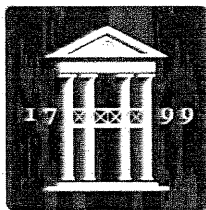


ADMINISTRATION

Russell B. Truell  
Assistant City Administrator, CFO  
Finance



ITEM 22E  
F 04-26-10

hn C. Schroer  
Mayor of Franklin

Eric S. Stuckey  
City Administrator

HISTORIC  
FRANKLIN  
TENNESSEE

Thursday, April 15, 2010

To: Members of the Budget and Finance Committee

From: Russ Truell, CFO

Subject: **ROLLING T-BILL PROGRAM | 2 MILLION TOTAL**

The purpose of this memo is to fully disclose the terms and relationships of a Rolling Treasury Bill (T-Bill) Program to the members of the Budget and Finance Committee prior to initiating the process.

The Rolling T-Bill program is designed to provide for the safety and liquidity of funds designated for debt service reserves and will utilize the City of Franklin's Treasury Direct Account operated by the United States Department of the Treasury, Bureau of the Public Debt (<http://www.publicdebt.treas.gov>).

Similar to transactions executed through the State of Tennessee Local Government Investment Pool, purchases of marketable T-Bills will not be "executed by delivery vs. payment (DVP)" in the same manner as other government agency bonds described by the City of Franklin investment policy (Sec 7.1). T-Bills are held in custody by the United States Treasury. Trading activity only generates an account statement which assists in reducing the costs associated with these short term bills.

Treasury Direct charges a one-time flat fee of \$100.00 per year for accounts greater than \$100,000.00. T-Bills are purchased at a discount rate directly from the Federal Government by means of electronic withdrawal from the operating account. Upon maturing, the par value of the T-Bill is electronically deposited into the City of Franklin operating account.

A Rolling T-Bill program will primarily serve to assure the safety of the debt service reserve funds by isolating them from general operating investments, while at the same time, maximizing short term maturities to improve liquidity and the return on investment as interest rates return to normal levels.

A maximum total of \$2,000,000.00 is currently proposed for allocating toward the purchase of T-Bills over the proceeding twelve months. The maximum maturity for each investment will not exceed twelve months.