



# CITY OF GERMANTOWN TENNESSEE

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## **Financial Advisory Commission Minutes**

Tuesday, March 16, 2010, 6.30pm  
Blue Room, 1920 S Germantown Rd

### **Members Present:**

Chairman Julius Moody, Alderman Ernest Chism, Mike Agee, Bill Dudley, Sharon Hammer, Clinton Hardin, Russell Johnson, Mark Kooker, Howard Lasley, Frank Markus, Paul Mosteller, Lou Paris, Frank SanPietro, Sehrish Siddiqui, Harold Steinberg, Chris Thornton and Richard Wagoner.

### **Members Absent:**

Paul Bryan, Eddie Cox, Donna Curlin, Frederick Miller, Lynda Smith, Paul Volpe and Brian White.

### **Staff Present:**

Patrick Lawton, Kristen Geiger, George Brogdon, Ralph Gabb, Michael Stoll, Adrienne Royals and Sherry Rowell.

### **Call to Order**

Chairman Moody called the March 16, 2010 Financial Advisory Commission (FAC) meeting to order at 6:33 p.m. The meeting was held in the Blue Room, 1920 S Germantown Rd.

### **Roll Call**

Chairman Moody called roll and announced a quorum was present.

### **Approval of Minutes**

Chairman Moody called for approval of the minutes from the February 9, 2010 FAC meeting.

### **\*\*MOTION\*\***

Frank SanPietro moved to approve the minutes from the February 9, 2010 FAC meeting with corrections. Lou Paris seconded and the motion passed unanimously.

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### General Fund Revenues

Ralph Gabb referred to the slides and commented that the General Fund is the one that gets most used. FY11 is at \$36,495,463 which is an increase of 0.4% over FY10 Budget and a 0.4% decrease from FY10 Estimate.

Percentages of General Fund Revenues:

.	Property Taxes:	\$22,215,038	-	0.06% increase from FY10
.	Sales Taxes:	\$ 6,492,505	-	1.5% decrease from FY10
.	Federal & State:	\$ 3,935,840	-	4.9% decrease from FY10
.	Other:	\$ 3,561,200	-	2.2% decrease from FY10
.	Investment:	\$ 290,880	-	17.2% decrease from FY10

Ralph Gabb then continued his presentation on General Fund Revenues and asked if anyone had any questions.

Patrick Lawton then stated that the staff had a suggestion to put before the Commission is that we have a number of task forces in place that are looking at CIP and Investments. The information that Ralph's staff is tracking is important because this year we have go through a recalculation rate of the tax increase that we set a year ago, as those members who were on the commission a year ago will remember that we set a buffer and added a few extra pennies to take into consideration this type of erosion into our Property Tax base and in particular eating away those pennies that we had allocated for us. In July of this year when the Board adopts the Budget, they will be setting a new tax rate and we'll need to determine whether those pennies were sufficient to allow us to withstand this type of appeal process and either we'll make a decision to roll back that rate if we think we're ok or to hang onto the pennies that are left to us. So, essentially it will be maybe a one or two cent tax increase perhaps but that the State is very clear that when you ask for the pennies a year ago you have to come back and sort of have a true up of where you actually are today and this is this in fact a tax increase. So what we would like to suggest is that there be a sub-committee put together to look at and work very closely with staff and determining what our recalculation rate ought to be.

Chairman Moody called for volunteers to serve on the Recalculation Rate Sub-Committee. Clint Hardin (Chairman), Richard Wagoner, Frank SanPietro and Lou Paris were chosen to be on the sub-committee.

A discussion ensued amongst members and staff regarding the appeals process.

Ralph Gabb then finished his presentation and slides.

### Investments

Michael Stoll then addressed expectations for the current and projected income from the City's investments. He noted the conservative nature of the financial instruments that are authorized for the investment of City monies. Showing a chart of the interest rate trends over the last eight years, he described the adverse impact of the continued low interest rates on the City's investment income in the most recent years. Based on the recent comments issued by the Federal Reserve Bank, he reviewed the continued low returns for investment income in the budget projections for FY11. Harold Steinberg questioned the level of investment earnings projected and suggested that a more conservative estimate of earnings might be in order.

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Chairman Moody called for a motion to approve the General Fund Revenues.

### **\*\*MOTION\*\***

Clinton Hardin moved to approve the General Fund Revenues, Howard Lasley seconded and the motion was approved unanimously.

### **Fiscal Indicators**

Patrick Lawton stated that with the BMA, the City tries to watch trends, to see where the City budget is going etc and the things that we know the rating agencies look at and come in and visit Germantown. All the things that help Germantown retain its AAA status are things that we watch on a monthly basis and a quarterly basis. Patrick praised F&GS staff stating that they had done an outstanding job in pulling together a lot of these trends to present to the commission. These are things that we do all the time in trying to anticipate the problems.

Kristen Geiger referred to the handouts and stated that they showed indicators of trends and where the City is going, and also the significance of it is to give any indication to us of any warnings or anything that could be potentially facing the City as we go forward. For now you can see that the 2011 budget has the \$36.5 million and then going forward those are the forecasts of what we're going to put in the General Fund Summary for the forecast for the revenues going forward.

Kristen Geiger said that they were looking at trends going to the future and where things are happening, where you might be vulnerable. Revenues per Capita stay pretty much consistent. She reviewed the indicators which showed no real warning trends. Kristen stated that one of the things that benefited the community with respect to sales tax was that we don't have any of the really heavy impacted retail sales such as automobiles and furniture stores. Kristen then continued with her presentation. Patrick Lawton then asked if there were any questions.

### **Infrastructure Replacement Program**

Patrick Lawton stated that this is something that the City put together 16/17 years ago, trying to identify on ongoing basis whether some of our obligations in terms of our rolling stock and other pieces of equipment that we need to replace so that we don't get surprised year after year with the purchase of a dump truck or a back hoe, so we try to look and anticipate what's coming our way and put that in the proper year. Unlike the CIP these hit the General Fund operating expenditures and so we need to be very careful in what we're putting forward and to make sure that we can cover these. Patrick reviewed the various projects and member asked questions about specific projects.

Chairman Moody called for a motion to approve the Infrastructure Replacement Program.

### **\*\*MOTION\*\***

Richard Wagoner moved to approve the Infrastructure Replacement Program, Frank Markus seconded and the motion was approved unanimously.

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**Adjournment**

Chairman Moody called for a motion to adjourn.

**\*\*MOTION\*\***

Paul Mosteller moved to adjourn, Harold Steinberg seconded and the motion passed unanimously.

The meeting adjourned at 7.53 p.m.