

**MINUTES OF THE REGULAR MEETING  
OF FINANCE COMMITTEE  
OF THE CITY OF SUNSET HILLS, MISSOURI  
HELD ON MONDAY, JANUARY 29, 2018**

Meeting convened at 5:32 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 Michael Fitzgerald, Member Joe Stewart, Director of Finance Bill Lehmann, City Administrator, Eric Sterman.

**Approval of Minutes:**

The minutes of the September 25, 2017 Finance Committee meeting were distributed for review. A motion was made by Alderman Musich to adopt the minutes. Member Joe Stewart seconded the motion and it was passed unanimously.

**2018 JW Terrill Insurance Proposal:**

Mr. Camilleri asked about an issue regarding a particular slide in the deck. Mr. Sterman stated that this was provided by J.W Terrill through a report and that the premium this year didn't go up to much. Mr. Sterman stated an area they wanted to increase was the cyber liability insurance but some of the things did not apply to us and it also has a high deductible. Mr. Sterman stated we kept the same coverage through Travelers.

Mr. Sterman indicated another change was the employment practices liability insurance. He stated this had a two million cap fortunately we have not had to use this insurance. He stated this insurance was kept but rolled back to a one million cap and the premium was lowered.

Member Fitzgerald asked about sales tax interruption. Mr. Sterman stated we have kept that insurance with Travelers and it was not very expensive. Chairman Gau suggested Mr. Sterman to push J.W. Terrill about lowering the Agency Revenue.

Member Stewart asked about when the policy renewal date is. Mr. Sterman stated that it covered a full calendar year except for workers 'compensation which goes from April through the following March. He stated we have time to revisit the broker and see what we can do for next year. Mr. Sterman stated he did some research on the lines of coverage through some vendors and most of these are standard commissions.

Mr. Sterman discussed SLATE, which is a consortium of St. Louis Cities that self-insure for work comp. liability, property and medical insurance. He stated the biggest appeal to join is for medical insurance, because it a self-insured pool and they get better rates. Mr. Sterman stated to join SLATE the City has to join on all aspects of insurance. He stated some areas are a little higher but Mr. Sterman stated he is still in talks with them.

Member Fitzgerald asked about the catastrophic insurance. Mr. Sterman stated the pool buys that insurance. Mr. Sterman stated the renewal for SLATE is July 1, on medical, and he doesn't remember the renewal on the others.

### **Energy Savings Project Review (HVAC/LIGHTING)**

Mr. Sterman did an overview on this project. He stated some areas of the complex need updating in HVAC due to antiquated equipment. He stated a few years back a law came out stating governmental entities can apply for financing to pay for these improvements. He stated we do qualify for this project, and Trane had the best bid. He explained this process with the use of a spreadsheet. Mr. Sterman stated that the energy savings is guaranteed through Trane and if the energy savings does not meet the amount guaranteed then Trane is on the hook.

Mr. Sterman explained that if the Board goes forward with this project how we will finance it. He referenced a guaranteed performance energy contract. He stated this would be around \$871,000 and recommended paying \$106,000 cash, through the Park and Stormwater Fund. He stated this Fund has a huge reserve. Mr. Fitzgerald asked if Ameren had any incentives Mr. Sterman answered yes and they take that off the top, he stated Ameren has several incentives. He stated Trane applies for all the incentives.

Mr. Sterman recapped by saying we could either pay cash, or to finance it. He stated this is a capital expense and could be finance through our capital fund. Mr. Stewart asked about the guaranteed performance energy contract and Mr. Sterman stated Trane has to guarantee this for 15 years as long as we pay the annual monitoring cost.

Several committee members gave input on what would be the best way to finance this project. Chairman Gau asked the committee for their recommendation. Mr. Sterman asked if everyone was in agreement to take the \$106,000 out of the park fund and finance the remaining amount (after Ameren rebates). He stated possibly paying it off in five years for a better rate at five years.

Member Sawicki made a motion to use Parks, Capital and General funds to finance this project. Alderman Musich seconded the motion and it was unanimously approved.

### **2015 IRS Payroll Audit:**

Mr. Lehmann stated we were randomly selected for an IRS audit on 1099's and payroll. He stated the areas that were discussed with the auditor were the use of city vehicles and group term life insurance (equal to one year of salary) in excess of \$50,000. He stated the community center benefit used by the employees could also be taxed. Mr. Lehmann stated we had 382 vendors that were paid in 2015 and the auditor found 12 vendors that should have received a 1099 but did not; this was sort of a gray area. He stated the worst case with this incident is a \$520.00 penalty per vendor which is \$6,220.00. Mr. Lehmann stated he is still sorting this out with the auditor.

**Investment Report:**

Mr. Lehmann referred to the report in their packet.

**Next Meeting Date:**

Next meeting will be held on February 26, 2018 at 5:30 p.m.

**Adjournment:**

Alderman Musich made a motion to adjourn the meeting. Member Fitzgerald seconded the motion and it passed unanimously. Meeting adjourned at 6:45 p.m.

Recording Secretary – Dede Hendricks