

**MINUTES OF THE REGULAR MEETING
OF FINANCE COMMITTEE
OF THE CITY OF SUNSET HILLS, MISSOURI
HELD ON MONDAY, SEPTEMBER 26, 2016**

Meeting convened at 5:30 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 City Collector Michael Sawicki, Member Joe Stewart, Member Jeff Cammilleri, Alderman Thomas Musich, Member Mike Fitzgerald along with Accounting Manager Bill Lehmann and City Administrator Eric Sterman, were personally in attendance.

Approval of Minutes

The minutes of the August 1, 2016 Finance Committee meeting were distributed for review. A motion was made by Member Sawicki to adopt the minutes as corrected. Alderman Musich seconded the motion, and it was passed unanimously.

Review of 2009 Certificates of Participation

Mr. Sterman gave a brief recap regarding last month's meeting with Reagan Holliday and Chris Collier of Hilltop Securities regarding refunding of the 2009 bonds. Mr. Sterman stated the rating process with S&P is scheduled for tomorrow with Gilmore & Bell, and Hilltop Securities. He stated the rating right now is a single A- with a negative outlook. Mr. Sterman stated Ms. Holliday said it would be very surprising if the city's rating will be raised at this point even though we are addressing these issues and they are not yet completed.

Alderman Musich questioned the negative outlook. Mr. Sterman stated Ms. Holliday suggested maintaining the A- and getting a neutral, stable or positive outlook. Alderman Musich asked when the answer will come. Mr. Sterman stated first an analysis is done, then a draft report is sent and a response within a two hour window and returned, then a panel reviews it and assigns the rating. Mr. Sterman stated it should take about two weeks for a rating for the late October or early November close.

Question was asked how the rating ties into the interest rate. Mr. Sterman answered the higher the rating, the lower the interest rate. He stated with this rating we are still saving money. Mr. Sterman stated when rates get this low the variance is mitigated a little bit. He stated Ms. Holliday suggested looking into bond insurance which helps buy up the rating.

Draft Budget Review

Mr. Lehmann distributed and explained the handout on the overview of the budget structure. He stated the break down shows each department. Some departments will have separate departments underneath them and shows the monies each department will draw the money from.

Mr. Lehmann explained two summary reviews of the budget, first is by fund, and the next is revenue on top and the expenses broken down by department and within each department. Alderman Musich asked who will be inputting the information from the current system into the Tyler system. Mr. Lehmann stated the information from the old system will be transferred to Tyler.

Mr. Lehmann pointed out that when the departments started the budget process before Labor Day the city did not have the final number for the new health insurance. He stated the number from last year was used and assumed a 10-15% increase. Mr. Sterman stated the insurance ended up being a 33% decrease instead. Mr. Sterman explained the decrease was due to a decline in claims.

Mr. Sterman explained that department heads sent a rough draft of their budgets. Some of these numbers need to be scrubbed. Once this is reviewed it will change a little.

Questions were raised regarding capital plan, projects and funds. Mr. Sterman stated that capital fund money should be spent only on capital projects. He explained that there is a solid draft of the capital plan now and should be adopted with the budget. He stated over the past couple of years budgeting was very optimistic on projects getting done this year and then never were executed and then the budgeted funds had an overage at the end of the year. A lengthy discussion ensued discussing the pros and cons of the capital fund monies, how much under, or over, general fund and how the budget was calculated in the past.

Mr. Sterman stated that budget amendments will be brought to the board of aldermen for approval and the software will enforce this and be coded into the software. He stated this will become a stricter procedure.

Chairman Gau asked how the salary increase is projected for next year. Mr. Sterman replied the same as last year, about 3% and the 1% incentive pay which is performance based. Chairman Gau asked if this something the finance committee decides. Mr. Sterman stated this is the board of aldermen decision, based on the budget. Mr. Sterman stated he could make some recommendations. He stated we have a step and grade plan and was not upgraded last year. Mr. Sterman stated a salary study should be done. He stated increases are done annually and with the budget. A discussion regarding what percentage should be given and members were in agreement with 2.5%.

Motion was made by Member Sawicki to have the City Administrator to budget a 2.5% pay increase for salaries and for a balanced (operating) budget. Member Fitzgerald seconded the motion and it was unanimously passed.

Article XIV Purchasing

Mr. Sterman explained the draft purchasing policy. He stated this will be implemented in the new software and these rules will be coded into the software for approvals. This will

determine (depending on the amount of purchase) who will approve it; who has the authority the department head or does it need to be a sealed bid or have board approval.

Mr. Sterman suggested anything under \$1000.00 the department heads can approve it; amounts of \$1000.00 to \$5000.00 needs approval of the department head and 3 written bids. He stated \$5000.00 - \$15,000.00 would need 3 written bids and approval of the department head and the City Administrator's approval. Anything over \$15,000.00 a sealed bid is required and then the approval from the Board of Aldermen.

Alderman Musich asked if the figures and the language in this document is boiler plate. Mr. Sterman replied he did look at some other cities and stated much of this language is boiler plate.

Chairman Gau asked how this would work using credit cards and earning points. Mr. Lehmann stated that the larger purchases are paid through accounts payable on a city credit card along with an invoice. He stated each department head signs off on the purchases and turns in receipts; then accounts payable compiles them and then to the finance director.

Mr. Sterman would like this purchasing policy to be codified and would like this policy recommended to the board of aldermen. Chairman Gau asked if the committee had any other changes or additions to this policy.

Member Fitzgerald made a motion to recommend this purchasing policy to the board of alderman at the October 25th work session and seconded by Member Sawicki and motion unanimously passed.

Annual Finance Committee work calendar -review

Reporting on investments will be moved to next month's meeting.

Other Matters

Mr. Lehmann reported that Tyler has the last stage of the chart of accounts for reporting and also the CPA presented their preferred reporting. He stated this will generate two versions of reporting. The consultants are scheduled to be here in the next three weeks. He stated Tyler now has samples of the check stock and how the purchase orders are laid out also designing reports that will be used on a daily basis. Mr. Lehmann stated the city did purchase the payroll modular from Tyler.

Adjournment

Alderman Musich made a motion to adjourn the meeting. Member Fitzgerald seconded the motion and it passed unanimously. Meeting adjourned at 7:00 p.m.

Recording Secretary – Dede Hendricks