

**MINUTES OF THE REGULAR MEETING  
OF FINANCE COMMITTEE  
OF THE CITY OF SUNSET HILLS, MISSOURI  
HELD ON MONDAY, FEBRUARY 22, 2016**

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 Pat Fribis, Member Alderman Thomas Musich, Member City Collector Michael Sawicki, and Member Joe Stewart, along with IPM Administration Consultant Robert Heacock, Public Works Director Bryson Baker and Accounting Manager Bill Lehmann were personally in attendance. Member Mike Fitzgerald and Member Jeff Cammilleri were absent.

**1) Approval of Minutes**

The minutes of the January 25, 2016 Finance Committee meeting were distributed for review. A motion was made by City Collector Sawicki to adopt the minutes as written. Alderman Musich seconded the motion, and it was passed unanimously. Alderman Musich stated that in the future it would be helpful for the minutes to be sent out by e-mail to the Committee in advance of the meeting and not just posted on-line.

**2) Introduction of Accounting Manager Bill Lehmann**

Mr. Heacock introduced Bill Lehmann as the City's new Accounting Manager. Mr. Lehmann indicated that he was born and raised in the St. Louis area, is a CPA with about 30 years in corporate finance and commercial real estate. Mr. Lehmann expressed enthusiasm for being in Sunset Hills and indicated he is looking forward to working with everyone.

**3) Potential flood property buy-out financial implications**

Alderman Fribis asked Public Works Director Bryson Baker to provide the Committee with an update on the status of property buy-out requests. Mr. Baker distributed a memorandum addressed to the Committee, dated February 19, 2016. He indicated that the City had been in contact with 7 property owners, all of whom expressed interest in participating in a buy-out.

Mr. Baker indicated that the City will file a non-binding notice of interest within the next three weeks with MO SEMA. There are two potential programs: hazard mitigation grant program (HMGP) based on the impact of the recent flood event, and a repetitive loss grant program. Only one of the 7 properties the City has been looking at may qualify for the repetitive loss grant program. The total estimated potential local match required to obtain funds is estimated at \$210,000 which includes acquisition, documents, and structure removal. That can be a combination of City, property owner, and County funds.

If SEMA decides that the City is eligible to participate based upon the notice of interest, the City will be informed in September/October and will have to decide then what source(s) of funding will be used for the 25% match. Alderman Musich suggested that Mr. Baker inquire now with the County as to the likelihood of the County participating in the local match, and update the Committee in March as to the County's response.

4) **Standard & Poor's Rating Discussion**

IPM Administration Consultant Heacock indicated that as directed at the last Committee meeting he followed up with Standard & Poor's (S&P), and obtained additional information. S&P indicated that prior to the December 2015 report the last review was performed on August 17, 2012. Mr. Heacock distributed copies of the 2012 report to the Committee and noted that it was a very positive document. Mr. Heacock indicated that at the March Committee meeting that Mr. Lehmann would have some data and information to share regarding improvements in reporting that the City can make in response to the 2015 report. Mr. Heacock indicated that he was unsuccessful in contacting previous IPM consultant Charles Montoya regarding information provided to S&P. Mr. Heacock recommended that in the future the City have established protocols for how to respond to an S&P inquiry, including notifying the Finance Committee and bond counsel. Mr. Heacock indicated that he had been in contact with Gilmore & Bell and was informed that the rating downgrade will not impact the cost of the City's existing debt because the interest rates are fixed.

Mr. Heacock also stated that he spoke with Gilmore & Bell about obtaining their assistance in filing required continuing disclosure reports related to the City's outstanding debt. A recommendation would be going forward to the Board of Aldermen in March for an annual retainer for \$1,000, and a one-time \$1,000 amount for a five-year look back on City reports.

5) **Finance System Project Update**

Mr. Heacock indicated that he and Mr. Lehmann have both been in touch with representatives from Tyler Technologies to establish a kick-off meeting for implementing the new finance software system for the City, which should take place prior to the next Committee meeting. The project contact from Tyler will not be local, and will incur travel costs. The staff will be evaluating the possibility of adding the purchase order module for approximately \$4,000 - \$5,000. If recommended that cost may be offset by pro-rated first year expenses. Mr. Heacock also indicated that appropriate staff from all departments will participate as part of the project team to ensure the system is designed and implemented to maximize the benefit to the City.

6) **Arbitrage Asset Sales Authority**

Mr. Heacock indicated that the list of City staff authorized to sign off with US Bank when assets are sold and a settlement process takes place needs to be updated. He requested that Mr. Lehmann and Lori Stone be authorized. City Collector Sawicki made

a motion to approve the updated signature authorization list as requested. Alderman Fribis seconded the motion, and it was passed unanimously.

**7) Administration Procurement Card Authority**

Mr. Heacock indicated that he had asked Mr. Lehmann to review the existing internal controls and the level of authority with respect to procurement cards. Mr. Lehmann indicated that there are a total of 7 cards issued, and the City carries an aggregate limit of \$400,000. The highest individual card limit is \$250,000, issued to the previous Deputy City Clerk. Mr. Heacock stated that the apparent reason why the cards were set up that way was to try and take advantage of 1% cash back on purchases whenever possible. Mr. Heacock indicated he would be more comfortable with a card limit of \$150,000 issued to the Accounting Manager, and that the Deputy City Clerk card limit be set at \$31,000 which is consistent with other departments. Mr. Lehmann indicated that he has developed a list of 19 different controls that will be instituted to properly limit usage. Additional work will be performed on this issue prior to a full recommendation being brought to the Finance Committee.

**8) Administration Incentive Pay Discussion**

Mr. Heacock indicated that in the 2016 budget the Administration staff members were not included in the incentive pay/merit program. This was inconsistent with how staff in all other departments had been treated in the budget. He recommended that eligibility be extended to the four full-time staff in Administration for an amount of \$855.96 per person. Alderman Musich commented that the City should treat the administration staff in the same manner as other departments. Alderman Musich made a motion to approve the recommendation to extend the incentive pay/merit program to the Administration staff. City Collector Sawicki seconded the motion and it passed unanimously.

**9) 2016 Worker's Compensation Insurance Policy Recommendation**

Mr. Heacock reported that the proposed cost for worker's compensation insurance for the period of 4/1/2016 -4/1/2017 through the Missouri Rural Services Worker's Compensation Insurance Trust had come in at \$89,223 which represents a decrease of 14% or about \$14,000 less than the prior year. Because the cost had been budgeted to increase in 2016 the total budget savings would be approximately \$24,000. Mr. Heacock credited the work of the City's safety committee comprised of representatives of each department in helping to focus on safety training and other items to reduce injuries. Mr. Heacock requested that the Committee recommend approval of the proposal to the Board of Alderman for the March 8<sup>th</sup> Meeting. Alderman Musich made a motion to approve the recommendation. Alderman Fribis seconded the motion and it passed unanimously.

Mr. Heacock pointed out that he had also met with a representative of an insurance group called SLATE, which the City can potentially join once a City Administrator is hired.

The group includes about 32 St. Louis area municipalities, and a requirement is that the member cities have a City administrator or manager form of government.

**10) Finance Committee Duties**

Mr. Heacock distributed copies of Section 2-241 under Article IX of the City Code, dealing with the formation of the Finance Committee and related duties. The various responsibilities of the Committee were discussed. It was pointed out that the new financial software system being implemented will enhance the type and accuracy of data available for the Committee to review, in particular as it relates to the review of quarterly expenses. City Collector Sawicki indicated that the current finance system does not generate the needed expense reports.

**11) Discussion of Annual Finance Committee Work Calendar**

Mr. Heacock distributed a draft annual work plan document for the Committee that was patterned after a template provided by Member Stewart. Mr. Heacock recommended that the discussion of long-range financial projections should be scheduled for August each year, prior to the annual budget review. Mr. Heacock also recommended the creation of a revenue book, or summary document that identifies revenue sources, how and when they were created, and provides a rolling ten year history. He indicated that he had asked Mr. Lehmann to initiate work on the document, so that it can be reviewed in August. Alderman Fribis requested that updates appear on the work calendar for Standard & Poor's rating review, financial software system implementation, and flood buy-out program.

**12) Other Matters**

None

**13) Adjournment**

City Collector Sawicki made a motion to adjourn the meeting. Alderman Musich seconded the motion and it passed unanimously. Meeting adjourned at 6:56 p.m.

Recording Secretary - Robert Heacock