



CITY OF GERMANTOWN TENNESSEE

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FINANCIAL ADVISORY COMMISSION MINUTES

Tuesday, June 14, 2018—6.00 p.m.

Economic & Community Development Klein Conference Room
1920 S. Germantown Road, Germantown, TN 38138

Members Present: Stacy Barrom, Hal Beckham, Brian Carney, Clint Hardin, Alderman Rocky Janda, Russell Johnson, Julie Klein, Walter Krug, Jason Lowe, Frederick Miller, Julius Moody, Alan Richmond, Donnie Rose, Harold Steinberg, Denise Stumph, Brian White

Members Absent: Blake Deaton, Ashley Hopper, Christine Menzel, Chris Miller, Paul Mosteller, Richard Vosburg, Brandon Westbrook Scott Wickliffe

Staff Present: Alderman John Barzizza, De’Kisha Fondon, Jason Huisman, Patrick Lawton, Jason Manuel, Sherry Rowell, Adrienne Royals

Others Present:

- Lauren Lowe—PFM Financial Advisors LLC
- Scott Sandler/Campaign Manager

CALL TO ORDER

Chairman Moody called the June 14th, 2018 Financial Advisory Commission meeting to order.

ESTABLISHMENT OF A QUORUM

Mr. Gabb called the roll and announced that a quorum was present.

APPROVAL OF THE MINUTES

****MOTION****

Mr. F. Miller moved to approve the minutes from the April 17th, 2018 Financial Advisory Commission meeting. Mr. Hardin seconded and the motion passed unanimously.

Mr. Richmond moved to approve the minutes from the April 24th, 2018 Financial Advisory Commission meeting. Ms. Klein seconded and the motion passed unanimously.

GENERAL OBLIGATION CAPITAL OUTLAY NOTE, SERIES 2018

Mr. Gabb advised that the City will soon be going out for a Capital Note, Series 2018. He then introduced Ms. Lauren Lowe of PFM Financial Advisors; he stated that Ms. Lowe and group will be assisting the City by going out in the market place to find the best possible available rates. This money in turn will be used to fund the construction of an administrative building (\$4 million) for the Germantown Municipal School District (GMSD). Mr. Gabb further advised that funding sources include \$1 million from GMSD reserves and \$3.3 million from the City (Capital Outlay Note); the district will repay \$3 million back to the City over a twelve-year period.

Ms. Lowe said this is a debt of the City but is to be repaid by GMSD per the *Memorandum of Understanding* between the City and GMSD (signed and adopted by the BMA back on February 26th, 2018). An overview and critical elements of the 2018 Capital Outlay Note Resolution include:

- Not to exceed \$3.3 million
- Requires Approval of the State of Tennessee Director of Local Finance
- Not to exceed interest rate per the State of Tennessee Usury Law
 - Prime + 4.00%
 - Current Interest Rate ~ 3.15% (subject to change due to market conditions)
- Final Maturity Date – To be determined; however, no later than July 1, 2030 (12 fiscal years)
- Optional Redemption – To be determined; however, not to exceed 5.00%
- Tax Status – Qualified Tax Exempt

In closing, Ms. Lowe discussed the Capital Outlay Note Process and noted the following Dates of Importance:

February 26th	BMA Meeting/Approval of GMSD MOU
June 14th	FAC Meeting/Discussion of Capital Outlay Note
July 9th	BMA Meeting/Presentation of 2018 Capital Outlay Note Resolution
July 10th	Submit Note to the State of Tennessee Director of Local Finance
July 20th	Receive Note Approval from the State of Tennessee
August 13th	2018 Capital Outlay Note Sale (look for lenders, take bids and purchase outlay note)
August 21st	2018 Capital Outlay Note Closing (funds become available)

Mr. Lawton said in the past years, one or two inter-fund loans were done with the school district to finance capital however, in this particular case, due to (a) the large amount to be pulled from reserves and (b) the length of time to pay this loan back by the district (greater than what state law allows) is the basis as to why the City is pursuing a capital outlay note this time around. Superintendent Manuel added that the district is currently making payments to lease office space and modular class rooms. It was recently voted on and passed by the school board to discontinue lease payments and start making mortgage payments for a central office. After working with the City, it was determined that the cost of a mortgage payment was essentially the same as the cost to lease.

****MOTION****

Mr. Hardin motioned to approve and move forward with the \$3.3 million Capital Outlay Note Resolution, Series 2018. Mr. Steinberg seconded and the motion passed unanimously.

OTHER BUSINESS

Ms. Lowe was asked to share her view on the recent motion to reduce Germantown's property tax by .11¢; what impact if any will it have on the City's rating status. Ms. Lowe stated the one thing that is positive and unique about Germantown and a few others is the ability to work on a multi-year plan; we don't think about just one fiscal year but rather what will the capital budget or operating cost look like in the years to come and in the outer years. She feels the City's planning concept and successful budgeting process should help in keeping our rating status in good standing.

Superintendent Manuel updated the commission on upcoming projects. He advised that a recommendation was made to provide \$500,000 for security upgrades as there is an immediate need for safety, facility wise. The Riverdale Boiler/Chiller Project is set for FY20 (\$1.5 million). Per Mr. Lawton, the City has agreed to partner with GMSD to help shape and fund a five-year capital plan.

Mr. Johnson commended Chairman Moody for his outstanding representation and deliverance of the 2017 Letter from the Financial Advisory Commission on the FY18 Budget to the BMA. With that, a round of applause followed.

ADJOURNMENT

With all agenda items being discussed, the meeting was adjourned.