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**MEETING MINUTES**  
**BUDGET & FINANCE COMMITTEE**  
CITY OF FRANKLIN, TENNESSEE  
CITY HALL BOARDROOM  
**THURSDAY, JULY 19, 2012 @ 4:00 P.M.**

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**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
A	Russell Truell, ACA Finance & Administration	P
P	Mike Lowe, Comptroller	P
P	Mayor Ken Moore	P
	Alderman Margaret Martin	P
	Calveta Burger, TMA Group	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 Blanton moved to approve the April 26, 2012 and June 21, 2012 meeting minutes as presented. Seconded by Alderman Skinner. Motion carried unanimously.*

**3. Consideration of Health Insurance Reserve Utilization Policy**

Mr. Truell noted that as discussed last meeting, this policy is regarding the use of reserve funds under circumstances where related expenses exceed annual budgeted amounts or in the case of economic or natural disaster.

If it were ever decided to dip into the health insurance reserve, would the entire amount be withdrawn or would it be limited to a portion of the reserve fund and how would it be replaced. Mr. Truell suggested that no more than half be withdrawn in any given year, and that it be replaced within three years. He added that in actuality these funds probably will never be used in this way. If a policy is done for health insurance, it should cover property and liability and workman's comp as well.

Rating agencies will look for these policies and a policy should be in place before the auditors come. Discussion ensued on how it should be replaced, committed and uncommitted reserves, and keeping the policy general rather than too restrictive.

Eric Stuckey referred to the document General Fund, Fund Balance Policy Addendum, Order of Use of Funds, the last three items under Potential urgent events – "if due to an urgent event, funds are needed from the stabilization fund in excess of funds currently budgeted:

1. Anticipated funds in excess of budgeted funds will be temporarily deducted from the Stabilization fund.
2. After actual expenditures used are determined, a budget amendment will be submitted to the City's governing body to amend the budget for the excess funds used if unassigned funds are available.
3. In the event that unassigned funds are not available, the Board will replenish the Financial Stabilization

Account balance to the established minimum level within four years in equal increments unless otherwise provided.”

The four years could be changed to three years, and this wording would be general enough to cover all the insurance funds.

Mr. Truell said if the Committee is comfortable with this, staff will originate a resolution and make the change to a three year payback in equal increments. Resolution will go to the August 14 Work Session.

#### 4. **Consideration of PFM Recommendation for Bond Refunding**

Mr. Truell indicated staff is looking for guidance on how to proceed. There are three options to consider:

1. Authorize the Mayor and City Administrator to execute a loan agreement document with SunTrust Bank, subject to approval by Bond Counsel and the City Attorney
2. Direct the City to pursue direct sale
3. Continue with existing variable debt structure

Previously discussed the refunding option to eliminate variable rate debt for fixed rate for up to 15 years. Although variable rates are currently very low, the cost of administration of these products is rising and the universe of traditional buyers is shrinking.

PFM solicited proposals from several banks to determine what rates are available on a direct loan basis. Direct loans require far less issuance expense than selling in the competitive market. SunTrust Bank appears to have the best proposal for refunding on a direct basis. If refunding is done with a bank loan, new money (for projects in the next year or two) cannot be included. Money for those projects could be borrowed closer to their start dates. The risk could be a higher interest rate. The SunTrust rate is 2.14% with level debt service, 15 years.

No action can be taken until approval is received from the State Comptroller. Committee consensus was to go ahead. The new money is not essential at this time. Staff will submit a letter to the State Comptroller.

#### 5. **Initial Report for Year Ending June 30, 2012**

Mike Lowe distributed a sheet explaining why the Initial Report includes estimates: The report covers what has been incurred, or happened, during the year ended June 30, 2012. At the time of this report there are still items that were incurred by June 30, 2012 that are not yet available. He reviewed those items.

No action required. An update will be provided at the next meeting.

Alderman Petersen’s questions and comments on several items in the report were addressed by Mr. Truell, Mr. Lowe and Mr. Stuckey, and included operational units, road impact fees, offset agreements, road impact debt service, debt service excess, capital improvement bonds, and TIF money. Questions asked by Alderman Martin were addressed as well. Alderman Petersen asked for further information on offset agreements, capital

improvement bonds and TIF money.

## 6. Status Report From Transit

Calveta Burger, TMA Group, addressed the monthly report from Transit and a copy of the reimbursement letter to Russ Truell. A check for \$110,274.40 was submitted to the City as the amount due back for the overage in funding to Franklin Transit Authority outside of the actual budget.

Overall Transit Fares (Fares and Holly Trolley combined) were above the projected revenues in the amount of \$14,861,26: a portion of this due to community organizations that purchased fare book passes in advance to use as needed and the advanced sale of fare book passes to schools for some of the special needs programs.

Transit Fares were above the projected revenues in the amount of \$15,202.00 due to Contracts/Charters that Franklin Transit was able to service from Private Carriers that no longer provide a service or chose not to provide the services.

Transit had planned for additional staff but hiring did not take place. Other factors include contracting out maintenance and finding an insurance carrier with lower rates.

## 7. Status Report on Solid Waste (Blue Bag Recycling, Hauling Contract with Bi-County)

Debbie Baxter presented the following:

### End of Year 2 – Blue Bag Update:

- Participation 48%
- Diversion 15%

### BOPAE End of FY 2012 Summary:

Batteries	7.82 tons
Oil	881 gallons
Paint	146.74 tons
Paint (oil based)	11.66 tons
Anti-Freeze	908 gallons
Electronics	165.69 tons

### Metals to B. Mill Recycling:

White goods, scrap metals, cords from electronics 20.48 tons

### Transfer Station Operations:

Week 1: Bi-County hauled	44 loads
City of Franklin hauled	<u>11 loads</u>
TOTAL	55 loads

Transport by Bi-County is going smoothly. The City has not hauled any waste since that first week. The Solid Waste staff did a great job of transitioning.

Mr. Stuckey noted recycling was in the upper ranges of 50% in the latter part of the second year. It has slacked off during the summer months when many people are out of town. Goal for the third year is 50%.

## 8. Monthly Reports (Information Only)

### a) Sales Tax Report – May 2012

- b) **Property Tax Report – Month of June**
- c) **Construction Activities Report – Month of June**
- d) **Transit System Report – Month of June**
- e) **Conference Center Report – Month of June**
- f) **Fuel Hedging Report – June 2012**

Reports filed with the minutes

There was some discussion on whether the State had passed the bill reducing the Hall Tax. Franklin and some other cities had less revenue from the Hall Tax last year. It is a significant piece of the City's formula and gives diversity in revenue sources. Committee will discuss next meeting.

**ADJOURN**

*Alderman Blanton moved to adjourn. Seconded by Alderman Skinner. Motion carried unanimously.*

Meeting adjourned @ 5:20 p.m.

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Ann Petersen, Chair

Minutes prepared by Linda Fulwider, Board Recording Secretary, City Administrator's Office - 8/28/2012 12:15 PM