
MEETING MINUTES
BUDGET & FINANCE COMMITTEE
CITY OF FRANKLIN, TENNESSEE
CITY HALL BOARDROOM
WEDNESDAY, AUGUST 28, 2013 @ 4:00 P.M.

Committee Members

Alderman Ann Petersen, Chair P
Alderman Beverly Burger, Vice Chair P

Alderman Brandy Blanton P
Alderman Michael Skinner P

Other Attendees

Eric Stuckey, City Administrator P
Russell Truell, ACA Finance & P
Administration
Mike Lowe, Comptroller P
Mark Hilty, Water Management Director P
Steve Sims, Business Process Improvement P
Manager
Mayor Ken Moore P
Alderman Margaret Martin P
Lanaii Benne, Assistant City Recorder P
Linda Fulwider, Board Recording Secretary A

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 July 24, 2013 minutes as presented. Seconded by Alderman Burger. Motion carried unanimously.

3. Discussion of Year-End Items

Mike Lowe, Comptroller

a) Fiscal Year 2013 Preliminary Numbers

Mr. Lowe presented the preliminary report for all funds. Although there are still some items to record, the General Fund continues to show a surplus of about \$2 million dollars for the year. The reasons: revenues came in at almost 100% to what was budgeted; expenses were down because TOC spent one-third of what was budgeted, personnel vacancies continued, and pension contributions budgeted at \$5 million came in at \$4.5 million.

b) Consideration of Fourth Quarter FY 2013 Budget Amendments

Mr. Lowe explained all amendments. The State has changed the manner of reporting causing the total budget to show a decrease from \$55 million to \$53 million.

c) Consideration of Interfund Loan Resolutions

The State now requests that the City acknowledge interfund loans are being made

and if interest is being charged. For example, bond counsel advised a resolution will allow transfer of Road Impact Fees to the Road Impact Fund. The resolution is being drafted and will be brought to committee in September. That will cover the \$854,000 cash deficit. The City will have the revenue within the next 12-24 months. Resolutions will include funds that appear to have a cash deficit; Sanitation Fund, Transit Fund and Street Aid as well as Road Impact and any other small fund that relies on receivables, such as Facilities Tax. There will be multiple resolutions; one for each fund.

Alderman Burger moved to approve Ordinance 2013-45 with accompanying memo and forward recommendation to BOMA for Second Reading. Seconded by Alderman Blanton. Motion carried unanimously.

4. Consideration of Fifth Third Custodial Agreement

Russ Truell, ACA Finance & Administration

This is a Custodial Agreement for non-pension investments (Fannie Mae, Freddie Mac, Treasury bills), and custodial fees are a very minimal amount. The only change in the agreement is the City has been paying by check and Mr. Truell is requesting payments be deducted automatically from the City's account at the end of each quarter.

Alderman Burger moved to approve Custodial Agreement and forward recommendation to BOMA. Seconded by Alderman Blanton. Motion carried unanimously.

5. Consideration of RESOLUTION 2013-60, A Resolution for Transactions Involving Treasury Securities

Russ Truell, ASA Finance & Administration

This is a Corporate Resolution to update who is approved to sign on the account.

Alderman Burger moved to approve Resolution 2013-60 and forward recommendation to BOMA. Seconded by Alderman Skinner. Motion carried unanimously.

6. Consideration of RESOLUTION 2013-59, A Resolution to Establish Intermediate Term Fund with State of Tennessee

Russ Truell, ACA Finance & Administration

The City has a Local Government Investment Program (LGIP) account with the State of Tennessee for short term investments. Earlier this year, the State initiated another pooled investment program geared for investments of one to three years, which is expected to obtain a higher yield than the LGIP. Because much of the City's reserves are not needed for short term cash flows, it would be advantageous to have the Intermediate Term Fund as an investment option. Although the City may not use it often, staff recommends establishing the account.

Mr. Truell explained this is for fund balance, not cash flow, and it is important to have it in

case it is needed. The Investment Policy will be updated within 60 days following passage of this resolution.

Alderman Blanton moved to approve Resolution 2013-59 and forward recommendation to BOMA. Seconded by Alderman Skinner. Motion carried unanimously.

7. Consideration of RESOLUTION 2013-58, An Initial Resolution Authorizing the City of Franklin, Tennessee to Issue its General Obligation Bonds in the Aggregate Principal Amount of Not to Exceed Ten Million Dollars (\$10,000,000) to Issue Pension Obligation Bonds

Russ Truell, ACA Finance & Administration

According to the most recent Actuarial Report, the unfunded accrued liability, between January 2012 and January 2013, took about \$4 million off the total, but it is still \$19 million. However, it is \$19 million somewhere out in the future. The resolution allows the City to publish this in the newspaper as a call for any public opposition. The exact amount to finance is unknown until the date of issuance is determined, and the Actuary provides the number. It is believed it will be somewhere between \$7 million and \$8 million.

Going forward, rating agencies will look harder at unfunded liability on pension plans. The City will be asked if the Pension Plan is 100% funded. The City is 91% funded now. At 100% funded it would be a shorter procedure to explain to rating agencies and eliminate discussion of an underfunded plan. The process is the same as for any bond issue. It would go through BOMA by resolution, and to the State for approval. Transferring money from the Fund Balance to become 100% funded could have a larger negative effect. The City has until July 2015 to take action; however, our debt advisor recommends taking action sooner rather than later.

Mayor Moore, a member of the Pension Committee, said by issuing General Obligation Bonds the City can show it is taking care of obligations. The cost to borrow the money is low. This proposal was well-received by the Pension Committee and was referred by the Budget & Finance Committee to the full Board.

No action at this time. The Committee will discuss this again at a later time.

8. Consideration of Electronic Bill Presentment and Payment Proposal

Steve Sims, Business Process Improvement Manager

In the absence of Mr. Sims, Mr. Truell related this is FYI that they are getting ready to go out to bid for electronic payments. Mr. Sims has indicated he would like to add bill presentment to the proposal. It would piggy-back off our new utility billing. Customers who provide e-mail addresses can then receive their water bills electronically. This is a cost saving measure and will go through a third party. Discussion ensued. No action required.

9. Water Management Update

Mark Hilty, Water Management Director

a) Water Rate Increase Request from TDEC for SRF Loan (addressed second)

A letter was received from TDEC's State Revolving Fund Office (a source of funding for IWRP). After reviewing the City's revenues and expenditures they recommend a 12.2% increase in the existing water and wastewater user rates to qualify for the Clean Water loan. Their analysis did not include several revenue streams; customer growth, development fees, and future rate increases. Mr. Hilty would like to provide enough information to TDEC for them to include those revenues in the analyses of the City's impact fees. The proposed loans are \$18 million for water and \$45 for sewer projects, and are 20-year loans with interest at approximately 2%. A rate study would have to be in effect by the time repayment begins. Some discussion on purchase of water vs. treatment. No vote required at this time.

- ★ Alderman Blanton left the meeting at 5:24 p.m.
- ★ Alderman Burger left the meeting at 5:26 p.m.

b) Consideration of Meter Reading Equipment Purchase (addressed first)

Since meter reading began in the mid-1990s, the equipment has evolved and the old equipment is being phased out and replaced by a newer "M" model. This leaves the department with old, old VXUs and old MXUs. The Water Management Department would like to move forward with replacement of the aging MXUs as needed; however, this will require the purchase of a new VXU to process the data. While this requires an unplanned expenditure, there are some benefits to moving forward with the procurement. 1) Installation of best available technology offered by the City's metering system vendor. 2) "M" model is compatible with advanced metering infrastructure (AMI) system ("R" model is not) which would ultimately reduce costs on installation and equipment purchases should BOMA proceed with AMI. 3) VXU is also compatible with AMI system should BOMA proceed with that system. The financial impact is \$42,000 for the reader. Replacement on an as-needed basis for the handhelds. Advanced metering was briefly touched upon. Discussion ensued.

Alderman Skinner moved to approve and forward recommendation for purchase to BOMA. Seconded by Alderman Blanton. Motion carried unanimously.

10. Consideration of Joint Meeting with Capital Investment Committee on September 25, 2013 @ 3:00 p.m.

Joint meeting tentatively scheduled for the above date.

11. Monthly Reports

a) Sales Tax Report – June 2013

- b) Property Tax Report – July 2013
 - c) Conference Center Report – July 2013
 - d) Construction Activities Report – July 2013
 - e) Fuel Hedging Report – June 2013
 - f) Investment Report – July 2013
- Reports filed with minutes

12. Other Business

None

ADJOURN

Meeting adjourned @ 5:33 p.m.

Ann Petersen, Chair

Minutes prepared by Linda Fulwider, Board Recording Secretary, City Administrator's Office - updated 5/22/2013 10:13 AM