
MEETING MINUTES
BUDGET & FINANCE COMMITTEE
CITY OF FRANKLIN, TENNESSEE
CITY HALL BOARDROOM
THURSDAY, JUNE 21, 2012 @ 4:00 P.M.

Committee Members

Alderman Ann Petersen, Chair
Alderman Beverly Burger, Vice Chair
Alderman Brandy Blanton
Alderman Michael Skinner

Other Attendees

P	Eric Stuckey, City Administrator	P
P	Russell Truell, ACA Finance & Administration	P
P	Mike Lowe, Comptroller	P
P	Shirley Harmon, HR Director	P
	Joe York, Streets Director	P
	Steve Sims, Assistant City Recorder	P
	Mayor Ken Moore	P
	Alderman Margaret Martin	P
	Lanaii Benne, Assistant City Recorder	P
	Linda Fulwider, Board Recording Secretary	P

1. Call to Order

Alderman Ann Petersen, Chair, called the meeting to order at 4:00 p.m.

2. Approval of the Minutes

Alderman Skinner moved to approve the May 14, 2012 Special Meeting and May 17, 2012 Regular Meeting minutes as presented. Seconded by Alderman Burger. Motion carried unanimously.

The April 26, 2012 Special Meeting minutes will be presented for approval at the July meeting.

3. Consideration of Hamilton Lane Private Equity Agreement (Pension Committee May 21)

It was explained that this manager would be the second private equity manager to be hired by the City for this market. Landmark Associates has produced outstanding results but cannot take additional funding from the City. By engaging Hamilton Lane to invest \$4 million, the Pension Committee will increase the total allocation in this category to its target of five percent of pension assets. The money will be staged for investment rather than invested all at once. Mr. Truell noted Hamilton Lane was selected through an advertised search process conducted by the City's Pension Investment Advisor, followed by Committee interviews with the two finalists.

Pension Committee recommends approval of the subscription agreement subject to review by the City Attorney, City Pension Attorney, and City Administrator.

Alderman Burger moved to approve subscription agreement with Hamilton Lane for private equity secondary market with an allocation of \$4 million, subject to review by the City Attorney, City Pension Attorney and City Administrator, and forward recommendation to BOMA.

4. Insurance Escrow Deposit with Travelers Insurance Company for Workers Compensation Policy

Russ Truell explained there are always run-off claims at the end of the year. Typically the carrier will ask for a Letter of Credit. Travelers was asked to find an alternative and they suggested an advance deposit to offset the loss of interest that the City would receive on those funds. They applied a discount to the workers compensation premium. This arrangement is beneficial to the City and still satisfies the insurance company. The total amount of deposit will be \$378,554. This is basically prepaying claims. If the claims do not materialize the City will get the money back while avoiding larger Letter of Credit fees.

Alderman Skinner moved to approve Insurance Escrow Deposit with Travelers Insurance for Workers Compensation Policy, and forward recommendation to BOMA. Seconded by Alderman Burger. Motion carried unanimously.

5. Update on Lease Schedule with SunTrust or New Vendor

The FY 2013 Budget calls for expenditures for certain hardware, software and construction items necessary to relocate the main computer server network in the Public Safety Building on Columbia Pike. To expedite the project upon final approval of the budget, staff would like to receive approval for the City Administrator to enter into such a schedule with SunTrust or a similar institution. The choice will be dependent on the rates available at the time the schedule is executed.

Alderman Burger moved to authorize the City Administrator to execute a lease for FY 2013 capital outlay items with the proper vendor selected by Finance. Seconded by Alderman Blanton. Motion carried unanimously.

6. Consideration of Health Insurance Reserve Utilization Policy

This is to consider a policy regarding the use of reserve funds under circumstances where related expenses exceed annual budgeted amounts or in the case of economic or natural disaster. Staff prepared a default policy to govern the use and replenishment of reserves. The policy can be modified later and tailored to specific reserve funds as BOMA sees fit. The majority of the language in the policy was incorporated from written guidance on General Fund: Fund Balance Policy from MTAS.

Mr. Truell said he is most worried about health insurance. Employees haven't paid an increase in four or five years with no massive changes in coverage. The question remains what to do in a year that the budgeted amount is not enough to cover the claims. How will reserves be tapped and how and when will they be replenished.

Shirley Harmon related the first three years with Blue Cross/Blue Shield reserves were not set aside. Savings in those years amounted to \$3 million. Budget numbers continue to be near the same as when the insurance was initiated. City staff has grown and is still growing. Mr. Truell said a threshold should be set for a percentage or an amount. He recommended never using more than half the reserves in any given year.

There was discussion on the percentage of withdrawal, withdrawal from health insurance reserves, unallocated funds, and budget adjustments. Further discussion ensued on emergency reserves (tornado, flood, etc.).

The goal is to set up policy and how to work with the unexpected. Committee will discuss again at the July meeting. Mr. Truell wants the policy in place by November or December.

7. Update on Proposed Bond Refunding Issues

Mr. Truell distributed copies of economic indicators for bonds, short term financial projections, currency markets and money measures. Negotiations with banks continue regarding rates and the question of competitive sale. To be discussed further at the July meeting.

8. Monthly Reports (Information Only)

a) Sales Tax Report – April 2012

Alderman Petersen commented sales tax revenue is not as large an increase as in previous months. Road Impact fees of some concern.

b) Property Tax Report – Month of May

c) Construction Activities Report – Month of May

d) Transit System Report – Month of May

e) Conference Center Report – Month of May

f) Fuel Hedging Report – May 2012

Reports filed with the minutes

ADJOURN

Meeting adjourned @ 4:57 p.m.

Ann Petersen, Chair

Minutes prepared by Linda Fulwider, Board Recording Secretary, City Administrator's Office - 7/20/2012 9:43 AM