

## MEMORANDUM

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**TO:** Michael G. Herring, City Administrator  
**FROM:** Kelly L. Vaughn, Director of Finance and Administration  
**DATE:** October 26, 2009  
**SUBJECT:** Finance and Administration Committee Meeting

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The Finance and Administration Committee met on Monday, October 26, 2009. Those in attendance included: Chairperson Bruce Geiger, Ward II; Councilmember Matt Segal Ward I; Councilmember Randy Logan, Ward III; Councilmember Connie Fults, Ward IV; City Administrator Mike Herring; Director of Finance and Administration Kelly Vaughn; and, Assistant City Administrator for Community Services and Economic Development Libby Malberg. Those also in attendance included Councilmember Mike Casey, Ward III; Councilmember Bob Nation, Ward IV; Assistant Director of Finance and Administration Brian Whittle; and Stacey Morse, Executive Director, Chesterfield Arts..

Chairperson Bruce Geiger called the meeting to order at 5:30 p.m.

### **1. Approval of Minutes—September 23, 2009**

Councilmember Logan motioned to approve the minutes from the September 23, 2009 meeting of this Committee. Councilmember Fults seconded the motion. A voice vote was taken, with a unanimous result, and the motion was approved.

[Councilmember Casey arrived after this voice vote was taken.]

### **2. Discussion Regarding Arts Master Plan**

Councilmember Geiger started by commending Stacey Morse and everyone involved on the success of “The Awakening” unveiling. He felt that it was great publicity for the City and Chesterfield Arts.

Ms. Morse summarized the PLAN by noting that it provides clear direction regarding the placement of public art, in Chesterfield. She said the plan also allows the City to capitalize on the momentum created by “The Awakening”.

Councilmember Geiger noted that, should the Committee vote to recommend to City Council that this “Master Plan” be adopted, as he intended to recommend, it would NOT obligate the City to fund any of the recommendations contained therein.

Mr. Herring stated that the PLAN was wonderfully put together. He noted that even though the City may not have funding for the plan currently, the plan allows outside

parties to invest in Chesterfield Arts. He recognized and commended Ms. Morse for her efforts to secure private funding for public art, in the past.

Councilmember Logan expressed support for the PLAN and asked how the “steering committee” should be established. Councilmember Geiger said that it was his intention to recommend that Chesterfield Arts be officially designated as the City’s “Arts Agency” and that, as such, they would create and utilize “steering committees”, whenever necessary. Ms. Malberg noted that, in response to the recent proposal by THF, to place public art in Chesterfield, Chesterfield Arts served as the City’s “Arts Agency” and reviewed the proposal and the proposed location.

Councilmember Fults commended the projects in the “Arts Master Plan”. She then clarified that the City is not committing to any of the projects nor their funding; but, rather, the PLAN identifies projects as opportunities for the City and others to consider.

Councilmember Geiger motioned to recommend approval of the “Public Art Master Plan” and to recommend that City Council officially designate Chesterfield Arts as the City’s “Arts Agency”. Councilmember Fults seconded the motion. A voice vote was taken, with a unanimous result, and the motion was approved.

### **3. Request for Approval of Applications for Contributions to Special Events**

Ms. Malberg said there were three applications for contributions from the fund. She stated \$6,000 was left after \$3,000 was contributed to the Chamber of Commerce earlier in the year. The three applications were from Piwacket Theatre, River Blenders Chapter of Sweet Adelines, and the St. Louis Civic Orchestra. She stated the Mayor Nations wanted to express his support of the St. Louis Civic Orchestra application.

Councilmember Geiger said that he was in favor of the Piwacket Theatre contribution. He was worried, however, that they did not have enough in matching contributions to qualify for the contribution. He noted that the situation was not different from prior years.

Mr. Herring questioned the request submitted by the “River Blenders”. He commented that, in his opinion, using a contribution by the City to fund “scholarships” was not allowed under the current guidelines. Councilmember Fults agreed and felt the City should not enter into scholarship funding. Councilmember Fults felt that the event might have a limited scope in terms of who would participate and questioned whether the “entire community” would benefit. She felt the money should go to larger events that benefit more residents. Councilmember Geiger stated that, if the Committee agreed, the City would only pay for the event and not the scholarships.

Councilmember Casey said that he thinks the awards should be on an every other year basis so the same organizations do not receive the money every year.

Mr. Herring reminded the Committee that, as previously approved by City Council, the Committee has been authorized to make the FINAL decision, regarding each application.

Councilmember Geiger made a motion to approve a \$3,000 contribution for Piwacket Theater. Councilmember Fults seconded the motion. A voice vote was taken, with a unanimous result, and the motion was approved.

Councilmember Geiger made a motion to approve \$3,000 in contributions to the Civic Orchestra. Councilmember Fults seconded the motion. A voice vote was taken, with a unanimous result, and the motion was approved.

Councilmember Geiger asked if the Committee should reexamine the use of in-kind donations to meet the matching requirement. Councilmember Logan stated that the in-kind contributions should be examined on a case-by-case basis.

Councilmember Segal felt that the organizations should ask for the money in advance of the event. He felt that the city does a great job promoting these events and having the application in advance would be beneficial. Councilmember Fults agreed and said she felt that if the City is going to help fund the event, there should be time to allow the recipients of the City's funding to advertise the City's funding support. Otherwise, the attendees will not know that the City contributed to the event.

Councilmember Geiger made a motion to require submission of applications and approval thereof, at least 45 days before the event. Councilmember Segal seconded the motion. A voice vote was taken, with a unanimous result, and the motion was approved.

#### **4. Recommendations for Banking Services**

Ms. Vaughn said that the City recently requested RFPs for banking services in the City. She said it had been over six years since the City had done this. Ms. Vaughn stated the safety of the City's money was always the top priority. After that, she looked at the services, fees, and interest income. She said all five banks that submitted proposals would be good custodians of the funds and offer the minimum services the City requires.

Mr. Herring pointed out that the City has not paid any fees or charges for banking services in many years. He said the only fees paid by the City are for the credit card processing. He also stated the banks pay us interest on the money deposited. Councilmember Geiger asked what the fees are charged on credit card processing. Mr. Whittle responded that Visa/MasterCard charge around 2.3-2.5%. Councilmember Logan said that American Express charges over 3% and they are the highest fees of any credit card company to the vendor.

Ms. Vaughn noted that the City currently banks with First National Bank. She said First National and Reliance Bank were the only banks to offer to no fees on banking services. She said that the Reliance Bank offered a much higher interest rate, which made them the better choice. Councilmember Logan asked if the City had a prior history with the bank

and how their interest rates typically compare to other banks. He also wondered if this higher rate was only a short-term increase compared to the other banks. Ms. Vaughn answered that the City has CDs with the bank and they are typically offer one of the higher rates. Mr. Whittle stated that the rates are for the life of the contract and that Reliance offers the higher of 1% or 100% of the federal funds rates.

Councilmember Nation asked if the City ever purchases money markets and stated that he knows of a bank offering a high interest rate on money markets. Ms. Vaughn stated that the City purchases money markets and currently is invested in some money markets. She noted that the City rarely receives rates from a bank, that are better than rates offered to individuals. This is due, primarily, to the fact that banks must fully-collateralize all of the City's funds.

Councilmember Fults asked if there would be any additional costs associated with the switch. Ms. Vaughn replied that there was no additional monetary cost, only personnel time. Councilmember Fults then asked if Ms. Vaughn was aware of any relationship between any personnel at Reliance Bank and the City. Ms. Vaughn replied that she was not aware of one. None of the Councilmembers attending the meeting were aware of any relationship. Ms. Vaughn agreed to further investigate to confirm that no such relationship exists.

Councilmember Segal asked how many accounts the City has and how the change would impact the City's current accounting. Ms. Vaughn stated the City had about five accounts and that in 2008, the accounts were consolidated to reduce the total number. She felt the change would not impact the accounting system.

Councilmember Geiger asked when the switch was supposed to occur. Ms. Vaughn said preparations are supposed to start in late November with a go-live date of January 1. Councilmember Logan asked if the Committee could recommend approval of the banking services contract, contingent upon verifying there were no relationships between the bank and the City. Mr. Herring confirmed that would be possible, but asked that the Committee agree to have this item placed on the November 2 City Council AGENDA. He noted that Staff will need as much time as possible, if this proposal is approved by City Council, to coordinate the switch from First National to Reliance Bank.

Councilmember Fults asked if there was any benefit in having accounts at two different banks. Ms. Vaughn stated the rates were so much higher at Reliance that there was no financial benefit in doing that. Mr. Herring said that the bids were made based on the total funds that the City would deposit at the bank.

Mr. Herring stated that he intentionally removed himself from the bidding process to remove any appearance of a relationship that could influence the decision. He also confirmed that no one from City Council had called or asked Kelly or anyone in the Finance Department about the bids during the process.

Councilmember Logan made a motion to recommend approval of Reliance Bank to the City Council. Councilmember Fults seconded the motion. A voice vote was taken, with a unanimous result, and the motion was approved.

## **5. Discussion Regarding FY2009 Financial Update**

Ms. Vaughn presented a financial update for the period ending September 30, 2009. She stated that there were no significant changes in financial performance since last month's financial update. She said the City was still on course to arrive at budgeted fund reserves.

Councilmember Geiger said that sales taxes were bizarre in the past month. He said sales tax collections in the General Fund were only down 1.5% from last year and Parks Sales Tax Fund and Capital Sales Tax Fund were down 13-15%. He reminded the Committee members that, in past meetings, it has been noted that the Parks sales tax was the best barometer of sales within the City of Chesterfield.

Ms. Vaughn said that the sales tax collection decline in the City compared to the pooled funds may be a result of the "sales tax holiday" but she had no way to verify that assertion because she only receives totals for the month and not individual weeks. Councilmember Fults agreed that the "sales tax holiday" most likely caused the decline. Councilmember Geiger was not entirely sure that the "holiday" caused the decline because it was also in place last year. He did say that the Committee should look at opting out of this "sales tax holiday", early in 2010 and asked Staff to place then on a future AGENDA. Councilmember Logan said he felt the holiday did cause the decline; however, he wondered if the City's loss was the business's gain. He said this might indirectly benefit the City over the long-term through repeat business in the City.

## **6. Fund Reserves Update**

Ms. Vaughn discussed the General Fund Reserve. She said there was no change in the statement from the prior month.

Councilmember Geiger mentioned to the Committee that cost estimates, for construction of the Riparian Trail, had increased. According to Mr. Geisel, if the City were to construct the trail from Lydia Hill to August Hill, it might take a \$1.2 million transfer, from General Fund Fund Reserves. Mr. Herring shared with the Committee that Staff was pursuing grant funding for a portion of this total cost.

## **7. Adjournment**

There being no further business to discuss, Chairperson Geiger adjourned the meeting at 6:20 p.m.