

**MINUTES OF THE REGULAR MEETING OF FINANCE COMMITTEE OF THE CITY OF SUNSET HILLS,  
MISSOURI HELD ON MONDAY, JUNE 25, 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 Mark Colombo, Member Michael Sawicki, Member Jeff Camilleri, Member Joe Stewart, Finance Director Susanna Messmer and City Administrator Eric Sterman were personally in attendance. Absent were Alderman Nathan Lipe and Member Mike Fitzgerald.

**Approval of Minutes:**

The minutes of the February 26, 2018 Finance Committee meeting were distributed for review. A motion was made by Member Sawicki to adopt the minutes as amended. Member Stewart seconded the motion and it was passed unanimously.

**Introduction of New Finance Director:**

Mr. Sterman introduced the new members of the committee: Chairman Mark Colombo and Alderman Nathan Lipe. They were appointed by Mayor Fribis and replace former Chairman / Alderman Richard Gau and former Alderman Tom Musich. He then introduced the new Finance Director, Susanna Messmer. She started employment on May 14, 2018

**Review of FY2019-2023 Year Capital Plan:**

Mr. Sterman gave a brief background on the capital planning process for the new members. A capital plan was done years ago but not updated. Subsequent to the 2015 credit rating downgrade, an ordinance was passed in 2016 to establish a Capital Improvement committee and update the capital plan on an annual basis. After some time, it was determined to be more effective for the capital improvement/planning process to be headed by the Finance Committee rather than a separate Capital Improvement committee. Therefore, the Capital Improvement committee was dissolved via ordinance in May 2018. Responsibility for Capital Planning now falls under the Finance Committee.

Mr. Sterman directed the committee to the draft of the 5 year Capital Plan in the finance packet. He then provided an overview and highlighted key proposed expenditures as follows:

- Energy upgrade currently in progress; partially financed by a lease purchase agreement with five year payment plan.
- Hadley Hill redesign and reconstruction.
- Sidewalks construction along Leebur Drive.
- Parking lot rehab for Community Center and City Hall.
- Replacement lighting at the Athletic Fields.

Member Sawicki asked about the extension of the bike trail by Interstate 44. Mr. Sterman responded first with the background on this bike trail. MoDot is redoing the bridge at Interstates 44 and 270. As part of that, Great Rivers Greenway is building a pedestrian/bike bridge next to the highway. Great Rivers Greenway came to the three surrounding cities and asked for \$800,000 to \$900,000 in total for "touchdowns" which connect to the bridge to the trails. He stated the City of Sunset Hills contacted the Municipal Park Grant Commission and they are giving us the grant for our portion of the total cost.

Mr. Sterman stated that Sunset Hills' trail does not connect to the Great Rivers Green trail now; however, it is in the trail master plan. He stated there are some hurdles with this future trail plan and that the trail extension will therefore not happen in the near future.

Mr. Sterman concluded by asking the Finance Committee to review this Capital Plan draft. If needed, department heads will be asked to attend the one of the upcoming meetings to answer questions about their capital requests. He stated this plan will come back to this committee for approval as part of the budget preparation and review process.

#### **Update on Investments:**

Mr. Sterman stated that in February 2018 we discussed investing in fixed income securities within the Storm Water and Parks Fund. That fund had \$2.4M in cash and the rationale is to earn a return on this before the cash is needed. The Board adopted a change to the investment policy to expand investing opportunities to all Funds as needed instead of continuing to limit investing just within the General Fund. In April 2018, the Storm Water and Parks invested \$2M in Treasuries.

Mr. Sterman stated it was decided to invest the amount of cash aggressively so we could gain the most interest dollars. He said it's possible we may have cash shortfall at time of debt service payment next March requiring early redemption. However, Arbitrage Management monitors the investments and may be able to make a recommendation if that cash shortfall occurs.

Member Sawicki asked if it was possible to do a loan from another fund. Mr. Sterman replied that we could possibly borrow from the General fund. At this time, estimated shortfall is approximately \$200,000.

### **Update on Annual Audit:**

Mr. Sterman gave an update on the external audit status performed by Botz, Deal. The site visit was completed several weeks ago and we are now waiting on their internal review to be completed. Several factors contribute to the longer than expected completion of the audit: a March start, other client obligations, audit personnel scheduling conflicts, absence of Finance Director from March 2nd to May 14th, and learning curve related to the new accounting system. Mr. Lehmann did provide some professional services after his departure on March 2 towards completion of the audit.

### **Other Matters:**

Mr. Sterman stated the next meeting will be in July 23 to discuss the results of the audit.

Member Sawicki asked if Mr. Sterman had any concerns with the external auditors. Mr. Sterman replied it was difficult to determine because there were a series of events on both the auditor side and Sunset Hills side that caused the delay. Member Camilleri suggested checking into other firms. Member Sawicki suggested that he and Member Fitzgerald could contact Botz Deal to find out why the audit was delayed. Mr. Sterman said if there is a similar delay next year, then we should re-visit this issue at that point. At a minimum we should wait until the 2017 audit is fully complete.

A general discussion ensued among the committee regarding the possibility of bidding out some of the city's professional service vendors. Member Camilleri suggested preparing analysis of fees for vendor comparison. Mr. Sterman agreed and will take action.

Chairman Colombo discussed the impact of Toys R Us closing and negative impact to Sales Tax Revenue. There was a general discussion about potential tenants.

Member Sawacki asked about potential revenue from an internet sales tax. Mr. Sterman responded that Sunset Hills cannot take advantage of this because we do not have a use tax. Realistically we are several years away from adopting a use tax and have a supporting infrastructure at the state level.

### **Adjournment:**

Member Sawicki made a motion to adjourn the meeting. Member Camilleri seconded the motion and it passed unanimously. Meeting adjourned at 6:25 p.m.

Recording Secretary – Dede Hendricks