



CITY OF GERMANTOWN TENNESSEE

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FINANCIAL ADVISORY COMMISSION MINUTES

Wednesday, October 5, 2016— 6.00 p.m.
Economic & Community Development Blue Conference Room
1920 S. Germantown Road, Germantown, TN 38138

Members Present: Clint Hardin, Alderman Rocky Janda, Russell Johnson, Walter Krug, Jason Lowe, Christine Menzel, Chris Miller, Julius Moody, Paul Mosteller, Alan Richmond, Donnie Rose, Harold Steinberg, Richard Vosburg, Brandon Westbrook

Members Absent: Sudhir Agrawal, Hal Beckham, Mark Holland, Michael McLaughlin, Frederick Miller, Michael New, David Rea, Brad Reardon, Dale Stover, Scott Wickliffe

Staff Present: Patrick Lawton, Paul Turner and Adrienne Royals

CALL TO ORDER

Chairman Moody called the October 5th, 2016 Financial Advisory Commission meeting to order.

ESTABLISHMENT OF A QUORUM

Chairman Moody then called the roll and announced that a quorum was present.

APPROVAL OF THE MINUTES

****MOTION****

Mr. Hardin made a motion to approve the minutes as amended from the April 19th, 2016 Financial Advisory Commission meeting. An alternate commission member seconded and the motion passed unanimously.

CALL TO ORDER

Mr. Lawton introduced new Finance Director, Paul Turner. Mr. Turner has been with the City of Germantown since July 1st and comes to us from Gwinnett County Georgia where he was the Assistant Finance Director in their Accounting Department. Mr. Turner said that he, his wife and two girls are very glad to be here. So far, he has been working with the annual audit and has established a great working relationship with the staff, the auditors, Germantown Municipal School District (GMSD) and CFO, Kevin Jones.

KEY POINTS OF DISCUSSION

- Mr. Lawton thought it would be good to bring the Financial Advisory Commission (FAC) in to start discussions on the new school site and what is coming next in terms of space (how much space will be occupied in reference to future budget discussions in the spring?)

- With department budgets being due by the 28th of December, operating budgets (administratively), can be “put to bed” so that we can then focus our time and attention on a rather significant expenditure of constructing the new school. This also allows us to know what we are working with in terms of additional revenues and debt capacity.
- Per Mr. Lawton, it is anticipated that property values in Germantown will go up due to a full, county-wide reappraisal set to happen in April of 2017. An increase in property values means that we will have to roll the tax rate back so that it is tax neutral to the home owners. The tax rate more than likely will be lowered; once we roll the rate back we will have to increase it to cover the size of the debt service.
- Not only are we talking about building a new school but also there are other capital projects that need to be addressed in next year’s budget. A ball park figure for the bond issue is \$30 million (between \$20-23 million for new school with balance going towards the capital projects that need to take place).
- Mr. Lawton advised that ultimately, a recommendation for the site selection will be the responsibility of the School Board and the School administration. Superintendent Manuel is in the process of appointing a “Site Selection Committee” comprised of representatives from some of our various boards and commissions. Michael McLaughlin has been recommended from this body to serve on the committee.

Alderman Janda urged commission members to really take a good look and give careful consideration more so than we have in the past, to this proposed bond issue. He is recommending (if possible) that the tax rate increase be held off until the year 2020 as there has already been a tremendous increase in our sales tax and sales tax revenue (up by 66% in the last four years) and a 10% and 8% increase so far this year. Alderman Janda cautioned that the City not get in too much debt in case of emergencies or incidentals and more importantly, not lose our Triple A rating.

Mr. Lawton said possible revenue enhancements to offset tax increase and expenditure challenges include: 1) Budget & Performance’s audit of the SITUS report on local sales tax (new businesses in Germantown that still have Memphis address, 2) proposed legislation to extend five year exit of the Hall Income Tax which is to be phased out, 3) Court Fees and 4) Possible adjustment of Occupancy Tax.

Mr. Lawton pointed out that our tax rate in 1990 was \$3.16; today it is \$1.93 despite significant tax increases throughout the years, our property values have gone up. Germantown’s tax rate today is lower than it was almost thirty years ago. After earnest discussions on the tax rate and the roll back in March or April, Mr. Lawton advised that we should know the total amount for the construction cost of building the new school.

In conclusion, Mr. Lawton stated that every year for the past couple of years we’ve had an Economic Development Summit. As he spoke briefly about a recent summit gathering he shared material from the meeting with commission members. He also reminded everyone about applications and reapplying for next year’s Boards and Commissions.

****MOTION****

Mr. Johnson made a motion to adjourn the meeting. An alternate commission member seconded and the motion passed unanimously

ADJOURNMENT

With that, the meeting was adjourned.