



HISTORIC  
FRANKLIN  
TENNESSEE

ITEM #3  
FINANCE  
07-06-10

## MEMORANDUM

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July 1, 2010

**TO:** Board of Mayor and Aldermen  
**FROM:** City Administrator Eric S. Stuckey  
Assistant City Administrator Russ Truell  
**SUBJECT:** Summary of Usage of Bond Funds

In preparation for the Finance committee meeting on Tuesday, we thought it would be extremely useful to review the projects adopted in the Capital Investment funding plan and the changes made in some of those projects. The projects were funded by facilities tax and previous bond issues, or have been designated by the Board to be funded principally by bonds recently issued.

In December of last year, the City issued bonds totaling \$44.0 million, comprised of two issues: one taxable Build America Bonds and the other traditional tax exempt bonds. The proceeds were used to fund approximately \$20 million in projects previously approved, reimbursing expenditures already made. The balance has either been spent on approved projects (\$19.1 million) or reserved for future spending (\$5.3 million).

In June of this year, the City issued bonds totaling \$15.7 million, which were specifically assigned to three projects in a designated Recovery Zone. Those projects are Columbia Avenue, Third Avenue North Extension, and the portion of the Hillsboro Road project that lies between Highway 96W and Del Rio Pike.

In one of the attached spreadsheets, titled "Bond Use Summary", columns four and five reflect the breakdown of spending by project. Column six is incomplete because we do not have firm numbers on the construction costs for Hillsboro and Third Avenue. The balance required to complete the Mack Hatcher obligation is, however, included.

Also attached is a listing of increases and/or decreases in estimated expenditure by project or category. You will note that there have been considerable savings in estimated interest payments based on the manner and timing of bond issuance.

At the committee meeting on Tuesday, the consultants from PFM will be demonstrating the effect of the amounts already spent or borrowed on our financial ratios. They have updated the financial model to include the estimated results for FY2010 and the recently adopted FY2011 budget.

**BOND USE SUMMARY**

BOND ISSUES	PROJECT RANK (IN SCENARIO 7)	TOTAL PROJECT COSTS	DEC 2009 BOND ISSUE	JULY 2010 BOND ISSUE	AMOUNT REMAINING TO BE FUNDED	TOTAL FUNDED BY BORROWING (Column E,F,G)
			PAR \$44 MIL.	PAR \$15.7 MIL	TBD	
<b>SOURCE FOR REPAYMENT</b>						
<b>BOND PROCEEDS &amp; OTHER RESOURCES</b>			\$44,469,811	\$15,540,520	\$0	\$60,010,331
INTEREST EARNINGS			\$0	\$0	\$0	\$0
GRANTS			\$0	\$0	\$0	\$0
DEVELOPER CONTRIBUTIONS			\$0	\$0	\$0	\$0
<b>TOTAL PROCEEDS</b>			\$44,469,811	\$15,540,520	\$0	\$60,010,331
<b>PROJECTS</b>						
<b>General</b>						
3RD AVE NORTH EXTENSION (COLLECTOR)	5	\$7,937,109	\$729,350	\$3,706,000	\$0	\$4,435,350
BICENTENNIAL PARK		\$439,118	\$436,834	\$0	\$0	\$436,834
BOYD MILL		\$73,488	\$43,609	\$0	\$0	\$43,609
BRADFORD DRIVE		\$211,408	\$185,767	\$0	\$0	\$185,767
NICHOL MILL		\$639,502	\$639,502	\$0	\$0	\$639,502
POLICE HEADQUARTERS		\$36,000,000	\$18,870,222	\$0	\$0	\$18,870,222
STREETSCAPE		\$5,027,492	\$4,781,647	\$0	\$0	\$4,781,647
OTHER GEN PROJECTS		\$0	\$0	\$0	\$0	\$0
<b>TOTAL GENERAL</b>		\$50,328,117	\$25,686,931	\$3,706,000	\$0	\$29,392,931
<b>Road Impact</b>						
HILLSBORO RD WIDENING	1	\$24,546,500	\$300,731	\$8,481,190	\$0	\$8,781,921
COLUMBIA AVE	2	\$3,259,099	\$0	\$3,259,099	\$0	\$3,259,099
CAROTHERS PARKWAY		\$11,000,000	\$5,298,847	\$0	\$0	\$5,298,847
MACK HATCHER		\$5,000,000	\$2,225,731	\$0	\$2,827,021	\$5,052,752
MCEWEN DRIVE	3	\$12,445,827	\$1,763,432	\$0	\$0	\$1,763,432
ROYAL OAKS		\$5,000,000	\$3,361,026	\$0	\$0	\$3,361,026
SOUTH CAROTHERS		\$18,326,620	\$323,932	\$0	\$0	\$323,932
OTHER ROAD PROJECTS		\$0	\$0	\$0	\$0	\$0
<b>TOTAL ROAD IMPACT</b>		\$79,578,046	\$13,273,699	\$11,740,289	\$2,827,021	\$27,841,009
<b>Hotel Taxes</b>						
HARLINDALE PARK		\$214,034	\$214,034	\$0	\$0	\$214,034
BATTLEFIELD PARK		\$0	\$0	\$0	\$0	\$0
OTHER PARK PROJECTS		\$0	\$0	\$0	\$0	\$0
<b>TOTAL ROAD IMPACT</b>		\$214,034	\$214,034	\$0	\$0	\$214,034
<b>TOTAL OF ALL FUNDS</b>		\$130,120,197	\$39,174,664	\$15,446,289	\$2,827,021	\$57,447,974
<b>FUNDS REMAINING (DEFICIT)</b>			\$5,295,147	\$94,231	(\$2,827,021)	\$2,562,357

Note: Balance in Column F is for cost of bond issuance

**CHANGES IN AMOUNT**

PROJECTS	PROJECT RANK (IN SCENARIO 7)	ORIGINAL COST ESTIMATE	NEW ESTIMATE	CHANGE IN COST
<b>PROJECTS</b>				
ROYAL OAKS		\$0	\$0	\$900,000
POLICE HEADQUARTERS		\$0	\$0	\$1,000,000
COLUMBIA AVENUE		\$0	\$0	\$0
HILLSBORO ROAD		\$0	\$0	\$0
MCEWEN DRIVE		\$0	\$0	\$399,969
ROYAL OAKS		\$0	\$0	\$109,217
GOOSE CREEK INTERCHANGE		\$0	\$0	\$4,600,000
		\$0	\$0	\$0
<b>TOTAL PROJECT SAVINGS</b>		<b>\$0</b>	<b>\$0</b>	<b>\$7,009,186</b>
<b>PROJECT ADDITIONS</b>				
STREETSCAPE			\$0	\$100,000
		\$0	\$0	\$0
<b>TOTAL PROJECT ADDITIONS</b>		<b>\$0</b>	<b>\$0</b>	<b>\$100,000</b>
<b>INTEREST SAVINGS</b>				
2009 ISSUE		\$0	\$0	\$855,503
2010 ISSUE		\$0	\$0	\$2,037,333
		\$0	\$0	\$0
<b>TOTAL INTEREST SAVINGS</b>		<b>\$0</b>	<b>\$0</b>	<b>\$2,892,836</b>
<b>TOTAL OF ALL FUNDS</b>		<b>\$0</b>	<b>\$0</b>	<b>\$9,802,022</b>

**Scenario Seven - Committed Projects Only; \$5 million use of fund balance, remainder funded through debt + Projects 1, 2, 3 & 5**  
**2010-14 CIP Work Sheet**

	% Portion Funded By General Fund	2010	2011	2012	2013	2014
<b>Commitments:</b>						
Mack Hatcher - NW Extension		2,827,021		-	-	-
Goose Creek Interchange		-	-	-	-	4,800,000
<i>Future Borrowing - Spent (total \$17,540,746)</i>	75.8%	13,295,885	-	-	-	-
<i>Future Borrowing - Outstanding; includes MHP remainder (total \$20,876,840)</i>	56.0%	11,691,030	-	-	-	-
<b>Total Committed Projects</b>		<b>27,813,937</b>	-	-	-	<b>4,800,000</b>
<b>Priority Projects:</b>						
<b>1</b> Hillsboro Road		2,500,000	7,174,750	9,301,250		
- Hotel/Motel						
- State Funding			1,750,000			
- Storm Water			876,500			
- Water			750,000	750,000		
- Sewer			722,000	722,000		
<b>2</b> Columbia Avenue - 5-Points to Fowlkes		2,063,536	516,464			
- Hotel/Motel						
- Water-Sewer?						
- Impact Fee?						
<b>3</b> McEwen III - Carothers-Cool Springs		2,880,800	5,322,200			
- Road Impact - Crescent Offset		242,827				
- State Funding		2,000,000	2,000,000			
<b>5</b> Third Avenue Extension		1,398,000	1,240,000	0	0	0
Annual "small project" funding		500,000	500,000	500,000	500,000	500,000
<b>Total Priority Projects</b>		<b>11,585,163</b>	<b>20,851,914</b>	<b>11,273,250</b>	<b>500,000</b>	<b>500,000</b>
<b>Committed Projects</b>		<b>27,813,937</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,800,000</b>
<b>All Projects Total</b>		<b>39,399,100</b>	<b>20,851,914</b>	<b>11,273,250</b>	<b>500,000</b>	<b>5,300,000</b>
Bond Fund		32,156,273	15,629,914	9,801,250	500,000	4,800,000
Reserve Draw		5,000,000				500,000
State Funding		2,000,000	3,750,000			
Storm Water Fund			876,500			
Water Fund			750,000	750,000		
Sewer Fund			722,000	722,000		
Road Impact		242,827				
Development		0				
		39,399,100	21,728,414	11,273,250	500,000	5,300,000