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**MEETING MINUTES**  
**BUDGET & FINANCE COMMITTEE**  
**CITY OF FRANKLIN, TENNESSEE**  
**CITY HALL BOARDROOM**  
**TUESDAY, JULY 6, 2010 @ 4:00 P.M.**

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**Committee Members**

Alderman Ann Petersen, Chair P  
Alderman Ken Moore, Vice Chair P  
Alderman Beverly Burger P  
Alderman Michael Skinner P

**Other Attendees**

Eric Stuckey, City Administrator P  
Russell Truell, ACA Finance & Administration P  
Vernon Gerth, ACA Community/Economic Dev A  
David Parker, City Engineer/CIP Executive P  
Mayor John Schroer P  
Alderman Clyde Barnhill P  
Alderman Margaret Martin P  
Lanaii Benne, Assistant City Recorder P  
Linda Fulwider, Board Recording Secretary P

**1. Call to Order**

Alderman Petersen called the meeting to order at 4:05 p.m.

**2. Approval of the Minutes**

*Alderman Moore moved to approve the April 26, 2010 and May 17, 2010 meeting minutes as presented. Seconded by Alderman Skinner. Motion carried unanimously.*

**3. Review and Discussion of the Updated Financial Model**

**PFM Representatives**

**Russ Truell, ACA Finance & Administration**

**Eric Stuckey, City Administrator**

Eric Stuckey stated staff worked with PFM to update the Capacity Model incorporating approved projects and other transactions. Lauren Lowe and Ryan Childs, PFM representatives, were present to review the Capacity Model update. Russ Truell submitted a Summary of Usage of Bond Funds as well.

Updates to the Capacity Model:

- FY 2010 Revenues and Expenditures have been updated
- FY 2011 Adopted Budget has been included
- \$44,000,000 Series 2009A and B debt service has been included (net of 35% of interest subsidy)
- \$15,725,000 Series 2010 Recovery Zone Bonds debt service has been included (net of 45% of interest subsidy)
- Moody's Local Government Medians as of April 2010

(Ms. Lowe explained the methodology behind each equation during the review)

Debt Affordability Ratios Projected Through 2019 Reviewed:

- General Fund Balance as a percentage of Operating Revenues - Above Policy of 33% = Positive
- Debt Service as a percentage of Operating Expenditures – Below Policy 2010 = Negative (Ratio is weak from 2011-17)
- Net Debt Per Capita – Below Policy = Positive
- Per Capita Debt/Per Capita Income – Below Policy = Positive
- Net Direct Debt as a percentage of Market Value – Below Policy every year but 2010 = Positive

Summary of Usage of Bond Funds:

- Capital Investment funded from facilities tax and previous bond issues or designated by BOMA to be funded principally by bonds recently issued.
- December 2009, City issued bonds totaling \$44.0 million and proceeds used to fund approximately \$20 million in projects previously approved, reimbursing expenditures already made. Balance was spent on approved projects (\$19.1 million) or reserved for future spending (\$5.3 million).
- June 2010, City issued bonds totaling \$15.7 million, specifically assigned to three projects in a designated Recovery Zone; Columbia Avenue, Third Avenue North Extension, and portion of Hillsboro Road project between Highway 96W and Del Rio Pike.
- Breakdown of spending by project included in report as well as a listing of increases and/or decreases in estimated expenditure by project or category.
- Considerable savings in estimated interest payments based on the manner and timing of bond issuance.

Mr. Stuckey referred to page three of the memo summary and pointed out total project savings, total project additions and total interest savings equal a \$9,802,022 savings from what was originally approved.

**4. Report on Extension of Fuel Hedging Program**

**Russ Truell, ACA Finance & Administration**

Mr. Truell referred to reports included in the agenda packet. The City plans to extend the program with Nashville for another year. FY 2011 hedged at same price as last year. Bids were entered on diesel and gasoline contracts for FY 2011-2012. FY 2009-2010 the City made \$43,100 on the fuel hedge which is about 5% of total fuel usage; saved about \$19,000 on diesel and around \$24,000 on gasoline. Mr. Stuckey added the fuel hedging gives a greater degree of certainty when preparing budgets as well.

**5. Consideration of RESOLUTION 2010-58, a Resolution Declaring the Intent of the City of Franklin to Reimburse Itself for Certain Expenditures Relating to Public Works Projects with the Proceeds of Bonds or Other Debt Obligations to be Issued by the City of**

**Franklin in an Approximate Amount of \$30,000,000**

**Russ Truell, ACA Finance & Administration**

Mr. Truell related the IRS requires passage of a resolution for self-reimbursement in the future. This resolution is for Third Avenue and Hillsboro Road allowing the City to proceed with the project with the proviso bonds can be issued on unfunded portions and reimbursed.

*Alderman Skinner moved to recommend Resolution 2010-58 to BOMA. Seconded by Alderman Burger. Motion carried unanimously.*

**6. Consideration of FY 2011 Conference Center Budget**

**Russ Truell, ACA Finance & Administration**

Numbers incorporated in hotel/motel fund. Two or three months of the year the City issues funds to the Conference Center, this has been the normal cycle. The remainder of months the Conference Center makes money, even when other facilities do not. The debt on the Conference Center matures in the fall of 2013; thus FY 2014. After experiencing a deficit year, it is anticipated the Conference Center will be profitable next year. Mr. Truell noted the Center has done an outstanding job of cutting costs. No action required as net figure previously adopted as part of the Budget.

**7. Informational Reports (No Action Required)**

- **Investment Policy and Procedure Manual Update**
- **Sales Tax Report for Month of April**

Local sales tax remittance from the State for June was \$1,719,674 compared to \$1,572,824 for the same month in 2009, an increase of \$146,851, or 9.3%. (June remittance is for tax collected during April, representing the tenth month of the fiscal year on an accrual basis) YTD, the City has received \$17.3 million compared to \$17.7 the previous year, a difference of \$389,007 or 2.2%. YTD State of Tennessee sales tax collections are down 3.4%. May sales tax numbers down due to the flood event.

- **Conference Center Report for May 2010**

Conference Center Report submitted. Total current balance due from owners (\$49,475.92) [Total due from City of Franklin (\$24,737.96) and from Williamson County (\$24,737.96)]

**8. Discussion Regarding Regular July 2010 Meeting Date**

**Eric Stuckey, City Administrator**

Mr. Stuckey noted staff has very little business for the committee until August and asked if members wanted to convene at the regularly schedule time in two weeks or wait until August to meet. An update on the Water Budget and additional information on the rate study will be on the August agenda.

*Alderman Moore moved to cancel the July 15 B & F meeting and meet at the regularly scheduled*

*time August 19, 2010 @ 4:00 pm. Seconded by Alderman Skinner. Motion carried unanimously.*

**ADJOURN**

*Alderman Skinner moved to adjourn.*

Meeting adjourned @ 5:14 p.m.

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Ann Petersen, Chair

Minutes prepared by Linda Fulwider, Board Recording Secretary, City Administrator's Office – 7/7/2010 2:37 PM