

**MINUTES OF THE REGULAR MEETING
OF FINANCE COMMITTEE
OF THE CITY OF SUNSET HILLS, MISSOURI
HELD ON MONDAY, MARCH 28, 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 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 February 22, 2016 Finance Committee meeting were distributed for review. Two corrections were noted by Member Stewart, including changing Joe Cammilleri to Jeff Cammilleri, and inserting the word "with" in item 7 to read "Mr. Heacock indicated he would be more comfortable with a card limit..."

Alderman Musich made a motion to adopt the minutes as corrected. City Collector Sawicki seconded the motion, and it was passed unanimously.

2) Potential flood property buy-out financial implications

Mr. Heacock distributed copies of a memorandum from Bryson Baker dated March 23, 2016. In the memorandum Mr. Baker indicated that City staff are working on a Request for Public Assistance for public properties damaged by the recent flood, and for possible reimbursement of City expenditures. Mr. Baker also indicated that the City submitted two Notices of Interest (NOI) to the State Emergency Management Agency for potential participation in programs to assist residential property owners. One NOI, which would impact one residential property was for the Severe Repetitive Loss program, which would be funded 100% by the Federal Emergency Management Agency. The other NOI, impacting a total of seven properties (including the one in the first NOI) would provide 75% FEMA funds and 25% local match from the City, property owners, or other sources. After adjusting for insurance claims, the cost of the 25% local match would be approximately \$200,000. Mr. Heacock clarified that if the one property being considered for the Severe Repetitive Loss program is approved, that figure could be reduced to approximately \$150,000-\$160,000. Alderman Fribis inquired as to whether there was flexibility in the composition of the local match, or whether if there is an expectation that the property owners participate that it would be a set amount or percentage for each property. Mr. Heacock indicated that he would check with Mr. Baker and will provide the response at the next Finance Committee meeting.

In the memorandum, Mr. Baker also pointed out that he did contact St. Louis County about potential County participation in the City's flood buy-out proposal, but according to Mark Diedrich, the Director of the St. Louis County Police Department Office of Emergency Management, the County will not be participating in any municipal flood buy-out program matches.

3) Standard & Poor's Rating Review – update

Mr. Lehmann distributed and reviewed a memorandum dated March 23, 2016, to Mr. Heacock, which summarized twelve specific areas of focus from the December S&P report, and outlined steps that the City has already taken or plans on taking to address the concern. For example, the report noted that the Board of Aldermen does not receive budget-to-actual reports for expenditures, and Mr. Lehmann indicated that the staff will begin producing budget variance reports on a monthly basis after the new accounting software system is implemented. Alderman Fribis asked about the window of opportunity to potentially refinance the outstanding COPs. Mr. Lehmann indicated that he has obtained information, and will report back on that question at the next Finance Committee meeting.

4) Finance system project

Mr. Heacock indicated that a project team of City staff from various departments has been compiled, and that they have had an initial kick-off meeting with Tyler Technologies. Mr. Lehmann will be communicating on a regular basis to keep all involved, in an effort to keep the level of engagement high, and to ensure the City is able to maximize the utility of the new software. Tyler is still finalizing some of their personnel that will be involved, but it is believed that the system will still be implemented by the end of the year. There was discussion about the features that will be in the new system. Mr. Lehmann indicated that he was working to determine the extent to which the payroll function will be included, and that he will report further at the next Finance Committee meeting.

5) Procurement card authority – update

Mr. Lehmann provided an analysis of the corporate Visa cards currently issued to City personnel, and indicated that there are seven active cards with a total credit limit of \$400,000. During the period of November 2014, to February 2016, those accounts carried an average balance of \$84,129, with a high statement balance of \$128,467. Mr. Lehmann also outlined a recommendation that would issue a total of eleven cards, but with a total credit limit of \$305,000. That amount would be distributed with \$140,000 for Administration (four cards), \$50,000 for Public Works (two cards), \$85,000 for Parks (three cards), and \$30,000 for Public Safety/Police (two cards). Mr. Lehmann indicated that there were 15 different internal controls to ensure the cards are used appropriately, including not allowing cash advances. Alderman Fribis clarified that there is a benefit of a 1% rebate back to the City when utilizing the cards. Mr. Heacock indicated that what was being requested would be spending authority per card by title of position, not the

individual's name. In response to questions by Alderman Musich, Mr. Lehmann explained the process for how the charges are reviewed, and how any red flag questions would be resolved. In response to a question by Member Stewart, Mr. Lehmann indicated that the City requests statements on each card every month, even if there is no charge. Alderman Fribis asked whether there were efforts to ensure that the card charges properly reflect that the City is tax exempt. Mr. Lehmann indicated that it was part of the internal control process, and that there is a form to be given to vendors to assist them in reflecting the City's tax exempt status. Mr. Lehmann further stated that he felt comfortable that the internal controls were solid, but that the firm performing the City's annual financial audit would also be reviewing them for adequacy.

City Collector Sawicki made a motion to approve the corporate Visa Card recommendation. Member Stewart seconded the recommendation, with the clarification that although cards would be issued to individuals that the authorization levels would be by title of position, and it was passed unanimously.

6) Capital Improvement Committee

There was discussion about the creation of the Capital Improvement Committee and how it was created by the Finance Committee as an advisory body. Mr. Heacock pointed out that the Standard & Poor's review acknowledged the existence of the 5-year plan, but suggested that it would be advisable to update the plan every year. Mr. Heacock indicated that in order for the plan to be more dynamic and adjusted on a rolling annual basis, that the subcommittee will need to meet in July in order to make a recommendation to the Finance Committee in August. It was noted that Rich Gau is the chair of the Capital Improvement Committee, and Mr. Heacock agreed to speak with him about the 5-year plan.

7) Annual Finance Committee work calendar

There was discussion about the annual work calendar, in particular the need to discuss long-range financial forecasts in August prior to the budget being reviewed in September. Member Stewart provided some suggested changes to the work calendar, which Mr. Lehmann will review and incorporate.

8) Other Matters

Mr. Lehmann discussed the investment schedule, dated March 28th. Mr. Lehmann also explained that the City had a group benefit insurance policy with a company that converted to a publicly traded company (demutualization). Consequently shares of the stock were issued to Sunset Hills. While the City has been receiving dividend checks, the stock holding is not within the constraints of what the City should be investing in. Consequently, Mr. Lehmann recommended sale of the stock, with the understanding that the proceeds would be put into a money market. The market value of the stock is approximately \$23,000. Member Stewart made a motion to recommend that Mr. Lehmann proceed with the sale of the stock. City Collector Sawicki seconded the

motion, and it was passed unanimously. Mr. Heacock indicated that the issue would be presented to the Board of Aldermen for Approval.

9) **Adjournment**

City Collector Sawicki made a motion to adjourn the meeting. Alderman Musich seconded the motion and it passed unanimously. Meeting adjourned at 6:52 p.m.

Recording Secretary - Robert Heacock

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