



CITY OF GERMANTOWN TENNESSEE

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FINANCIAL ADVISORY COMMISSION MINUTES Special Called Meeting

Tuesday, June 15, 2017—6.00 p.m.
Economic & Community Development Blue Conference Room
1920 S. Germantown Road, Germantown, TN 38138

Members Present: Hal Beckham, Blake Deaton, Clint Hardin, Ashley Hopper, Alderman Rocky Janda, Russell Johnson, Walter Krug, Jason Lowe, Michael McLaughlin, Christine Menzel, Frederick Miller, Julius Moody, Paul Mosteller, Alan Richmond, Denise Stumph, Richard Vosburg, Scott Wickliffe

Members Absent: Brian Carney, Chris Miller, David Rea, Donnie Rose, Harold Steinberg, Brandon Westbrook, Brian White

Staff Present: Nick Dahl, De'Kisha Fondon, Sherry Rowell, Adrienne Royals

CALL TO ORDER

Chairman Moody called the June 15th, 2017 Financial Advisory Commission meeting to order.

ESTABLISHMENT OF A QUORUM

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

APPROVAL OF THE MINUTES

Mr. Hardin moved to approve the minutes (as amended) from the May 9th, 2017 Financial Advisory Commission meeting. Mr. Mosteller seconded and the motion passed unanimously

REVIEW OF: CAPITAL BUDGET/GENERAL FUND EXPENDITURES/PROPOSED TAX ADJUSTMENT

Mr. Lawton said that new information has come to our attention over the last ten days or so regarding the Forest Hill Irene Road project. There has been a significant change in the cost of the project that will impact how much we issue in debt and will also impact how much is pulled out of reserves. Mr. Lawton further explained that the bond will fund the project however, the road won't be constructed until FY19. The impact has resulted in us taking another look to see how this affects the bond issue and more importantly, how does it impact the new tax rate. Mr. Lawton asked commission members to consider two options: A) a .21 cents Scenario and B) a .16 cents Scenario.

A Scenario (.21 cents)

- Forest Hill Irene road project is lowered from \$7.5 million to 5.8 million.
- Lowers the impact of the bond by \$700,000.
- Reduces the amount transferred from the General Fund to CIP by \$1 million.
- Lowers out debt service payments by \$45,000 over a five year period.
- \$1.6 million reduction in property tax revenue for the five year planning period.

- \$379,000 reduction in ending fund balance for FY22.

As for CIP, \$5,800 million will be bonded for this project instead of the original amount of \$6,500 million. Collectively, Mr. Lawton said we would be issuing a smaller bond in the amount of \$32.8 million (verses \$33.5 million) this fiscal year. Per Mr. Lawton, this model will still work if we decided to go with the .21 cent tax rate.

B Scenario (.16 cents)

- Forest Hill Irene Road project lowered from \$7.5 million to \$5.8 million.
- Impact on bond issue is \$700,000 lower.
- \$1 million reduction in General Fund Reserves transferred to CIP.
- Lower debt service payments by \$45,000 average annually (\$226,200 over five year period).
- Bond issued for fire station, furniture and equipment in FY21-22. This will increase debt service payments by \$588,000 over the five year planning period and reduce General Fund CIP transfer in FY21-22 by \$5.2 million.
- Increase fire station cost from \$5.2 million to \$8.1 million over a twenty year bond.
- \$5.6 million reduction in property taxes (five year planning period).
- \$44,000 increase in ending fund balance for FY22.

Mr. Lawton advised that either scenario will get us right to the same place in terms of what we are looking for—a five year commitment from this project, maintaining the fund balance and the decision to raise taxes to support the level of debt for the new school and road.

****MOTION****

Mr. Fred Miller motioned to retain the .23 cents tax increase; Mr. Krug seconded the motion. After further discussion regarding the proposed tax rate it was decided that the \$1.99/.23¢ (Scenario A) should be put to a vote. Commission members replied as follows:

Hal Beckham – *yes*; Brian Carney – *absent*; Blake Deaton – *yes*; Clinton Hardin – *no*; Ashley Hopper – *yes*; Alderman Janda – *yes*; Russell Johnson – *yes*; Walter Krug – *yes*; Jason Lowe – *no*; Michael McLaughlin – *yes*; Christine Menzel – *yes*; Chris Miller – *absent*; Frederick Miller – *yes*; Julius Moody – *yes*; Paul Mosteller – *yes*; David Rea – *absent*; Alan Richmond – *yes*; Donnie Rose – *absent*; Harold Steinberg – *absent*; Denise Stumph – *yes*; Richard Vosburg – *no*; Brandon Westbrook – *absent*; Brian White – *absent*; Scott Wickliffe – *yes*.

With a total vote of 14-3, the motion passed.

Mr. Lawton advised that there will one more meeting with the FAC this summer. On July 26th the City intends to take the initial authorizing bond resolution to the Board. Because the City will be issuing debt, there is an opportunity to protest the bond as ten percent of signatures from citizens that voted in the last election is required. He said at the next FAC meeting, Lauren Lowe and Nick Yatsula of PFM Financial Advisors will go over what rates will apply and how these bonds are going to be structured.

OTHER BUSINESS

No other business.

ADJOURNMENT

Mr. McLaughlin moved that the meeting be adjourned. Mr. Richmond seconded and the motion passed unanimously.