

**MINUTES OF THE SPECIAL MEETING
BOARD OF MAYOR AND ALDERMEN
FRANKLIN, TENNESSEE
CITY HALL BOARDROOM
TUESDAY, NOVEMBER 26, 2013 – 7:00 P.M.**

Board Members

Mayor Ken Moore	P		
Alderman Clyde Barnhill	P	Alderman Margaret Martin	P
Alderman Brandy Blanton	P	Alderman Dana McLendon (Executive Session only)	P
Alderman Pearl Bransford	P	Alderman Ann Petersen, Vice Mayor	P
Alderman Beverly Burger	P	Alderman Michael Skinner	P

Department Directors/Staff

Eric Stuckey, City Administrator	P	Lisa Clayton, Parks Director	
Vernon Gerth, ACA Community & Economic Dev.		Shirley Harmon, HR Director	
Russell Truell, ACA Finance & Administration	P	Mark Hilty, Water Management Director	P
David Parker, City Engineer/CIP Executive	P	Paul Holzen, Engineering Director	P
Shauna Billingsley, City Attorney	P	Catherine Powers, Planning/Sustainability Dir.	
Rocky Garzarek, Fire Chief		Joe York, Streets Director	
David Rahinsky, Police Chief		Brad Wilson, Facilities Project Manager	
Fred Banner, IT Director		Lanaii Benne, Assistant City Recorder	
Chris Bridgewater, BNS Director		Linda Fulwider, Board Recording Secretary	P
Becky Caldwell, SES Director	P		

1. Call to Order

Mayor Ken Moore called the November 26, 2013, meeting to order at 7:00 p.m.

2. Invocation

The invocation was given by Alderman Clyde Barnhill

3. Pledge of Allegiance

All present stood and pledged allegiance to the Flag of the United States of America

4. Grievances or Statements from Citizens: Citizen Comments (Open for Franklin citizens to be heard on items not included on this Agenda. As provided by law, the Board of Mayor and Aldermen shall make no decisions or consideration of action of citizen comments, except to refer the matter to the City Administrator for administrative consideration, or to schedule the matter for Board consideration at a later date. Those citizens addressing the Board of Mayor and Aldermen are requested to come to the microphone and identify themselves by name and address for the official record)

None

5. Communications from Williamson County Mayor and Williamson County Commission

County officials were not present

6. Approval of Minutes

Alderman Bransford moved to approve the November 12, 2013 Work Session and November 12, 2013 Board of Mayor and Aldermen minutes as presented. Seconded by Alderman Barnhill. Motion carried unanimously 7-0.

7. Recognitions

- Blue Bag Promotional Program

Becky Caldwell related the most recent blue bag campaign with Liberty Elementary was partially funded by TDOT. Peritus Public Relations was involved in the project as well. She gave a special thanks to Dottie Edwards, who first suggested Liberty Elementary be involved with the recycling promotions. Ms. Caldwell introduced Dr. Cheryl Robey, Liberty Elementary Principal, Calvin Gardner, Liberty Elementary student and his father who were photographed for the campaign, and Eric Ward of Peritus. Mr. Ward spoke about the campaign and noted Aldermen Blanton, Martin, and Skinner participated in the campaign kick-off at the school. Mayor Moore presented campaign posters to Calvin Gardner and Dr. Robey.

8. Miscellaneous Reports

- Alderman Skinner announced the next Civil War Roundtable would be Sunday, December 8, 2013 @ 3:00 p.m. in the Police Community Room. Greg Waite, Director of the Roundtable, will speak about “December 17, 1864, Hood’s Withdrawal from Nashville”.
- Alderman Blanton worked on a calendar project with the Franklin Firefighters. The calendar is based on a cook-off between 12 firefighters and features those firefighters along with their contest recipes. Calendar sales begin on December 1 at the six fire stations in Franklin at a cost of \$10.00 each. Proceeds go to Franklin Firefighters Initiatives and include Shopping with Kids Christmas, Breast Cancer Awareness, sponsorship of youth ball teams, and for causes that arise within their ranks.
- Eric Stuckey announced the annual Tree Lighting Ceremony is scheduled on Thursday, December 5 @ 6:00 p.m. on the Square. Students from Liberty Elementary will sing.
- The annual Christmas Parade is scheduled Saturday, December 7 @ 2:00 p.m. It has the distinction of being Franklin’s longest parade

9. CONSENT AGENDA

All items under the Consent Agenda are deemed non-controversial and routine in nature by the governing body. They will be approved as recommended by Committee or staff by one motion of the governing body. The items on the Consent Agenda will not be discussed. Any member of the governing body desiring to discuss an item on the Consent Agenda may request that it be removed from the Consent Agenda and be placed on the Regular Agenda. It will then be considered at that time. Staff recommends that Item Numbers 17-31 be placed on the Consent Agenda.

Vice Mayor Petersen asked to pull Item 25. Alderman Barnhill moved to approve the Consent Agenda, with the exception of Item 25. Seconded by Alderman Blanton. Motion carried unanimously 7-0.

OLD BUSINESS

10. PUBLIC HEARING: Consideration of RESOLUTION 2013-71, A Resolution Authorizing the Issuance of Not to Exceed Ten Million Dollars (\$10,000,000) in Aggregate Principal Amount of General Obligation Bonds (Federally Taxable) of the City of Franklin, Tennessee

Russ Truell, ACA Finance & Administration

Eric Stuckey and Russ Truell gave the following presentation on Pension Bonds.

Pension Plan Timeline

- Status of the Franklin Employees’ Pension Plan is good compared to many municipal pension systems
- Board adopts changes to Pension Plan in 2006 and 2010 to create a more sustainable plan
- Actuarial assumptions were revised in 2006 and 2008
- Operating budgets of the City have contributed an average of \$4 million per year since 2005
- The City has always budgeted and contributed at a minimum the contribution recommended by its actuaries

- Additional \$2 million contribution in 2009
- The plan is 92% funded as of the January 2013 Government Accounting Standards Board Statement #27 valuation
- Plan's investments earned approximately 12.5% in 2012
- Earnings year to date (through September) for 2013 are 12.0%

Pension Fund Background

- The Actuarial Accrued Liability is the present value of all expected benefit payments for all currently retired, disabled and terminated vested members, as well as the expected benefit payments for active members based on service performed to date
- The Actuarial Accrued Assets are those assets that are in the plan, invested according to the plan investment policy
- The portion of the Actuarial Accrued Liability that is not covered by the value of Accrued Assets is called the Unfunded Actuarial Accrued Liability

Assets vs. Liabilities & Funded Ratio (slide reviewed)

Alternative Funding Options

- Continue current funding regime ("pay as you go")
 - Contribute an amount not less than:
 - The cost of benefits earned in the current year (also called the normal cost), and
 - 5% of the unfunded liability of the plan
- Increase annual contributions from the operating budget ("pay as you go plus")
- Transfer funds from the General Fund reserves
- Issue Pension obligation bonds

Reasons to Issue Bonds

- Because of the current low interest rate environment, earnings are reasonably expected to exceed interest cost
- Changes in government accounting rules that require liabilities to be reported in financial statements instead of footnotes
- Rating agencies taking a more conservative view of calculating pension liabilities, increasing the amount of total liabilities evaluated during the rating process

Pension Bond Timeline

- Pension Committee began discussion of bond issuance in February, May and August 2013 meetings
- Finance Committee presentation in August
- Board of Mayor & Aldermen presentation on September 10, 2013
- Board of Mayor & Aldermen adopted initial resolution regarding issuance of pension bonds on September 24, 2013
- Resolution was published in local newspaper on October 3
- There were no comments or objections received by phone or letter or electronic means from our citizens to oppose issuance

Funding the Liability

- A significant portion of the City's annual contribution goes to reduce the Unfunded Actuarial Accrued Liability
- Last year's contribution of approximately \$4 million was evenly divided between contributions for current employee service, and contributions for the amortization of Unfunded Actuarial Accrued Liabilities

Normal Cost, Liability Amortization, and Debt Service Comparison (slide reviewed)

Pension Funding Risks

- The Unfunded Actuarial Accrued Liability rises and falls over time with a number of factors
 - Investment return, if different than expected
 - Salary increases, if different than expected
 - Inflation, if different than expected
 - Rate of retirement, if different than expected
 - Changes in benefit levels

What are Pension Bonds?

- A taxable municipal bond issued to fund all or a portion of a pension plan's unfunded actuarial accrued liability
- Pension funding bonds are issued by the City of Franklin and are general obligations of the City
- Pension funding bonds are NOT issued by the pension plan
- Pension funding bonds are NOT obligations of the pension plan
- Issuing pension bonds when interest rates are low increases the potential for the return on the proceeds to exceed the cost of the debt

Financing Eligibility

- City of Franklin meets the requirement of state law provided in Tennessee Code Annotated 9-21-127 which covers the issuance of pension funding bonds
- Those requirements are as follows:
 - 1) City has a debt management policy in compliance with the State Funding Board's guidelines
 - 2) City has financial statements prepared in accordance with GAAP which are accessible for public inspection
 - 3) This presentation is being made to the Board of Mayor & Aldermen, at a public hearing, and includes an explanation of the:
 - A. Risk exposure associated with such bonds,
 - B. The various demographic and economic assumptions used in the funding calculations,
 - C. Alternative funding options considered,
 - D. Issuance costs associated with the proposed bond sale, and
 - E. Any conflicts of interest among the members of the financing team
 - 4) The City has engaged Public Financial Management as its financial advisor, Bass Berry & Sims PLC, as its bond counsel, and Acuff & Associates, as its actuarial consultant in connection with the bond issue
 - 5) The City has a dedicated full-time finance staff of at least three persons to work on the financing team
 - 6) The City has established an audit committee

Actuarial Assumptions

- In developing optimal pension bond structures, we have considered the following assumptions:
 - General inflation rate of 2%
 - Life expectancy based on retirees' historical data
 - Retirement rates based on historical data
 - Investment return of 7.5%
 - Average general payroll increase of 3.5%
- Detailed demographic and investment assumptions are in the actuarial report as of January 2013 (Available on website at <http://franklin.gov/index.aspx?page=1021>)

Financing Assumptions

- In developing the bond structure, we have assumed the following:
 - Taxable, callable fixed rate debt
 - 10-year final maturity with level debt service over the term
 - No deferral of principal to enhance the overall investment strategy
 - Bond issuance costs are estimated to be \$109,729
 - There is no conflict of interest among the parties in this transaction

Exhibits

- Actuarial Valuation (page from January 2013 report)
- Recent Funding Levels
- Recent Annual Earnings
- Earnings Example
- Examples of Pension Bond Issues
- Funded Ratios per GASB 27
- Interest Earnings vs. Interest Costs
- Normal Cost vs. Amortization of Debt Service
- Bond Amortization Schedule
- Issuance Costs (estimated)

PUBLIC HEARING

With no one coming forth to speak, Mayor Moore declared the Public Hearing closed

Alderman Martin moved to approve Resolution 2013-71. Seconded by Alderman Barnhill.

Mr. Truell and Alderman Barnhill answered questions asked by Alderman Burger.

Motion to approve Resolution 2013-71 carried unanimously 7-0.

- 11. Consideration of RESOLUTION 2013-75, A Resolution Authorizing the Issuance of Not to Exceed Seven Million Five Hundred Thousand Dollars (\$7,500,000) in Aggregate Principal Amount of General Obligation Bonds of the City of Franklin, Tennessee
Russell Truell, ACA Finance & Administration**

Alderman Martin moved to approve Resolution 2013-75. Seconded by Alderman Barnhill. Motion carried unanimously 7-0.

NEW BUSINESS

- 12. Consideration of Proposed Contract 2013-0198, A Letter of Intent with Friends of Franklin Parks, LLC for Multipurpose Equestrian Arena at Harlinsdale Farm**

Lisa Clayton, Parks Director

Alderman Burger moved to approve Contract 2013-0198, Letter of Intent with Friends of Franklin Parks. Seconded by Alderman Blanton. Motion carried unanimously 7-0.

- 13. Consideration of the Funding (\$3,000.00) and Installation of a New Historical Marker for Roper's Knob and Not Funding the Construction of a Way-Finding Sign and Kiosk as Part of the Mack Hatcher Parkway Northeast Widening Project**

David Parker, City Engineer/CIP Executive

Paul Holzen, Engineering Director

Alderman Blanton moved to approve funding and installation of a new historical Marker for Roper's Knob and Not funding the construction of a way-finding sign and Kiosk. Seconded by Alderman Bransford.

Alderman Martin asked if there would be any way to use the damaged sign. The response was that the damaged sign would not be acceptable even if repaired.

Motion to approve funding @ \$3,000 and installation of a new Historical Marker carried unanimously 7-0.

- 14. Consideration of RESOLUTION 2013-76, A Resolution to Approve the Letter of Intent with Trojan Technologies for Ultraviolet (UV) Equipment for the Franklin Water Reclamation Facility**

David Parker, City Engineer/CIP Executive

Alderman Blanton moved to approve Resolution 2013-76. Seconded by Alderman Skinner. Motion carried unanimously 7-0.

- 15. Consideration of Mayor's Nomination(s) to the Battlefield Preservation Commission**

Dr. Ken Moore, Mayor

Mayor Moore nominated Diane Christian to serve on the Battlefield Preservation Commission.

Alderman Burger moved to approve the appointment of Diane Christian to the Battlefield Preservation Commission. Seconded by Alderman Skinner. Motion carried unanimously 7-0.

- 16. Consideration of Amendment 2 to TDOT Contract 060118; PIN 108409.00; Federal Project #STP-EN-106(22); Hillsboro Road (SR 106, US 431) Intersection at Claude Yates Drive; COF Contract No. 2011-0028**

David Parker, City Engineer/CIP Executive

Paul Holzen, Engineering Director

Alderman Blanton moved to approve Amendment 2 to TDOT Contract 060118. Seconded by Alderman Barnhill. Motion carried unanimously 7-0.

CONSENT AGENDA

- 17. Consideration of ORDINANCE 2013-37, To Be Entitled, “An Ordinance to Rezone±2.9 Acres From Historic Core Residential District (R-6) To Residential Variety District (RX) for the Property Located at 411 Cummins Street”**
[Third and Final Reading] Alderman Ann Petersen, FMPC Representative
Ordinance 2013-37 approved unanimously 7-0 on Third and Final Reading
- 18. Consideration of ORDINANCE 2013-49, To Be Entitled “An Ordinance to Rezone ±43.20 Acres To the Height Overlay District (HTO) for the Property Located at 9009 Carothers Parkway”**
[Third and Final Reading] Alderman Ann Petersen, FMPC Representative
Ordinance 2013-49 approved unanimously 7-0 on Third and Final Reading
- 19. Consideration of ORDINANCE 2013-40, To Be Entitled: “An Ordinance to Replace the General Requirements and Technical Specifications, Water Management Department, City of Franklin, Tennessee, and the Standard Specifications for Design and Construction of Reclaimed Water System, City of Franklin, Tennessee, as Adopted by Reference in Title 18 of the Franklin Municipal Code”**
[First of Two Readings] David Parker, City Engineer/CIP Executive
Ordinance 2013-40 approved unanimously 7-0 on First of Two Readings
- 20. Consideration of RESOLUTION 2013-72, A Resolution to Amend the 2013-14 Budget Relative to the City of Franklin Organization and Personnel Charts**
Shirley Harmon, Human Resources Director
Resolution 2013-72 approved unanimously 7-0
- 21. Consideration of RESOLUTION 2013-74, A Resolution To Be Entitled: “A Resolution to Amend the Estimate of Revenues and Expenditures for the Water and Sanitary Sewer Utility Fund Relative to the City of Franklin Organization and Personnel Charts. Relative to the City of Franklin Position Table Organization Chart and Pay Structure**
Shirley Harmon, Human Resources Director
Resolution 2013-74 approved unanimously 7-0
- 22. Consideration of Contract Award to Kronos, Inc. of Chelmsford, MA in the Estimated Total Amount of Approximately \$392,894.50 Non-Recurring Cost and Approximately \$59,610 Per Year Recurring Cost for Kronos Workforce Central Suite Human Resources Information System (Purchasing Office Procurement Solicitation No. 2013-003; \$100,000 Budgeted in 110-89550-41650 for Fiscal Year 2014; Contract No. 2013-0127)**
Approved unanimously 7-0 **Shirley Harmon, Human Resources Director**
- 23. Consideration of a Professional Services Agreement (COF Contract No. 2013-0180) with Neel-Schaffer, Inc. for the Design of the 100 Block Battle Avenue Drainage Improvements Project**
Approved unanimously 7-0 **David Parker, City Engineer/CIP Executive**

24. **Consideration of a Professional Services Agreement (COF Contract NO. 2013-0182) with Neel Schaffer, Inc. for the Preliminary Engineering of the Figuers Drive Area Drainage Improvements Project**
Approved unanimously 7-0 **David Parker, City Engineer/CIP Executive**
25. **Consideration of Amendment 1 (COF Contract No. 2013-0016) to the Road Impact Fee Offset Agreement with Trillium Farms, L.P.**
David Parker, City Engineer/CIP Executive
Vice Mayor Petersen moved to approve Amendment 1 with a correction to page 1, last paragraph, last sentence, "The remaining \$440,085.86 shall be applied to the ~~total impact fees~~ total road impact fees due for Section J of the current development plan prior to issuance of the building permit to the Developer". Seconded by Alderman Bransford. Motion carried unanimously 7-0.
26. **Consideration of the Professional Services Agreement (PSA) with CDM Smith (COF Contract No. 2013-0136) for an Evaluation of the City's Stormwater Management Ordinance in an Amount Not to Exceed \$39,500**
Approved unanimously 7-0 **David Parker, City Engineer/CIP Executive**
27. **Consideration of the Professional Services Agreement (PSA) with Duncan Associates (COF Contract No. 2013-0200) FOR A Road Impact Fee Study/Update in an Amount Not to Exceed \$30,800.**
Approved unanimously 7-0 **David Parker, City Engineer/CIP Executive**
28. **Consideration of Event Permit for Dickens of a Christmas (Sponsored by Heritage Foundation/Downtown Franklin Association) in Downtown Franklin on December 14-15, 2013**
Approved unanimously 7-0 **David Rahinsky, Police Chief**
29. **Consideration of Event Permit for Christmas Parade Sponsored by Kiwanis Club on December 7, 2013**
Approved unanimously 7-0 **David Rahinsky, Police Chief**
30. **Consideration of Event Permit Application for Candlelight Tour in Downtown Franklin on December 6 and 7, 2013**
Approved unanimously 7-0 **David Rahinsky, Police Chief**
31. **Consideration of Liquor License Retailer's Certificate (Renewal) for Cool Springs Wine & Spirits, 1935 Mallory Lane, Franklin, Tennessee 37067 (Mrs. James W. Woodard, Jr.)**
Approved unanimously 7-0 **Lanai Benne, Assistant City Recorder**

EXECUTIVE SESSION

32. **Consideration of Motion to Enter Executive Session for the Purpose of Reviewing Various Matters of Pending Litigation**
Shauna Billingsley, City Attorney
Alderman Burger moved to enter Executive Session. Seconded by Alderman Skinner. Motion carried unanimously 7-0.
 (Entered Executive Session @ 7:39 p.m.)

◆ Alderman McLendon joined the Executive Session

RETURN FROM EXECUTIVE SESSION

(Returned from Executive Session @ 7:56 p.m.)

33. Consideration of Matters from Executive Session

Dr. Ken Moore, Mayor

Alderman McLendon moved that the City reject the proposed settlement with Rock City and authorize our attorney to proceed with a countersuit. Seconded by Alderman Bransford. Motion carried unanimously.

Alderman McLendon moved to approve the settlement for the acquisition of property with Clyde Pewitt for the Lubrication Center on Columbia Avenue for the Columbia Avenue Streetscape Project in the total amount of \$60,000 with the City paying the court costs. Seconded by Alderman Burger. Motion carried unanimously.

Alderman McLendon moved to approve the settlement for the acquisition of property with W & W Investments for property on Columbia Avenue for the Columbia Avenue Streetscape Project in the total amount of \$14,000 with the City paying the court costs. Seconded by Alderman Blanton. Motion carried unanimously.

Alderman McLendon moved to approve the settlement for the acquisition of property with Alexander Family Properties for property on North Royal Oaks Boulevard for the Murfreesboro Road/Royal Oaks Boulevard Intersection Improvements Project in the total amount of \$85,500 with the City paying the court costs. Seconded by Alderman Barnhill. Motion carried unanimously.

ADJOURN

Alderman Burger moved to adjourn. Seconded by Alderman Skinner. Motion carried unanimously.

Meeting adjourned @ 8:01 p.m.

Dr. Ken Moore, Mayor

Minutes prepared by: Linda Fulwider, Board Recording Secretary, City Administrator's Office - 1/15/2014 9:38 AM