
MEETING MINUTES
BUDGET & FINANCE COMMITTEE
CITY OF FRANKLIN, TENNESSEE
CITY HALL BOARDROOM
TUESDAY, SEPTEMBER 27, 2011 @ 4:30 P.M.

Committee Members

Alderman Ann Petersen, Chair P
Alderman Beverly Burger P
Alderman Michael Skinner P

Other Attendees

Eric Stuckey, City Administrator P
Russell Truell, ACA Finance & Administration P
David Parker, City Engineer/CIP Executive P
Mike Lowe, Controller P
Shirley Harmon, Human Resources Director P
Steve Sims, Assistant City Recorder P
Brian Wilcox, Purchasing Manager P
Mayor Ken Moore P
Alderman Margaret Martin P
Lanaii Benne, Assistant City Recorder P
Linda Fulwider, Board Recording Secretary P

1. Call to Order

Alderman Petersen, Chair, called the meeting to order at 4:30 p.m., Tuesday, September 27, 2011.

2. Approval of the Minutes

Alderman Burger moved to approve the August 18, 2011 minutes as presented. Seconded by Alderman Skinner. Motion carried unanimously.

3. Consideration of Changes to Investment Policy

Documentation to be addressed was not available. Will address at the next meeting.

4. Consideration of OPEB (Other Post-Employment Benefits) Trust Document

In 2006 the Board passed a resolution to establish a trust for post-employment benefits other than the City pension plan. Since the State did not have a model trust document, the City planned to use a document provided by ICMA-RC. Before the document could be submitted to the State Comptroller for approval, it was learned the State planned to produce a "model trust" document. By the time the model was available, national health care became an issue, and the City's health insurance offerings for early retirees was approved to sunset September 30, 2011. For these reasons and the upheaval in financial markets beginning in 2008, staff was reluctant to push forward with the final adoption of an irrevocable trust without better knowledge of the ultimate financial requirements.

Russ Truell advised money has been set aside to put in the trust. He asked if the Committee wanted to transfer the approximate \$1 million to a trust or keep it in the general fund reserves. The actuary will make calculations this year and it is thought the liability would be \$2-3 million. If the choice is to transfer the funds to a trust, the Pension Committee would oversee the trust. He stated that this is a good time to move the money. It is necessary to forward the trust document to the Comptroller and State Funding Board for their approval.

Alderman Skinner moved to follow through on adoption of an OPEB Trust. Seconded by Alderman Burger. Motion carried unanimously.

5. Consideration of Human Resources Policy/Purchasing Policy Regarding Employee/Spouse Owned Vendors

Brian Wilcox touched on changes approved since this was first discussed and now need to choose how employee/spouse owned vendors will be handled; 1) continue to allow business with employees and relatives, with stipulations, or 2) prohibit same. Staff recommends the Board continue to allow the City to do business with City employees and certain relatives of City employees but subject to certain stipulations, including the changes to City policy recommended below.

1. Revise Article XXII, Section E, of the HR Manual so that it addresses business dealings with, of or by the City involving either goods or services, not just services.
2. Revise Article XXII, Section E, of the HR Manual to acknowledge that the approval by the City Administrator for an employee to do business with the City is not meant to supersede the requirement that contracts, except those valued at less than the threshold delegated by the Board of Mayor and Aldermen to the City Administrator, may not be executed except by authority of the Board of Mayor and Alderman.
3. Because relatives of City employees are not the concern of the HR Manual, reinstate a provision in the Purchasing Policy that forbids the City from doing business with any member of a City employee's immediate family, as that term is defined pursuant to the City's Ethics Ordinance.
4. Add to the Purchasing Policy (a) a provision requiring vendors of the City to disclose any known personal interest on the part of a City employee, or any member of a City employee's immediate family, as that term is defined pursuant to the City's Ethics Ordinance, in a business dealing with the City involving that vendor, said provision referencing subsection 1-804 ("Disclosure of personal interest in nonvoting matters") of the City of Franklin Municipal Code, and (b) a statement that employees who have a personal interest in a business dealing with the City, either themselves or by relation to any member of that employee's immediate family, as that term is defined pursuant to the City's Ethics Ordinance, are required to disclose that personal interest pursuant to the Ethics Ordinance.

Lengthy discussion ensued. Committee requested information on policies from other cities before making a decision.

6. Consideration of Business Rules for Water/Sewer Customers Regarding Customer Classification and Billing Master Meters With "Multiple Minimums"

Steve Sims presented information on Utility Billing for Multiple Minimums, Defining Residential and Non-Residential Customers, COF Utility Pricing Comparative Overview Condominium, Utility Pricing Comparative Overview-Farm, Agricultural or Forest, and Utility Pricing Comparative Overview-Apartments.

Staff recommends the Finance Committee accept this status report and provide guidance necessary to eliminate two inconsistencies:

◆ Customer classification

Residential Customer: A residential property owner whose property meets all of the following criteria:

- The property is used as a single-family residential living unit and is owner or tenant occupied as a residential dwelling; and
- The property is classified by the Williamson County Assessor as a Residential or Homebelt property; and
- Is served by a single water meter serving a single residential living unit or duplex or triplex; and
- The occupant (owner or tenant) has a unique utility service contract with the City or water district as an addendum to the water supply contract if served water from MVUD, Milcrofton, HB&TS or Brentwood (Specific addendums are in their contracts for City services).

Nonresidential (Commercial) Customer: All other

◆ Eliminate water/sewer multiples (billing customers who have master water meters that serve multiple tenants based on the number of "units" served; the end use consumers are not billed by the City of Franklin)

Discussion ensued. It is important to get these definitions right before the next segment of the rate study is started. Doing away with the multiple minimums is important as well.

Alderman Skinner moved to forward the Standardization of Business Rules (once in proper formatting) to BOMA Work Session. Seconded by Alderman Burger. Motion carried unanimously.

7. Acknowledgment of Engagement Letter with Bass Berry Sims for Bond Counsel

The City's debt policy specifies that an engagement letter be provided prior to any borrowing that outlines the role and responsibilities of bond counsel in the financing issue. Committee acknowledged receipt of the firm's opinion letter that is required to establish the tax-exempt status on the City's bond issue. This pertains to the refunding.

8. Monthly Reports (Information Only)

- a) Sales Tax Report – July Sales
- b) Fuel Hedging Report – August
- c) Conference Center Report – Month of August
- d) Transit System Report – Month of August
- e) Construction Activities Report – Month of August
- f) Property Tax Report – Month of July
- g) Bond Use Summary – June 30, 2011
- h) Fuel Hedging Plan for FY2013

Thus far not getting close to lower rates beginning next July. Hedging provides price stability for budgeting.

Reports filed with the minutes

ADJOURN

Alderman Skinner moved to adjourn.

Meeting adjourned 5:36 PM

Ann Petersen, Chair

Minutes prepared by Linda Fulwider, Board Recording Secretary, City Administrator's Office - 11/22/2011 3:35 PM