not be considered a guarantee. Investment products are not FDIC insured, unless certified as such, may lose value, and are not guaranteed by any federal government agency. Consult your Investment Consultant at AMG for more information.



ARBITRAGE MANAGEMENT GROUP
Specializing in Investment of Bond Proceeds

CITY OF SUNSET HILLS, MO
STORMWATER SAFEKEEPING ACCOUNT

Recap:

- “Approved Instruments” detailed in the City’s Internal Investment Policy can enhance the returns in the Excess General Fund Account and include: U.S. Government Obligations; U.S. Government Agency Bonds; Certificates of Deposit; and Commercial Paper (by Domestic corporations, Total assets must exceed \$500mm, must be rated in the highest rating category and must represent no more than 10% of the City’s total portfolio).

- Maturity restrictions / diversification:
 - a. U.S. Treasury Bills, Notes and Bonds (incl. zero coupon) $100\% \leq 10$ years
 - b. U.S. Government Agency and Instrumentality Obligations* $75\% \leq 3$ years
 - c. Collateralized Repurchase $50\% \leq 90$ days
 - d. Certificates of Deposit $50\% \leq 5$ years
 - e. Commercial Paper $10\% \leq 5$ years
 - f. Bankers’ Acceptances $10\% \leq 180$ days

Instruments in any single issuer of U.S. Agency Securities will be limited to 40% of the total amount in the U.S. Agency Securities category. All such securities must be AAA rated.

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ARBITRAGE MANAGEMENT GROUP
Specializing in Investment of Bond Proceeds

CITY OF SUNSET HILLS, MO
STORMWATER SAFEKEEPING ACCOUNT

Current Holdings:

DATE	FACE	DESCRIPTION	DUE DATE	YIELD
4/11/18	405,000	T-NOTE 1.125%	4/30/20	2.080%
4/11/18	407,000	T-NOTE 1.375%	4/30/21	2.190%
4/11/18	405,000	T-NOTE 1.875%	2/28/22	2.300%
4/11/18	410,000	T-NOTE 1.750%	5/15/23	2.390%
4/11/18	407,000	T-NOTE 2.125%	3/31/24	2.450%
APPROXIMATE MONEY MARKET BALANCE AS OF 5/16/18: \$9,669.69				

Historicals:

PURCHASE DATE	PRICE	FACE	DESCRIPTION	DUE DATE	YIELD	SELL DATE	SELL PRICE
N/A							

PLEASE NOTE: The information contained in this document is considered, to be reliable, however Prospera Financial Services, Inc. does not represent that it is accurate or complete and it should not be relied upon as such. Investment recommendations by Prospera Financial Services, Inc. are made based on a client's specific investment objective, time horizon and risk tolerance. Information included in this document may not be suitable for all investors. Past performance is not a guarantee of future results and should not be considered a guarantee. Investment products are not FDIC insured, unless certified as such, may lose value, and are not guaranteed by any federal government agency. Consult your Investment Consultant at AMG for more information.