109 3rd Ave S
Franklin, TN 37064
(615) 791-3217

City of Franklin

Meeting Agenda

Work Session

Wednesday, January 4, 2023	5:00 PM	Board Room

PUBLIC NOTICE of SPECIAL WORK SESSION Notice is hereby given, a Special Work Session of the City of Franklin Board of Mayor and Alderman will be held on January 4, 2023. The Special Work Session will be held at 5:00 p.m. in the Board Room of City Hall, 109 3rd. Ave S., Franklin Tennessee for the following purpose: 1. Discussion Regarding the City Hall Project

CALL TO ORDER

CITIZEN COMMENTS

Comments on agenda items may be made in person at City Hall or by emailing recorder@franklintn.gov before noon on the day of the meeting. Comments will be submitted for the record.

WORK SESSION DISCUSSION ITEMS

1. Discussion Regarding The City Hall Project

   Sponsors: Eric Stuckey, Vernon Gerth

OTHER BUSINESS

ADJOURN

Anyone needing accommodations due to disabilities please contact the ADA Coordinator at 615-791-3277 at least 24 hours prior to the meeting.

City of Franklin

109 3rd Ave S.
Franklin, TN 37064
(615) 791-3217

File #: 21-04119

DATE: December 27, 2022

TO: Board of Mayor and Aldermen

FROM: Eric Stuckey, City Administrator
Vernon Gerth, Asst. City Administrator Community Development

SUBJECT:

Discussion Regarding The City Hall Project

PURPOSE:

The purpose of this memorandum is to provide information to the Franklin Board of Mayor and Aldermen (BOMA) concerning the New City Hall project.

BACKGROUND/STAFF COMMENTS:

On October 27, 2020, the City and the Consultant entered into a Professional Services Agreement to design the new City Hall. The adopted master plan identified programmed space needs for a 115,000 SF building with a subgrade parking level with approximately 200 spaces.

On April 13, 2022, BOMA approved the decision to advance the Project to a new phase, Phase II - Schematic Design. Construction estimates from rising construction costs resulted in the direction for a smaller building and a full subgrade garage, which was based on the available funding from the Capital Investment Model at the time. The consultant team then worked, department by department, in a reprograming exercise to identify efficiencies and reductions while addressing operational needs and future growth.

On September 27, 2022, the results of reprogramming and test fit studies were presented to the BOMA, indicating the need for a slightly larger building for City Hall functions than provided by that based solely on the previous financial model. An updated financial model has also been presented to the BOMA with funding options to cover the revised building size.
At the October 25 BOMA Work Session, the BOMA provided direction to continue to pursue a project of a size based on the results of reprogramming and test fit studies, while exploring options to explore a small retail leasable space component while continuing to explore building efficiencies.

This Special Work Session is being held to discuss the City Hall project prior to consideration of a resolution to solidify the goals for the Schematic Design phase, slated for January 10 BOMA WS discussion and vote.

FINANCIAL IMPACT:

A Professional Services Agreement Amendment will be brought forward for BOMA consideration at the January 10, 2023 Board of Mayor and Aldermen meeting.

RECOMMENDATION:

Staff recommends that the Board of Mayor and Aldermen acknowledge the City Hall Project.

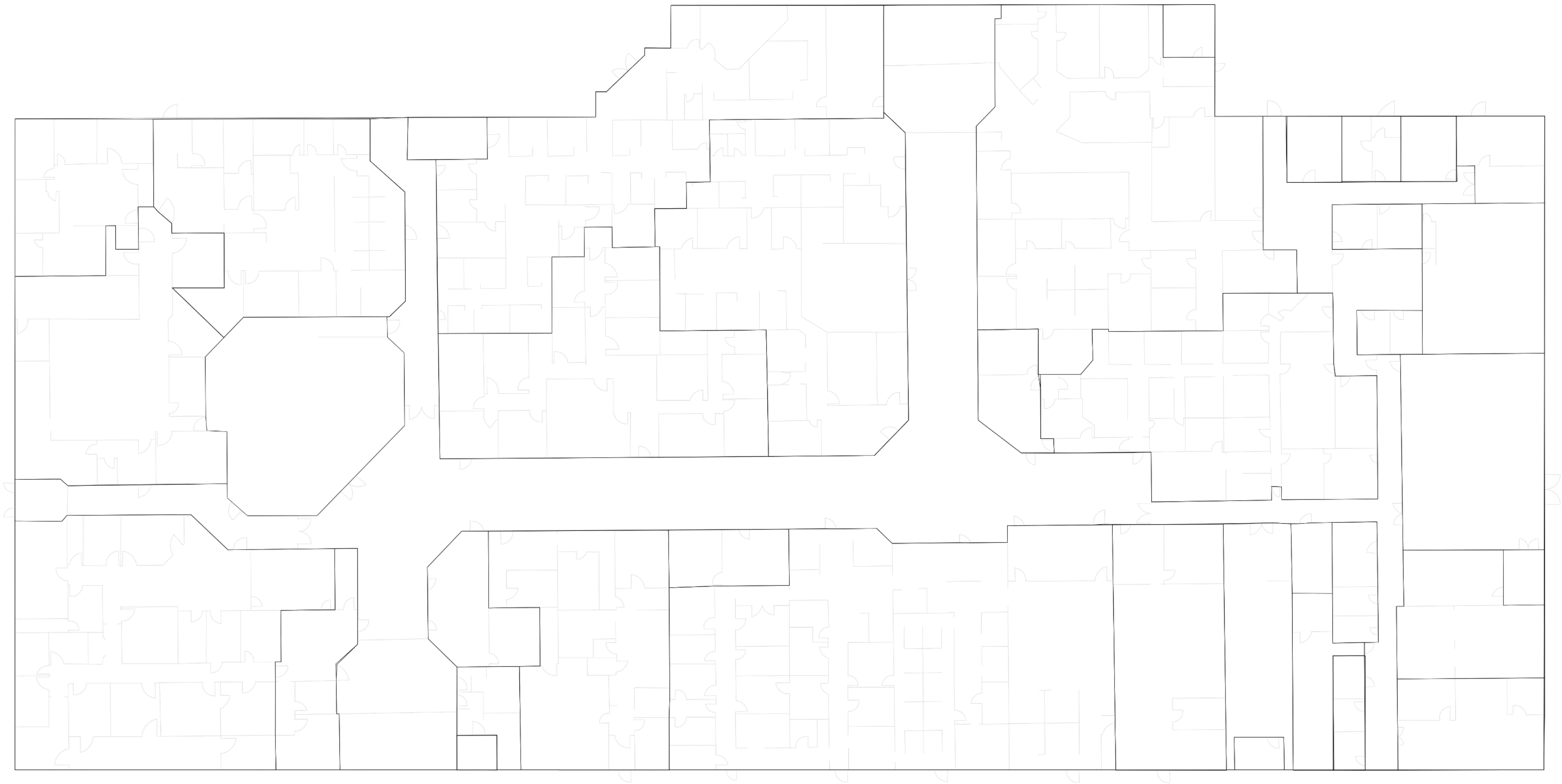
Special BOMA Work Session

Revisit the New City Hall Reprogramming and Test Fits

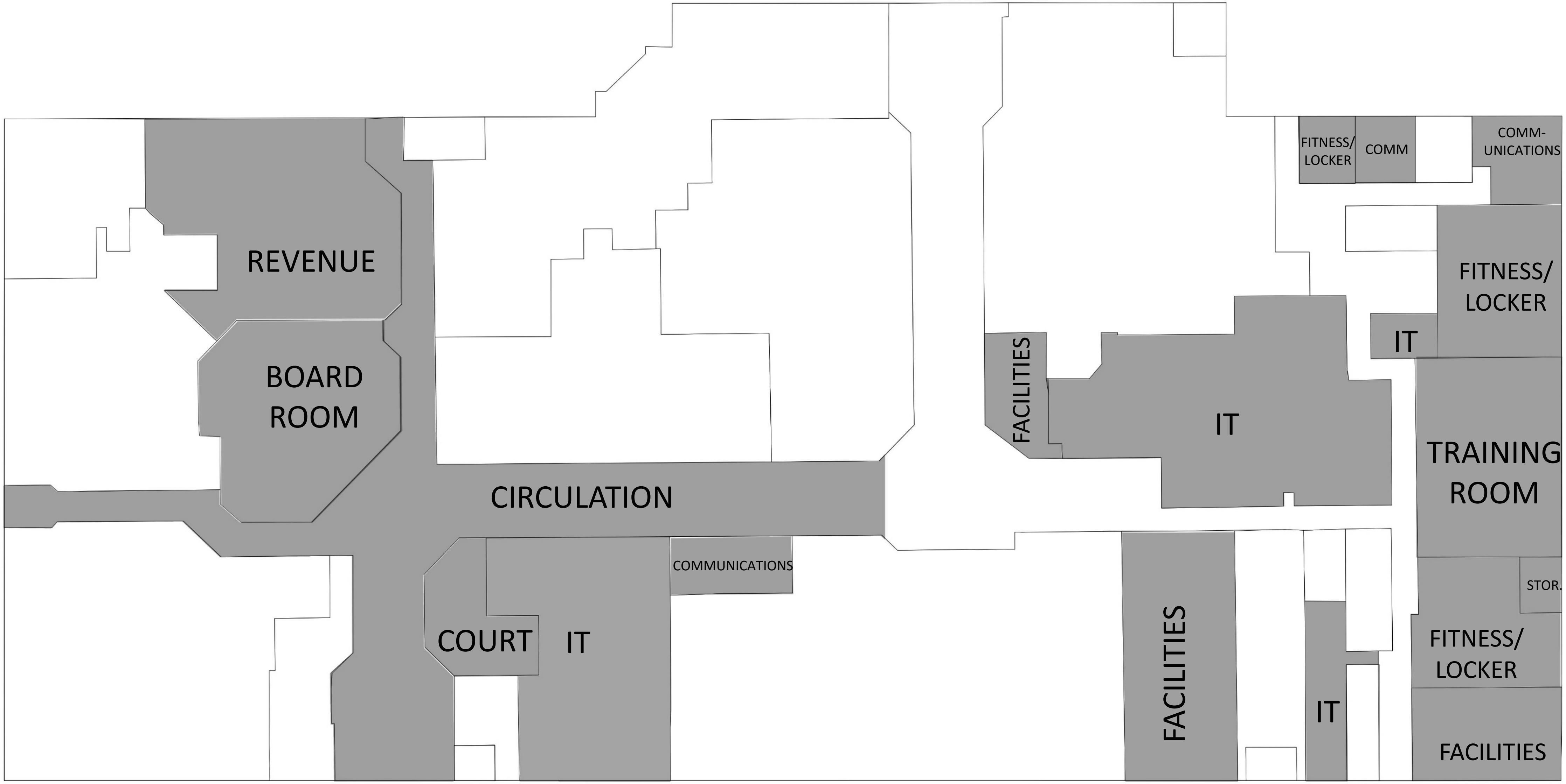
January 4, 2023

Top 5 Needs in the New City Hall

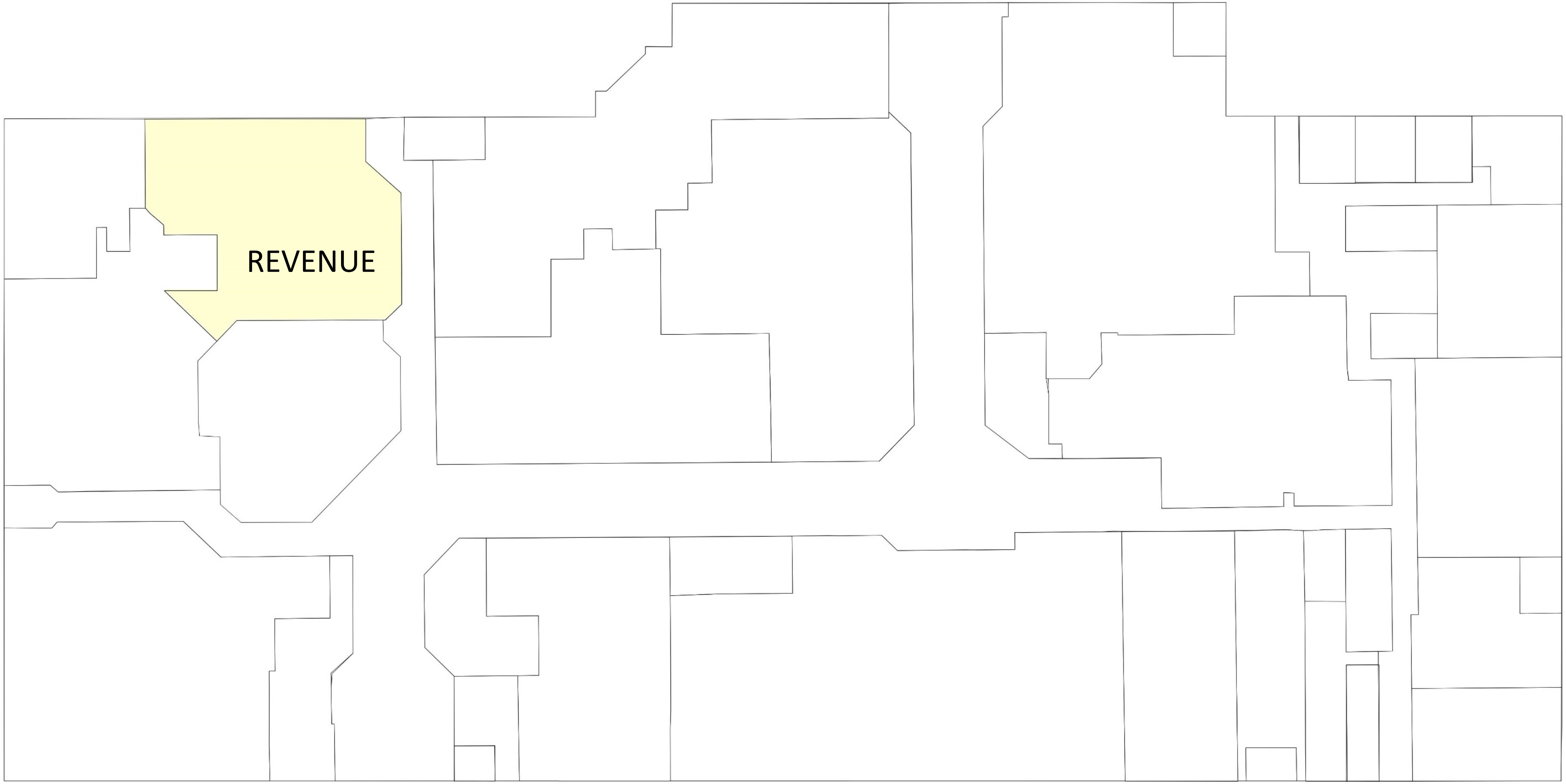
- **Functional, Healthy Space**
- **Efficiency in Operations and Space Use amongst Departments**
- **Safety and Security of Staff**
- **A Sense of Place and Gathering for Citizens to participate in local government**
- **Space for Future Needs and Growth**



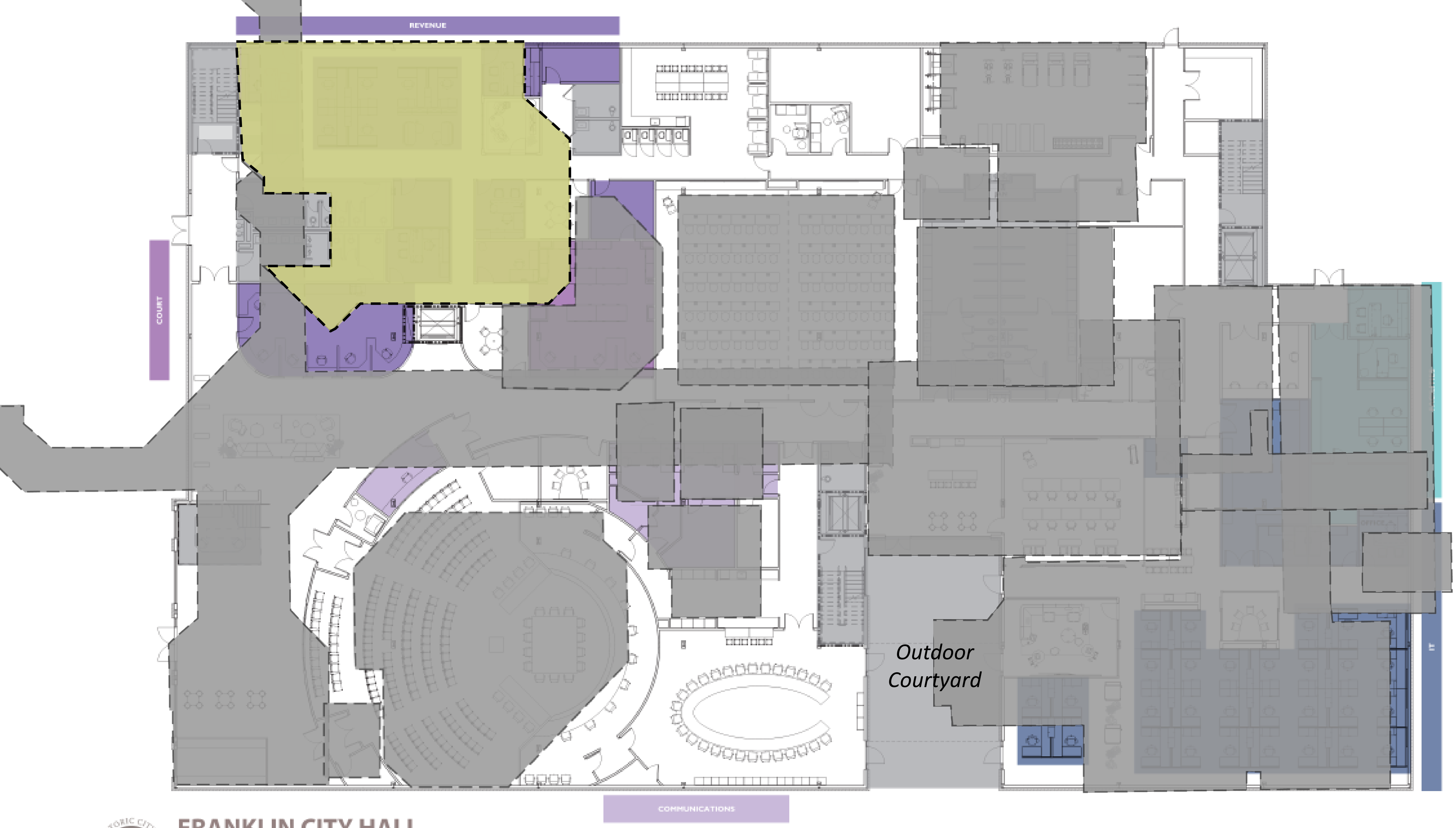
Existing City Hall



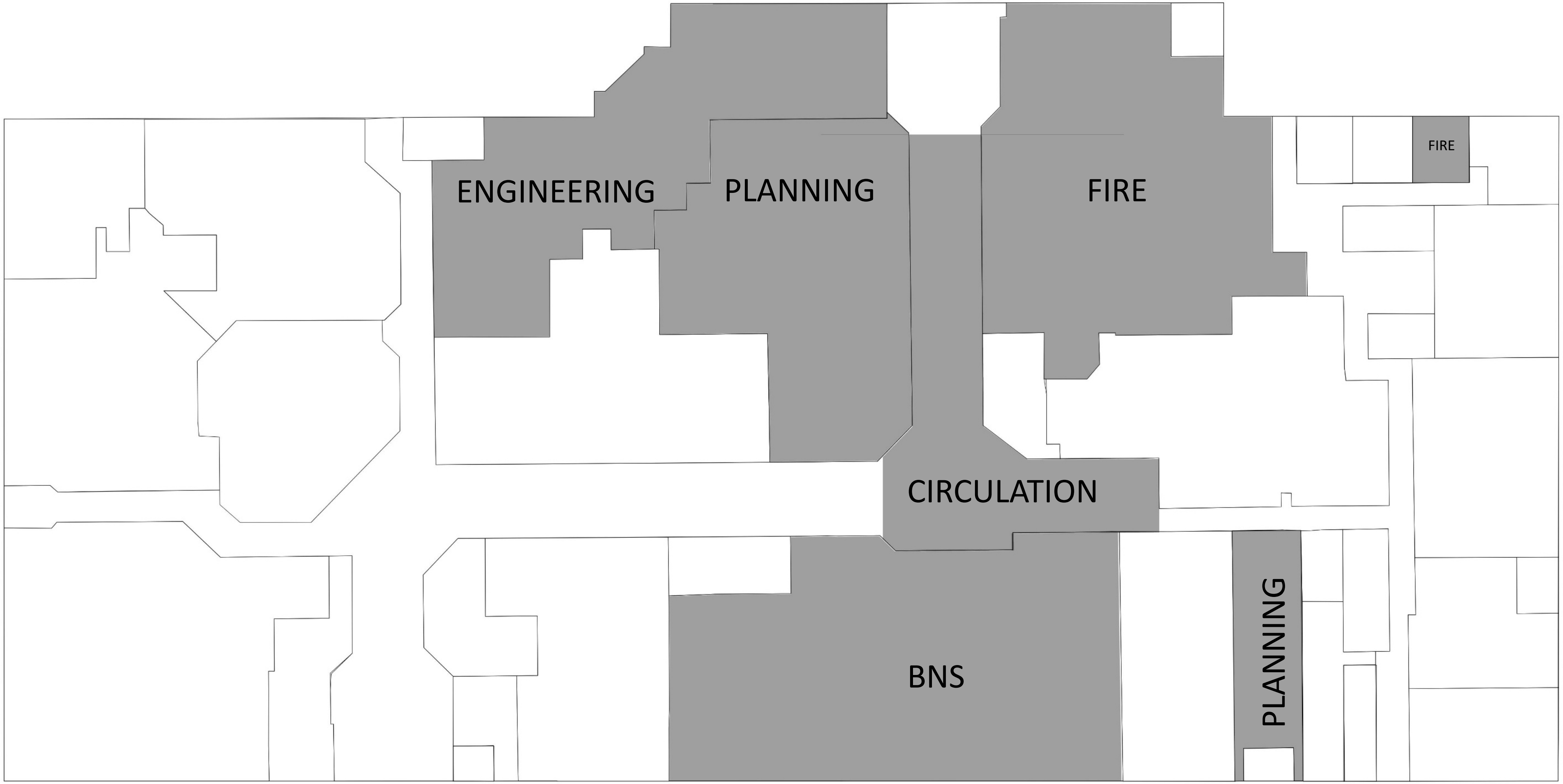
Existing City Hall



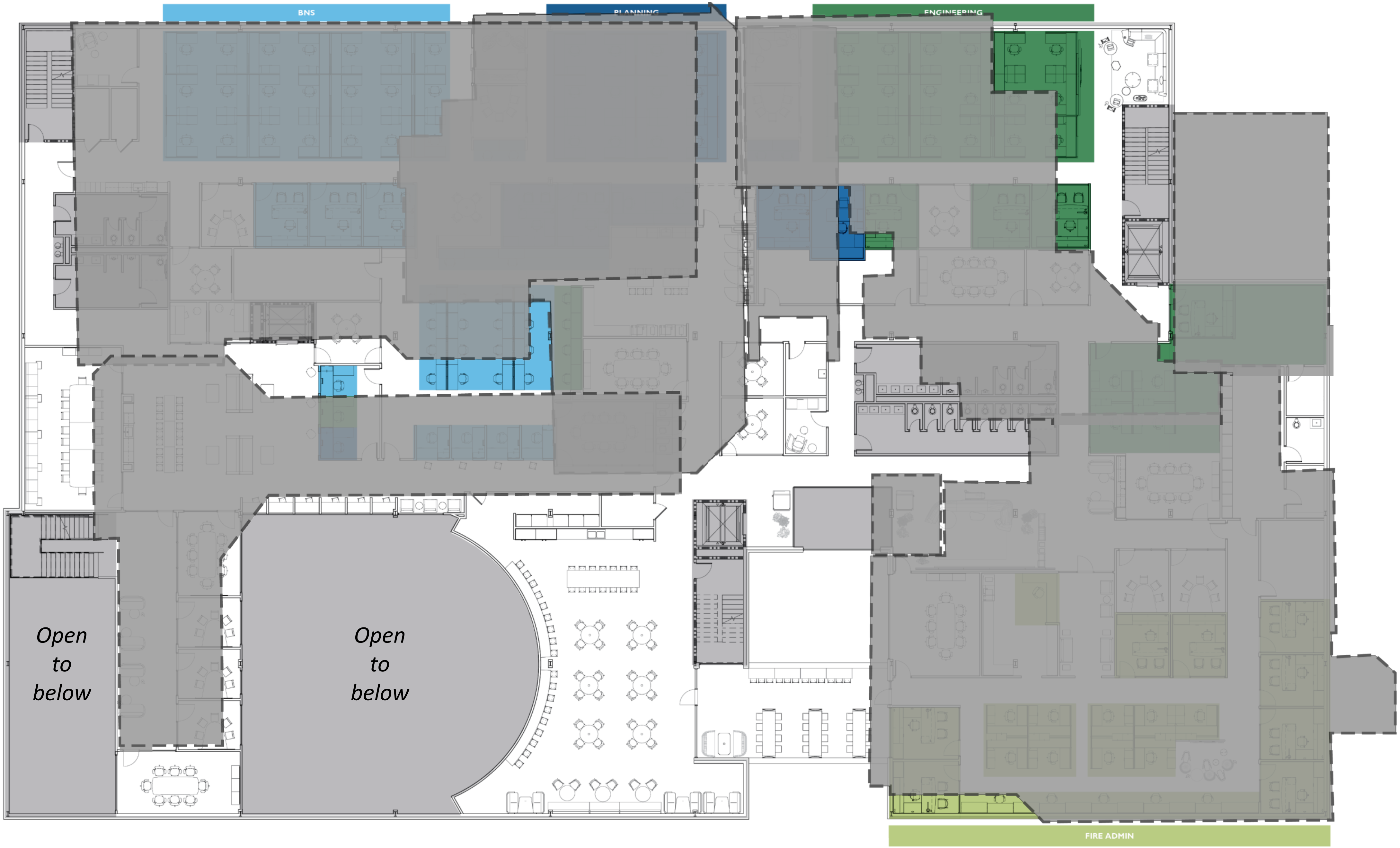
Existing City Hall



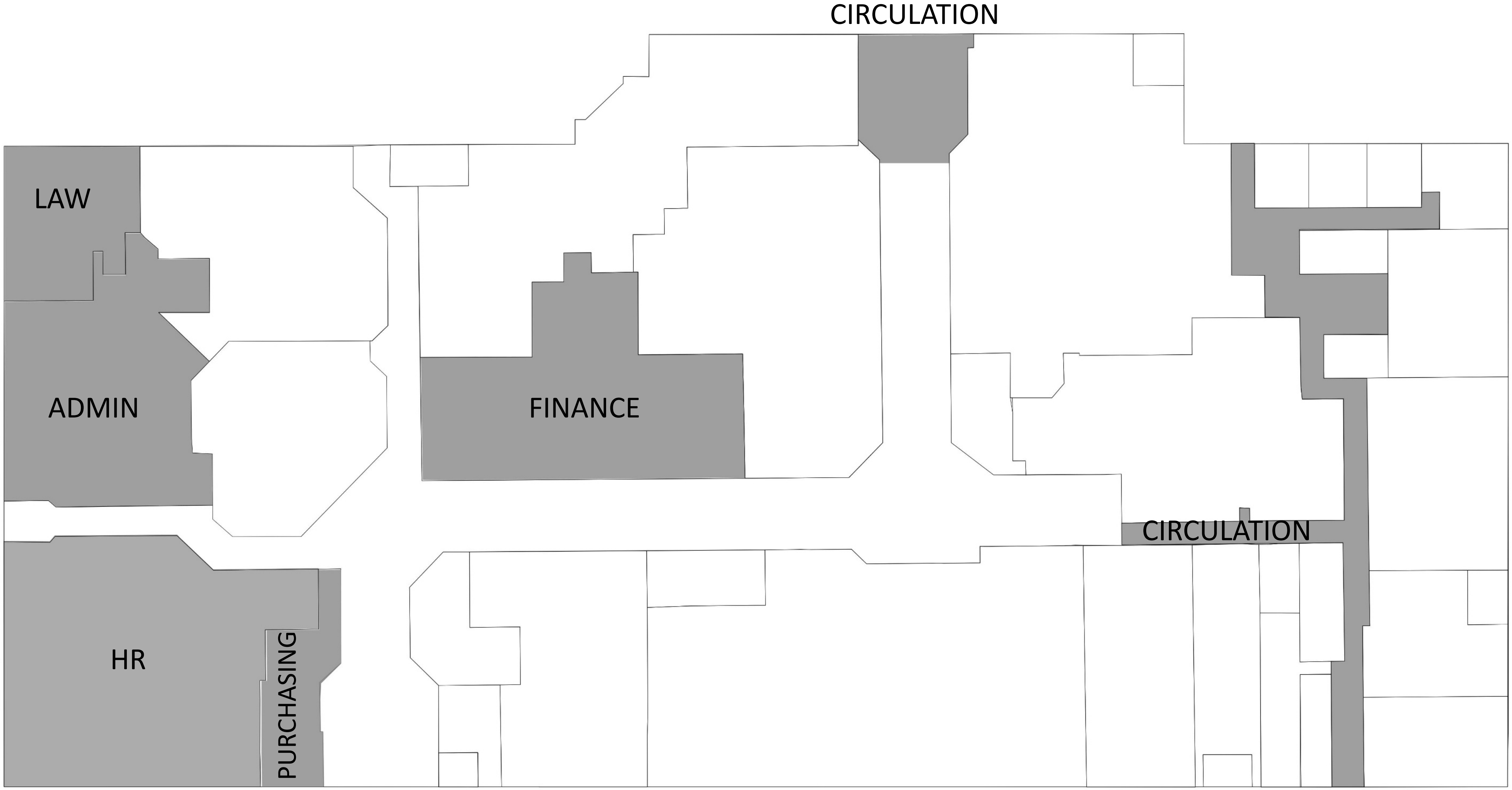
New City Hall: First Floor Test Fit



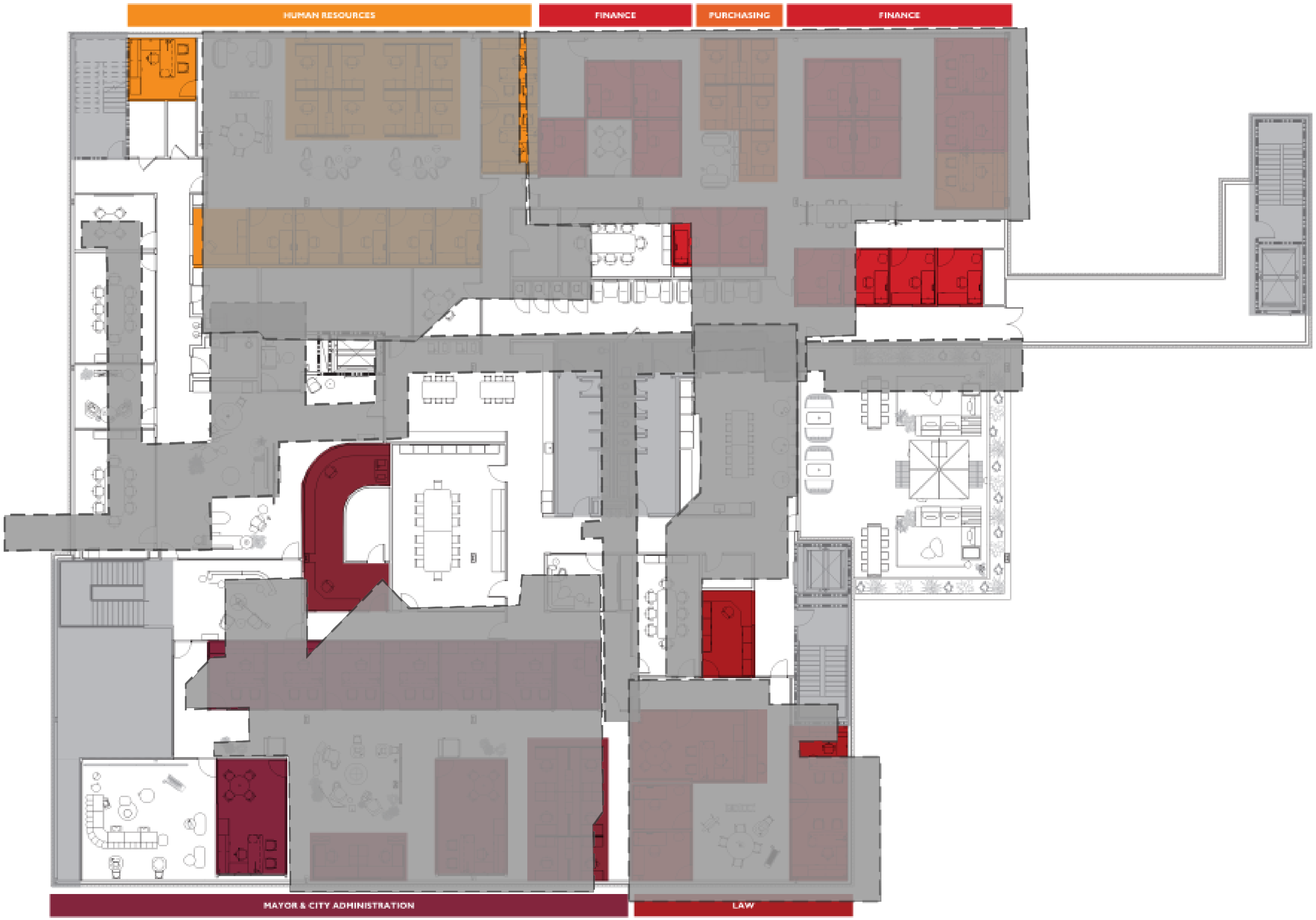
Existing City Hall



New City Hall: Second Floor Plan



Existing City Hall



New City Hall: Third Floor Test Fit

Key Stats	Current	Future Projections (20+ years)	% Increase
Population	86,628	127,205*	47%
Number of Employees	207**	251***	21%
Building Square Footage	80,000	91,250	14%

* Current Average Rate of Annual Population Growth = 2.45%

** Current Ratio of Staff to Population = 1:418

*** Projected Ratio of Staff to Population = 1:506

Summary of Projections

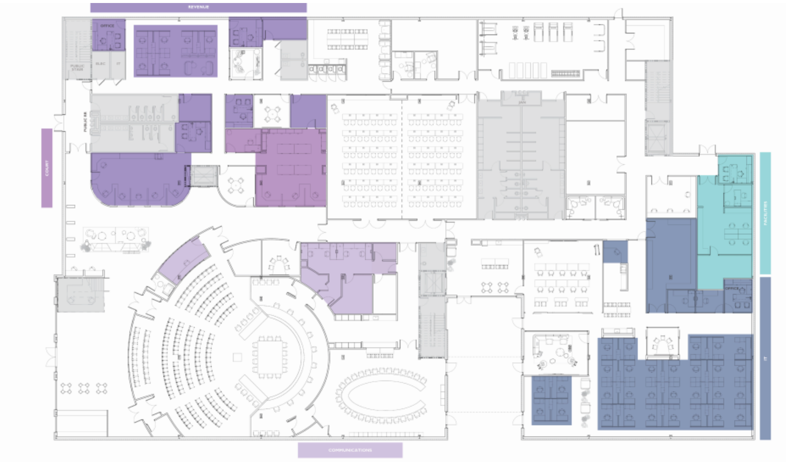
Board Room

- **High Occupancy Nights: Currently @ 50 Seats Short**
- **Existing Total Fixed Seat Count: 96 Seats**
- **Proposed Fixed Seat Count: 152 Seats (With Potential to add @ 20 movable chairs in the back)**
- **Lobby Serves as Pre-Function Space & Potential Meeting Room Expansion Space**

Enclosed Conference Rooms

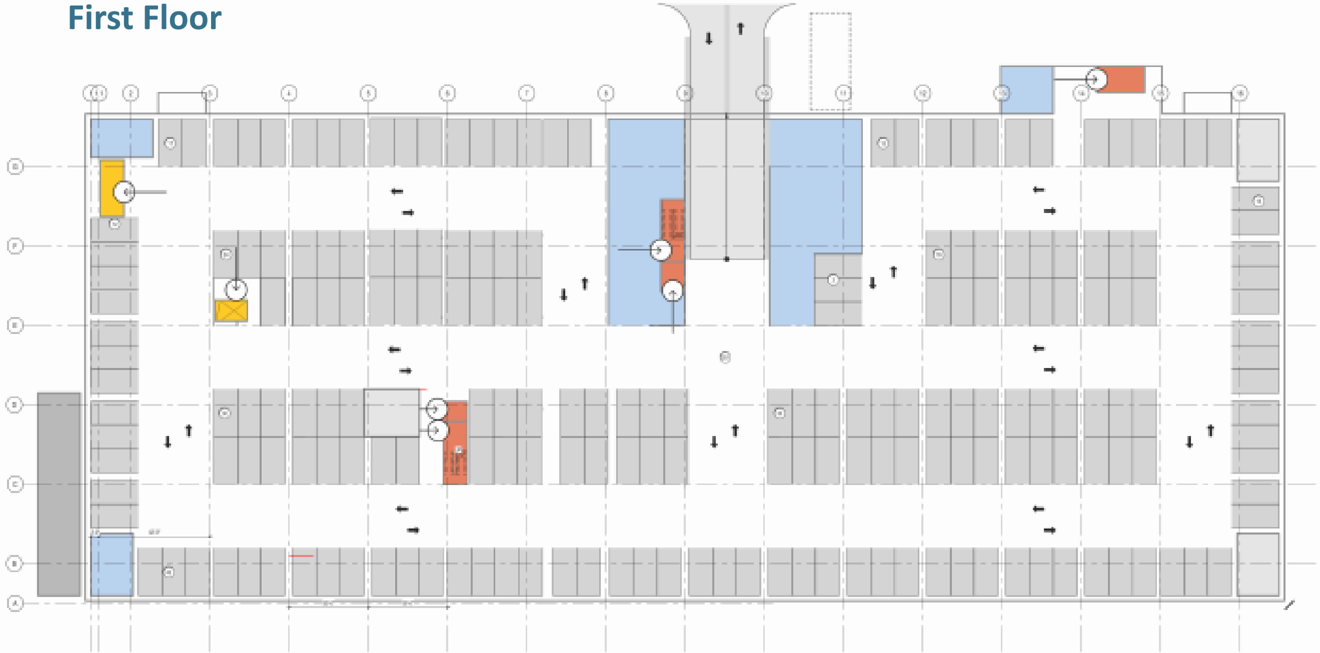
- A Government Building requires more meeting space than a typical corporate office building
- Size, Frequency, and Types of Meetings were studied closely with all Departments to arrive at need
- Small 4-person Conference Rooms are critical to maintain Focus & Quiet Zone in the Open Office Area
- Conference Rooms sized for growth into private offices

Summary and Discussion

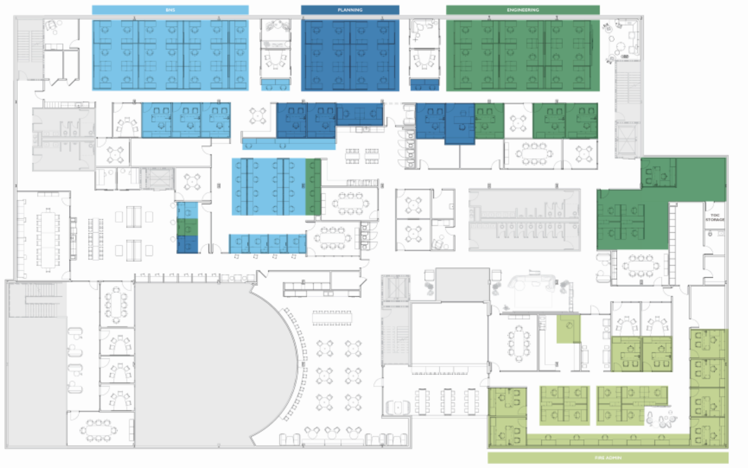


First Floor

Third Floor



Basement



Second Floor

DRAFT RESOLUTION 2022-86 DRAFT

A RESOLUTION TO SOLIDIFY THE GOALS FOR SCHEMATIC DESIGN OF A NEW CITY HALL ON THE HISTORIC PUBLIC SQUARE IN DOWNTOWN FRANKLIN.

WHEREAS, in Fall 2020, the Board of Mayor and Aldermen (BOMA) selected Orchard, Hiltz, & McCliment, Inc d/b/a OHM Advisors and Studio 8 Design consulting team to work with the City to develop a master plan for a new city hall, for the purposes of replacing the existing 'old mall' with a functional, efficient building and site that provides a plan for the long-term siting of City Hall on the historic Public Square that will serve the citizens for generations to come; and

WHEREAS, the resulting community engagement process established consensus on a broad vision for this public building and quadrant of the Public Square; and

WHEREAS, on March 22, 2021, the BOMA approved the New City Hall Master Plan along with a goal for a reduced building size and full subgrade parking level, along with the amended Professional Services Agreement to proceed with Phase 2, Schematic Design; and

WHEREAS, a reprogramming effort was completed to reduce the building square footage, which included reductions in meeting and storage spaces, adjustments to office sizes, reductions in circulation areas, and maximization of the subgrade parking garage for certain programmatic elements; and

NOW, THEREFORE, BE IT RESOLVED, BY THE BOARD OF MAYOR AND ALDERMEN OF THE CITY OF FRANKLIN, TENNESSEE, that this Resolution solidifies the goals and direction for the schematic design of a new City Hall on the existing site on historic Public Square. This Resolution establishes the following project parameters:

A. A project range for the building of between 91,250 to 95,750 square feet;

B. A potential small retail component, to be considered by BOMA following feedback from the Market Analysis and Feasibility Consultant; and

C. A building cost "target" of not to exceed $88-89 million;

This Resolution establishes the following check-in points for BOMA consideration for the remainder of the Schematic Design phase:

D. February 2023 Work Session: Present feedback from the Economic Consultant and Design Review Committee on the potential of including commercial space;

E. February or March 2023 FMPC/BOMA Joint Conceptual Workshop: Present the 50% Schematic Design and obtain feedback;

F. June 2023 BOMA Work Session: Present the 75% Schematic Design and obtain feedback; then

G. September 2023 BOMA Work Sessions: Consider 100% Schematic Design, the updated Opinion of Cost, and Phase 3 PSA that authorizes staff and the consultant to proceed with Final Design/Construction Drawings.

BE IT SO RESOLVED AND DONE on this ____ day of __________, 2022

ATTEST:

BY:_______________________________

Eric Stuckey
City Administrator

CITY OF FRANKLIN, TENNESSE

BY:______________________________

Dr. Ken Moore
Mayor

APPROVED AS TO FORM BY:

BY: _______________________________
Shauna Billingsley, City Attorney

Presentation On An Update For The Schematic Design of the New City Hall

November 22, 2022
Board of Mayor & Alderman

Outline

- Financial Scenarios

- Base Scenario (Scenario 1: Partial Building/Full Garage) and
- Limited Retail (Scenario 5): Partial Building/ Full Garage / Limited Retail

- Recommendation

- Next Steps & Look Ahead

Financial Scenarios

Financial Scenarios

- Based upon feedback from the last BOMA Work Session on this topic, staff has prepared two scenarios for further review:

1) Scenario 1 – 91,250 sq. ft. Municipal Office Building; and

2) Scenario 5 – 95,750 sq. ft. (91,750 sq. ft. Municipal Office Building with 4,500 sq. ft. of leasable retail space)

Financial Scenarios

- Overall Assumptions:

- Assigned a Risk Factor Guide from Low to High gauging the financial and legal risk to the City of each option
- All bonds issued for 20 years with level annual payments
- Minimum City Hall building assumed is 91,250 sq. ft.
- Construction costs for all municipal building scenarios are standardized at the same amount - $921/sq. ft. all-in cost.
- Construction costs on the retail spaces assumed at $607/sq. ft. with the understanding tenant would be responsible for build out.
- Does assume full garage on all scenarios
- On mixed use development scenario, takes same assumptions as developed by the Gibbs Planning Group and presented on July 13 to the Board of Mayor and Aldermen

Scenario 1: Partial Building/Full Garage

- Smaller building than the Master Plan
- 91,250 square feet
- Meets current and future staffing projections
- Total Construction Cost est. at $84 million, total cost with financing charges is $101 million
- $15 million in cash / $69 million debt
- Annual debt service just over $5 million
- Tax-Exempt bonds issued for 20 years
- Level annual payments

Risk Assessment: Low

Building Summary		
Assumed Square Footage		91,250
Purpose:		Municipal Office

Financing Summary		
Municipal Purpose Building		
Controlling Agency		City of Franklin
Funding Stream		Property Tax Levy
Total Cost	$	84,000,000
Cash	$	15,000,000
Debt	$	69,000,000
Principal	$	69,000,000
Interest Rate		4.50%
Bond Rating		AAA
Debt Type		Tax-Exempt
Term		20
Cost per sq. ft. Const.	$	921
Cost per Sq. Ft.	$	1,113

Risk Assessment	
Risk	Low
Reasons:	
- Tax Exempt	
- 100% City-controlled	
- No increase in taxes necessary	

Scenario 5: Partial Building/Full Garage AND Limited Retail Spaces

- Municipal Building Scenario same as Scenario 1
- All Bonds issued tax-exempt for 20 years @ 4.5%
- Includes under 5% of total square footage for for-profit purposes – thus 4,500 sq. ft. of retail
- Completely controlled and operated by City of Franklin
- Subsidy over 20 years forecast at just over $1.1 million, resulting in a payback of 25 years. Staff recommends using additional cash to cover small amount of additional subsidy.

Building Summary	
Assumed Square Footage	95,750
Purpose:	Municipal Office/ Private Retail

Financing Summary

Municipal Purpose Building		
Assumed Square Footage		91,250
Controlling Agency		City of Franklin
Funding Stream		Property Tax Levy
Total Cost	$	84,000,000
Cash	$	15,000,000
Debt	$	69,000,000
Principal	$	69,000,000
Interest Rate		4.50%
Bond Rating		AAA
Debt Type		Tax-Exempt
Term		20
Cost per Sq. Ft. Const	$	921
Cost per Sq. Ft. Fin.	$	1,113

Retail Use		
Assumed Square Footage		4,500
Controlling Agency		City of Franklin
Funding Stream		Rents/ City Subsidy
Total Cost	$	2,731,500
Cash	$	2,731,500
Debt	$	-
Principal	$	-
Interest Rate [7]		4.50%
Bond Rating		AAA
Debt Type		Tax-Exempt
Term		20
Cost per Sq. Ft. Const	$	607
Cost per Sq. Ft. Fin.	$	607

Risk Assessment: Moderate

City of Franklin, Tennessee
City Hall

HISTORIC FRANKLIN TENNESSEE

General Fund Cash Position

New City Hall - Financial & Risk Capacity Scenarios

Available Cash				
A	Planned CIP Usage - 1/2022* *(incl' $6.5 M for City Hall)*		$	16,866,103
B	General Fund Fund Balance	6/30/2021	$	65,481,510
C	Unofficial audited Surplus/ (Deficit)	6/30/2022	$	8,951,696
D (B+C)	Total Est. Fund Balance (GF)	6/30/2022	$	74,433,206
E	Total GF Expenditures	FY 2023	$	94,896,513
F (B/E)	Total Est. Fund Balance as % of GF Exp.			78.4%
G	Minimum Fund Balance Reserve	33%	$	31,632,171
H	Supplemental Reserve	33%-45%	$	11,071,260
I (D-G-H)	Available for Capital Projects	Above 45%	$	31,729,775
J (G+H+I)	Total GF Fund Balance	6/30/2022	$	74,433,206
K (I-A)	**Available Cash for CIP Above Planned Use**		**$**	**14,863,672**
	Growth since August 23rd		**$**	**1,451,696**

Use of Cash - New City Hall project

	Allocated for City Hall		Unallocated Cash Balance Left	
Feb-22	**$**	**6,500,000**	**$**	**14,863,672**
Aug-22	**$**	**15,000,000**	**$**	**6,363,672**
Nov-22	**$**	**17,731,500**	**$**	**3,632,172**

Financial Summary

	Square Footage	Cash	Debt	Cost of Building
Scenario 1	91,250	$ 15,000,000	$ 69,000,000	$ 84,000,000
Scenario 5	95,750	$ 17,731,500	$ 69,000,000	$ 86,731,500

- City unofficially closed June 30, 2022 with additional nearly $9 million surplus (last estimate in August presented to Board of Mayor and Alderman was $7.5 million)
- Current balance of General Fund Capital Reserve (above 45%) is $31.7 million – of which over $3.6 million would still be left if the Board pursues Scenario 5 and funds the rest of the projects in the approved Capital Investment Plan.

Recommendation

Recommendation

- Advance Schematic Design for a new City Hall with a range of square footage between 91,250 sq. ft. and 95,750 sq. ft.
- Meets current and future staffing/operational needs.
- Builds foundation for additional space and allows for future flexibility.
- Debt issued as per City practice in level payments for 20 years.
- Positive returns from FY 2022 allow for either scenario to fit within City's existing financial capacity without a tax increase and protects CIP capacity.

Next Steps & Looking Ahead

Next Steps

December 2022

Explore Options for Commercial Space

- Reengage the Economic Consultant (Bob Gibbs)
  - Recommendations for highest and best use for the space
  - Recommendations for ideal location/function within the block
- Historic Zoning Commissions DRC Meeting
  - Update on the results of the Reprogramming
  - Gather input on exterior massing / design expectations, etc. for City Hall; including the Commercial space

Begin Schematic Design layouts and overall design for the project

Looking Ahead

January 2023 - February 2023

Return to BOMA with the following:

- Feedback from the Economic Consultant and DRC on the Commercial Space

- A Revised PSA for the amended scope of the project and range of ~91,250 – 95,750 sq. ft.

January 2023 - April 2023

25% - 50% Schematic Design

- Jan 2023: DRC Meeting to Review 25% Schematic Design Progress

- Feb 2023: DRC Meeting to Review 50% Schematic Design Progress

- Feb 2023: FMPC / BOMA Joint Conceptual Workshop to Review 50% Schematic Design Progress

Looking Further Ahead

April 2023 – October 2023

75% - 100% Schematic Design

- May 2023: DRC Meeting to Review 75% Schematic Design
- June 2023: BOMA Work Session to Review 75% Schematic Design
- July 2023: DRC Meeting to Review 100% Schematic Design
- September 2023: BOMA Work Session to Review 100% Schematic Design and Phase 3 PSA
- October 2023: BOMA Meeting to Approve 100% Schematic Design and Phase 3 PSA

Questions

City Hall Redevelopment Project Update & Scenarios

October 25, 2022

Board of Mayor & Alderman

City of Franklin, Tennessee

City Hall

Outline

- Legal Follow-Ups
- Financial Scenarios
  - Review of Square Footage Costs
  - Scenario 1: Partial Building/Full Garage
  - Scenario 2: Full Master Plan Build-Out
  - Scenario 3a: Partial Building/Full Garage & Mixed Use Office & Retail Building
  - Scenario 4: Partial Building/Full Garage/Retail Space
  - Scenario 5: Partial Building/Full Garage/Limited Retail
  - Sales Tax Generation
- Recommendation
- Next Steps & Questions

HISTORIC FRANKLIN TENNESSEE

City of Franklin, Tennessee

City Hall

Legal Follow-Ups

HISTORIC FRANKLIN TENNESSEE

City of Franklin, Tennessee
City Hall

Legal Follow-Ups

- Bonds in the State of Tennessee can be issued for 40 years maximum.
- Limited use of IDB in the past. Primary and largest use was the agreement for the Tax Increment Financing District for Nissan approximately 20 years ago.
- Other Boards – namely the Franklin Public Building Authority (PBA) was used to build the Police Station and the Franklin Health and Education Board has served as a conduit for private ventures but not connected to the City of Franklin. The City has also used one other PBA (Lawrenceburg) to issue debt in decades past.

Financial Scenarios

HISTORIC FRANKLIN TENNESSEE

City of Franklin, Tennessee

City Hall

Financial Scenarios

- Staff prepared five scenarios to cover options presented over the last few years of discussions
- Scenarios include:
  - Scenario 1: Cost of Partial Building/Full Garage
  - Scenario 2: Cost of Full Master Plan
  - Scenario 3: Cost of Partial Building/Full Garage + Mixed-Use Office/Retail Building
  - Scenario 4: Partial Building/Full Garage/Retail Space
  - Scenario 5: Partial Building/Full Garage/Limited Retail
- We also have provided square footage cost breakdowns and estimates for local option sales tax generation

HISTORIC
FRANKLIN
TENNESSEE

City of Franklin, Tennessee

City Hall

Financial Scenarios

- Square Footage Cost Breakdowns by Scenario

	Summary	Scenario 1		Scenario 2		Scenario 3a - Retail/Office Only		Scenario 3a combined		Scenario 4 - Retail Only		Scenario 4 combined		Scenario 5		Average
		91,250 sf		115,700 sf		38,000 sf		129,250 sf		24,450 sf		115,700 sf		95,750 sf		
H	Hard Costs	$ 56,700,000	67.5%	$ 73,500,000	69.1%	$ 16,500,000	71.6%	$ 73,200,000	68.4%	$ 11,186,974	72.6%	$ 67,882,658	68.3%	$ 59,219,453	67.2%	69.2%
S	Soft Costs	$ 5,500,000	6.5%	$ 6,600,000	6.2%	$ 1,390,000	6.0%	$ 6,890,000	6.4%	$ 894,355	5.8%	$ 6,394,355	6.4%	$ 5,871,233	6.7%	6.3%
D	Design	$ 8,000,000	9.5%	$ 9,200,000	8.6%	$ 2,030,000	8.8%	$ 10,030,000	9.4%	$ 1,306,145	8.5%	$ 9,306,145	9.4%	$ 8,494,521	9.6%	9.1%
C	Contingencies	$ 11,300,000	13.5%	$ 14,600,000	13.7%	$ 3,140,000	13.6%	$ 14,440,000	13.5%	$ 2,020,342	13.1%	$ 13,320,342	13.4%	$ 12,057,260	13.7%	13.5%
R	Relocation	$ 2,500,000	3.0%	$ 2,500,000	2.3%	$ -	0.0%	$ 2,500,000	2.3%	$ -	0.0%	$ 2,500,000	2.5%	$ 2,500,000	2.8%	1.9%
	Overall Cost	**$ 84,000,000**	**100.0%**	**$ 106,400,000**	**100.0%**	**$ 23,060,000**	**100.0%**	**$ 107,060,000**	**100.0%**	**$ 15,407,816**	**100.0%**	**$ 99,403,500**	**100.0%**	**$ 88,142,466**	**100.0%**	**100.0%**

- Average breakdowns of cost categories show that nearly 70% of cost estimates are related directly to hard costs of construction, 9% to design, 2% to temporary relocation costs, 6% to outfitting (soft costs) and 13% for inflation and construction contingencies.

City of Franklin, Tennessee

City Hall

HISTORIC FRANKLIN TENNESSEE

Financial Scenarios

- Square Footage Cost Breakdowns by Scenario

		Scenario 1 91,250 sf		Scenario 2 115,700 sf		Scenario 3a - Retail/Office Only 38,000 sf		Scenario 3a combined 129,250 sf		Scenario 4 - Retail Only 24,450 sf		Scenario 4 combined 115,700 sf		Scenario 5 95,750 sf	
	New City Hall Cost Estimates														
	Item	**Test Fits**		**Full Master Plan**		**Retail/Office**		**City Hall - Scenario 1 + Retail / Office**		**Retail Only**		**City Hall - Scenario 1 + Retail**		**TEST FIT 95,750sf + Terrace**	
H	Demolition	$ 500,000	$ 5.48	$ 500,000	$ 4.32		$ -	$ 500,000	$ 3.87		$ -	$ 500,000	$ 4.32	$ 500,000	$ 5.22
H	Excavation and Site	$ 7,100,000	$ 77.81	$ 7,100,000	$ 61.37		$ -	$ 7,100,000	$ 54.93		$ -	$ 7,100,000	$ 61.37	$ 7,100,000	$ 74.15
H	Building	$ 40,200,000	$ 440.55	$ 48,500,000	$ 419.19	$ 14,900,000	$ 392.11	$ 55,100,000	$ 426.31	$ 9,586,974	$ 392.11	$ 49,782,658	$ 430.27	$ 42,719,453	$ 446.16
H	Garage	$ 8,900,000	$ 97.53	$ 8,500,000	$ 73.47		$ -	$ 8,900,000	$ 68.86		$ -	$ 8,900,000	$ 76.92	$ 8,900,000	$ 92.95
H	Streetscape		$ -	$ 5,500,000	$ 47.54		$ -	$ -	$ -		$ -	$ -	$ -	$ -	$ -
H	Urban Parks		$ -	$ 1,600,000	$ 13.83	$ 1,600,000	$ 42.11	$ 1,600,000	$ 12.38	$ 1,600,000	$ 65.44	$ 1,600,000	$ 13.83	$ -	$ -
H	Green Roof		$ -	$ 1,800,000	$ 15.56		$ -	$ -	$ -		$ -	$ -	$ -	$ -	$ -
S	Soft Costs (FFE, Tech, etc.)	$ 5,500,000	$ 60.27	$ 6,600,000	$ 57.04	$ 1,390,000	$ 36.58	$ 6,890,000	$ 53.31	$ 894,355	$ 36.58	$ 6,394,355	$ 55.27	$ 5,871,233	$ 61.32
D	Design Fees	$ 8,000,000	$ 87.67	$ 9,200,000	$ 79.52	$ 2,030,000	$ 53.42	$ 10,030,000	$ 77.60	$ 1,306,145	$ 53.42	$ 9,306,145	$ 80.43	$ 8,494,521	$ 88.72
C	Construction Contingency	$ 3,100,000	$ 33.97	$ 4,000,000	$ 34.57	$ 870,000	$ 22.89	$ 3,970,000	$ 30.72	$ 559,776	$ 22.89	$ 3,659,776	$ 31.63	$ 3,352,877	$ 35.02
C	Inflation Contingency	$ 8,200,000	$ 89.86	$ 10,600,000	$ 91.62	$ 2,270,000	$ 59.74	$ 10,470,000	$ 81.01	$ 1,460,566	$ 59.74	$ 9,660,566	$ 83.50	$ 8,704,384	$ 90.91
R	Temporary Relocation**	$ 2,500,000	$ 27.40	$ 2,500,000	$ 21.61		$ -	$ 2,500,000	$ 19.34		$ -	$ 2,500,000	$ 21.61	$ 2,500,000	$ 26.11
	Overall Project Cost	**$ 84,000,000**	**$ 920.55**	**$ 106,400,000**	**$ 919.62**	**$ 23,060,000**	**$ 606.84**	**$ 107,060,000**	**$ 828.32**	**$ 15,407,816**	**$ 630.18**	**$ 99,403,500**	**$ 859.15**	**$ 88,142,466**	**$ 920.55**

Financial Scenarios

- Overall Assumptions:

- Assigned a Risk Factor Guide from Low to High gauging the financial and legal risk to the City of each option
- All bonds issued for 30 years with level annual payments
- Minimum City Hall building assumed is 91,250 sq. ft.
- Construction costs for all municipal building scenarios are standardized at the same amount - $921/sq. ft. all-in cost.
- Does assume full garage on all scenarios
- On mixed use development scenario, takes same assumptions as developed by the Gibbs Planning Group and presented on July 13 to the Board of Mayor and Aldermen

HISTORIC FRANKLIN TENNESSEE

City of Franklin, Tennessee

City Hall

Scenario 1: Partial Building/Full Garage

- Smaller building than the Master Plan
- 91,250 square feet
- Meets 2040 service needs
- Total Construction Cost est. at $84 million, total cost with financing charges is $117 million
- $15 million in cash / $69 million debt
- Annual debt service just over $3.9 million
- Tax-Exempt bonds issued for 30 years
- Level annual payments

Risk Assessment: Low

Summary of Difference Between 20 year vs. 30 year Issuance - Scenario 1			
Overall Cost Increase - 30 year vs. 20 year (additional interest)		$	15,525,000
Annual Savings - 30 year vs. 20 year (lower level payments)		$	1,175,875

Building Summary	
Assumed Square Footage	91,250
Purpose:	Municipal Office

Financing Summary		
Municipal Purpose Building		
Controlling Agency		City of Franklin
Funding Stream		Property Tax Levy
Total Cost	$	84,000,000
Cash	$	15,000,000
Debt	$	69,000,000
Principal	$	69,000,000
Interest Rate		4.50%
Bond Rating		AAA
Debt Type		Tax-Exempt
Term		30
Cost per sq. ft. Const.	$	921
Cost per Sq. Ft.	$	1,284

Risk Assessment	
Risk	Low
Reasons:	
- Tax Exempt	
- 100% City-controlled	
- No increase in taxes necessary	

HISTORIC FRANKLIN TENNESSEE

City of Franklin, Tennessee

City Hall

Scenario 2: Full Master Plan Build-Out

- Full construction of Master Plan
- 115,700 square feet
- Meets 2040 service needs
- Total Construction Cost est. at $106.6 million, total cost with financing charges is nearly $155 million
- $15 million in cash / $91.6 million debt
- Annual debt service just under $5.2 million
- Tax-Exempt bonds issued for 30 years
- Level annual payments
- Requires additional revenue to service debt (1.8 additional cents of Property Tax)

Risk Assessment: Low

Summary of Difference Between 20 year vs. 30 year Issuance - Scenario 2	
Overall Cost Increase - 30 year vs. 20 year (additional interest)	$ 20,610,000
Annual Savings - 30 year vs. 20 year (lower level payments)	$ 1,561,017

Building Summary	
Assumed Square Footage	115,700
Purpose:	Municipal Office

Financing Summary		
Municipal Purpose Building		
Controlling Agency		City of Franklin
Funding Stream		Property Tax Levy
Total Cost	$	106,600,000
Cash	$	15,000,000
Debt	$	91,600,000
Principal	$	91,600,000
Interest Rate		4.50%
Bond Rating		AAA
Debt Type		Tax-Exempt
Term		30

Revenue Requirements		
Additional Revenue Req'	$	38,363,500
Annual Revenue Req'	$	1,278,783
Value of One Cent (2022)	$	711,438
Increase in Property Tax	$	0.0180
Cost per sq. Ft. Const.	$	921
Cost per Sq. Ft. Fin.	$	1,344

Risk Assessment	
Risk	Low
Reasons:	
- Tax Exempt	
- 100% City-controlled	
- Increase in taxes necessary - 1+ Cents	

HISTORIC FRANKLIN TENNESSEE 1799

City of Franklin, Tennessee

City Hall

Scenario 3a: Partial Building/Full Garage AND Mixed-Use Office/Retail Building

- Most complicated scenario
- 129,250 square feet

Municipal Office Building (shown at right)

- Same as Scenario 1
- 91,250 square feet
- Meets 2040 service needs
- Total Construction Cost est. at $84 million,
- $15 million in cash / $69 million debt
- Annual debt service just over $3.9 million
- Tax-Exempt bonds issued for 30 years
- Level annual payments
- Controlled by City of Franklin

Building Summary	
Assumed Square Footage	129,250
Purpose:	Municipal Office/ Private Office / Private Retail

Financing Summary		
Municipal Purpose Building		
Assumed Square Footage		91,250
Controlling Agency		City of Franklin
Funding Stream		Property Tax Levy
Total Cost	$	84,000,000
Cash	$	15,000,000
Debt	$	69,000,000
Principal	$	69,000,000
Interest Rate		4.50%
Bond Rating		AAA
Debt Type		Tax-Exempt
Term		30
Cost per Sq. Ft. Const	$	921
Cost per Sq. Ft. Fin.	$	1,284

City of Franklin, Tennessee
City Hall

Scenario 3a: Partial Building/Full Garage AND Mixed-Use Office/Retail Building

Mixed Use Office/Retail (shown at right)

- 39,000 square feet (36,100 leasable)
- Total Construction Cost est. at $23.0 million (tot. financing cost $45.1 million)
- Cost mostly offset through rents and taxes ($39.2 million in rents and taxes earned over 30 years)
- Taxable Bonds req'd for issue (@ 6.17%)
- Subsidy required to cover annual shortfall in debt payments (ranging from $15K-1.5M/yr.)
- Controlled by Franklin IDB

Private Office/Retail Building		
Assumed Square Footage		38,000
Controlling Agency		Franklin IDB
Funding Stream		Rents/ City Subsidy
Total Cost	$	23,060,000
Cash	$	-
Debt	$	23,060,000
Principal	$	23,060,000
Interest Rate [7]		6.17%
Bond Rating		TBD
Debt Type		Taxable
Term		30
Cost per Sq. Ft. Const	$	607
Cost per Sq. Ft. Fin.	$	1,187

HISTORIC FRANKLIN TENNESSEE

City of Franklin, Tennessee

City Hall

Scenario 3a: Partial Building/Full Garage AND Mixed-Use Office/Retail Building

- Assumptions on rental earnings, leasable space and operational costs have been taken directly from the report presented by the Gibbs Planning Group to the BOMA on July 13, 2022.
- Assumptions on financing structure and legal obligations have come from City Staff and our financial advisors and bond counsel
- For-profit use cannot be owned by the City of Franklin, but City would be logical choice to cover shortfall between annual debt service and rents received.
- Subsidy over 18 years forecast at over $8.1 million, resulting in a payback of 33 years

Risk Assessment: Moderate-High

Summary of Difference Between 20 year vs. 30 year Issuance - Scenario 3		
Overall Cost Increase - 30 year vs. 20 year (additional interest)	$	3,129,184
Annual Savings - 30 year vs. 20 year (lower level payments)	$	1,572,550

Building Summary	
Assumed Square Footage	129,250
Purpose:	Municipal Office/ Private Office / Private Retail

Overall Financials		
Total Construction Cost	$	107,060,000
Total Overall Cost (30 yrs.)	$	162,223,060
Less Net Office Rents	$	(39,276,297)
Net Overall Cost (30 yrs.)	$	122,946,762
Composite Cost/Sq. Ft.	$	828
Composite Cost/Sq. Ft.	$	1,255

Revenue Requirements		
Additional Revenue Req'	$	5,819,262
Annual Revenue Req'	$	193,975
Value of One Cent (2022)	$	711,438
Increase in Property Tax	$	0.0027

Risk Assessment	
Risk	Moderate-High

Reasons:
- Dependent upon Office Rental Market
- Dependent upon Retail Rental Market
- Private Office Ownership Transferred to IDB
- Governmental Pledge required to backup
- Rents alone cannot pay for full debt service
- Additional Revenues Necessary to offset
- Small annual increase in taxes necessary
- 33 years to payback

HISTORIC FRANKLIN TENNESSEE

City of Franklin, Tennessee

City Hall

Scenario 4: Partial Building/Full Garage AND Retail Building

- Second most complicated scenario
- 115,700 square feet

Municipal Office Building (shown at right)

- Same as Scenario 1
- 91,250 square feet
- Meets 2040 service needs
- Total Construction Cost est. at $84 million,
- $15 million in cash / $69 million debt
- Annual debt service just over $3.9 million
- Tax-Exempt bonds issued for 30 years
- Level annual payments
- Controlled by City of Franklin

Building Summary	
Assumed Square Footage	115,700
Purpose:	Municipal Office/ Private Office / Private Retail

Financing Summary		
Municipal Purpose Building		
Assumed Square Footage		91,250
Controlling Agency		City of Franklin
Funding Stream		Property Tax Levy
Total Cost	$	84,000,000
Cash	$	15,000,000
Debt	$	69,000,000
Principal	$	69,000,000
Interest Rate		4.50%
Bond Rating		AAA
Debt Type		Tax-Exempt
Term		30
Cost per Sq. Ft. Const	$	921
Cost per Sq. Ft. Fin.	$	1,284

HISTORIC FRANKLIN TENNESSEE

City of Franklin, Tennessee

City Hall

Scenario 4: Partial Building/Full Garage AND Retail Building

Mixed Use Office/Retail (shown at right)

- 24,450 square feet
- Total Construction Cost est. at $15.4 million (tot. financing cost $30.1 million)
- Cost partially offset through rents and taxes ($15.6 million in rents and taxes earned over 30 years)
- Taxable Bonds req'd for issue (@ 6.17%)
- Subsidy required to cover annual shortfall in debt payments (ranging from $246K-1.05M/yr.)
- Controlled by Franklin IDB

Private Office/Retail Building		
Assumed Square Footage		24,450
Controlling Agency		Franklin IDB
Funding Stream		Rents/ City Subsidy
Total Cost	$	15,403,500
Cash	$	-
Debt	$	15,403,500
Principal	$	15,403,500
Interest Rate [7]		6.17%
Bond Rating		TBD
Debt Type		Taxable
Term		30
Cost per Sq. Ft. Const	$	630
Cost per Sq. Ft. Fin.	$	1,232

HISTORIC
FRANKLIN
TENNESSEE

City of Franklin, Tennessee
City Hall

Scenario 4: Partial Building/Full Garage AND Mixed-Use Office/Retail Building

- Assumptions on rental earnings, leasable space and operational costs have been taken directly from the report presented by the Gibbs Planning Group to the BOMA on July 13, 2022.
- Assumptions on financing structure and legal obligations have come from City Staff and our financial advisors and bond counsel
- For-profit use cannot be owned by the City of Franklin, but City would be logical choice to cover shortfall between annual debt service and rents received.
- Subsidy over 30 years forecast at over $14.5 million, resulting in a payback of 47 years

Risk Assessment: Moderate-High

Building Summary	
Assumed Square Footage	115,700
Purpose:	Municipal Office / Private Retail

Overall Financials		
Total Construction Cost	$	99,403,500
Total Overall Cost (30 yrs.)	$	147,250,200
Less Net Office Rents	$	(15,598,549)
Net Overall Cost (30 yrs.)	$	131,651,651
Composite Cost/Sq. Ft.	$	859
Composite Cost/Sq. Ft.	$	1,273

Revenue Requirements		
Additional Revenue Req'	$	14,524,151
Annual Revenue Req'	$	484,138
Value of One Cent (2022)	$	711,438
Increase in Property Tax	$	0.0068

Risk Assessment	
Risk	Moderate-High

Reasons:
- Dependent upon Retail Rental Market
- Private Office Ownership Transferred to IDB
- Governmental Pledge required to backup
- Rents alone cannot pay for full debt service
- Additional Rev. Necessary to offset subsidy
- Increase in taxes necessary - 1 Cent
- 46 years to payback

HISTORIC FRANKLIN TENNESSEE

City of Franklin, Tennessee

City Hall

Scenario 5: Partial Building/Full Garage AND Limited Retail Building

- Municipal Building Scenario same as Scenario 1
- All Bonds issued tax-exempt for 30 years @ 4.5%
- Includes under 5% of total square footage for for-profit purposes – thus 4,500 sq. ft. of retail
- Completely controlled and operated by City of Franklin
- Subsidy over 30 years forecast at over $2 million, resulting in a payback of 38 years

Risk Assessment: Moderate

Building Summary	
Assumed Square Footage	95,750
Purpose:	Municipal Office/ Private Retail

Overall Financials		
Total Construction Cost	$	88,142,466
Total Overall Cost (30 yrs.)	$	124,159,336
Less Net Rents	$	(5,031,546)
Net Overall Cost (30 yrs.)	$	119,127,790
Composite Cost/Sq. Ft.	$	921
Composite Cost/Sq. Ft.	$	1,284

Revenue Requirements		
Additional Revenue Req'	$	2,000,290
Annual Revenue Req'	$	66,676
Value of One Cent (2022)	$	711,438
Increase in Property Tax	$	0.0009

Risk Assessment	
Risk	Moderate

Reasons:

- Dependent upon Retail Rental Market
- Rents alone cannot pay for full debt service
- Additional Revenues Necessary to offset
- Small Increase in taxes necessary
- 38 years to payback

City of Franklin, Tennessee
City Hall

HISTORIC FRANKLIN TENNESSEE

Financial Scenarios

- Local Option Sales Tax Generation of Retail

Only a portion of the total Sales Tax collected at the register on a sale in Tennessee actually comes back to the City of Franklin. The current sales tax rate of 9.75% for all purchases at the register is broken out as follows:

A	7.00%	State of Tennessee Sales Tax
B	1.375%	Local Option Sales Tax (Public Schools)
C	1.375%	Local Option Sales Tax (City of Franklin)
D (A+B+C)	**9.75%**	**Total Sales Tax Collected on Sales**

To estimate the amount generate by sq. ft., staff took the total collected under Line C above by the City in FY 2022 and divided by total retail in the City.

E	$	57,745,532	Unaudited FY 2022 LOST Collections (City of Franklin)
F		7,500,000	Estimated Total Retail Square Footage, City of Franklin (2022)
G (E/F)	**$**	**7.70**	**Estimated Local Sales Tax Generated by Sq. Ft., City of Franklin - 2022**

City of Franklin, Tennessee
City Hall

Financial Scenarios
- Local Option Sales Tax Generation of Retail

This number has to be reduced, however, because it is inclusive of both online and brick and mortar sales:

G	$	7.70	Estimated Local Sales Tax Generated by Sq. Ft., City of Franklin - 2022
H		14.5%	Percent Attributable to E-commerce (Online) Sales
I (G x (1-H))	**$**	**6.58**	**Average Local Sales Tax Generated/Square Foot at Brick and Mortar Sites**

Financial Scenarios

- Local Option Sales Tax Generation of Retail

The tables below shows the relative level of sales tax generated from three sizes of retail development:

Scenario 3a - Retail portion of 38,000 sq. ft. Retail/Office proposal			
L		17,100	Total Usable Retail Square Footage
I	$	6.58	Average Local Option Sales Tax/Sq. Ft. in Franklin (2022)
M (L x I)	**$**	**112,569**	Total Annual Sales Tax Generated for Franklin

Scenario 4 - Retail of 24,450 which fills out massing of Full Master Plan			
N		24,450	Total Usable Retail Square Footage
I	$	6.58	Average Local Option Sales Tax/Sq. Ft. in Franklin (2022)
O (N x I)	**$**	**160,954**	Total Annual Sales Tax Generated for Franklin

Scenario 5 - Up to 5% Retail funded through tax-exempt bonds (4500 sq. ft. retail only)			
J		4,500	Total Usable Retail Square Footage
I	$	6.58	Average Local Option Sales Tax/Sq. Ft. in Franklin (2022)
K (J x I)	**$**	**29,623**	Total Annual Sales Tax Generated for Franklin

City of Franklin, Tennessee
City Hall

Summary: Financial Scenarios

- Annual costs reduced significantly when extending issuance term from 20 to 30 years, thus also reducing amount of additional revenue & subsidy necessary:

	Cost of Building	Net Overall Cost	Additional Annual Revenue Needed		
		(with rents/taxes)	Total	Annually	Property Tax Cents
Scenario 1	$ 84,000,000	$ 117,127,500	$ -	$ -	**0.00**
Scenario 2	$ 106,600,000	$ 155,491,000	$ 38,363,500	$ 1,278,783	**1.80**
Scenario 3	$ 107,060,000	$ 122,946,762	$ 5,819,262	$ 193,975	**0.27**
Scenario 4	$ 99,403,500	$ 131,651,651	$ 14,524,151	$ 484,138	**0.68**
Scenario 5	$ 88,142,466	$ 119,127,790	$ 2,000,290	$ 66,676	**0.09**

- However total project costs increase significantly due to added interest costs servicing debt over an additional 10 years:

	A	B	C	D	E	F (E-C)
	Cost of Building	20 Yr Gross Cost	20 Year Net Cost	30 Yr Gross Cost	30 Yr Net Cost	Add'l Total Revenue Needed (20 yr. vs. 30 yr.)
			(with rents)		*(with rents/taxes)*	Total
Scenario 1	$ 84,000,000	$ 101,602,500	$ 101,602,500	$ 117,127,500	$ 117,127,500	$ 15,525,000
Scenario 2	$ 106,600,000	$ 134,881,000	$ 134,881,000	$ 155,491,000	$ 155,491,000	$ 20,610,000
Scenario 3	$ 107,060,000	$ 139,599,698	$ 119,817,578	$ 162,223,060	$ 122,946,762	$ 3,129,184
Scenario 4*	$ 99,403,500	$ 101,602,500	$ 101,602,500	$ 147,250,200	$ 131,651,651	$ 30,049,151
Scenario 5*	$ 88,142,466	$ 101,602,500	$ 101,602,500	$ 124,159,336	$ 119,127,790	$ 17,525,290

City of Franklin, Tennessee
City Hall

Recommendation

- Scenario 1 - "A Master Plan with a budget" (91,250 sq. ft.)

- Meets current and future staffing projections

- Builds foundation for additional space and allows for future flexibility

- Fits within City's existing financial capacity without a tax increase

- The Scenario 1 building program and 20-year financing preserves capacity to meet future capital and operational needs in the community

HISTORIC
FRANKLIN
TENNESSEE

City of Franklin, Tennessee

City Hall

Next Steps & Questions

New City Hall - Financial & Risk Capacity Scenarios

Tuesday, October 11, 2022

Summary

This workbook follows up from questions asked during the August 23rd BOMA Work Session regarding potential scenarios for a new City Hall. There are seven attachments in this workbook:

- Detailed Breakout of Square Footage Costs for each Scenario
- Scenario 1: Cost of Partial Building/Full Garage *(revised for 30 year bond issuance instead of 20)*
- Scenario 2: Cost of Full Master Plan *(revised for 30 year bond issuance instead of 20)*
- Scenario 3a: Cost of Partial Building/Full Garage + Mixed-Use Office/Retail Building *(revised for 30 year bond issuance instead of 20)*
- Scenario 4: Cost of Partial Building/Full Garage + Retail Building (same size as the Full Master Plan in Scenario 2)
- Scenario 5: Cost of Partial Building/Full Garage + 4,500 sq.ft. of Retail space all issued under tax-exempt bonds
- Sales Tax Generation potential for Retail Space

Major assumptions used include:

- All bonds issued for 30 years with level annual payments
- Minimum City Hall building assumed is 91,250 sq. ft.
- Construction costs for all municipal building scenarios are standardized at the same amount - $921/sq. ft. all-in cost.
- Does assume full garage on all scenarios
- On mixed use development scenario, takes same assumptions as developed by the Gibbs Planning Group and presented on July 13 to the Board of Mayor and Aldermen

These worksheets also assign a risk factor from Low to High for the City of Franklin. That risk factor is a calculated assessment of both the financial and legal risks to the City of each scenario.

A financial summary of each scenario is shown below. The "Additional Revenue Needed" shown below is the amount of money the City would need to raise in total and annually to afford scenarios 2 and 3.

	Size of Building	Cost of Building	Net Overall Cost	Cost per Sq. Ft		Risk Factor	Additional Annual Revenue Needed			Additional Total Revenue Needed (20 yr. vs. 30 yr.)
				Construction	Overall		Total	Annually	Property Tax Cents	Total
Scenario 1	91,250	$ 84,000,000	$ 117,127,500	$ 921	$ 1,284	Low	$ -	$ -	**0.00**	$ 15,525,000
Scenario 2	115,700	$ 106,600,000	$ 155,491,000	$ 921	$ 1,344	Low	$ 38,363,500	$ 1,278,783	**1.80**	$ 20,610,000
Scenario 3	130,250	$ 107,060,000	$ 122,946,762	$ 828	$ 1,255	Moderate-High	$ 5,819,262	$ 193,975	**0.27**	$ 3,129,184
Scenario 4	115,700	$ 99,403,500	$ 131,651,651	$ 859	$ 1,273	Moderate-High	$ 14,524,151	$ 484,138	**0.68**	$ 30,049,151
Scenario 5	95,750	$ 88,142,466	$ 119,127,790	$ 921	$ 1,284	Moderate	$ 2,000,290	$ 66,676	**0.09**	$ 17,525,290

New City Hall - Financial & Risk Capacity Scenarios

Square Footage Cost Breakouts

Summary: The tables below show itemized cost breakdowns for each of 5 separate scenarios for the new City Hall. Costs are broken out into five major categories - Hard Costs, Soft Costs, Design Costs, Contingencies and Relocation Costs. Within each category there are further breakdowns into components of the Hard Costs - from demolition costs to excavation to the actual building to the garage to add-ons. The difference between scenarios are reflective of economies of scale dependent upon the size of the respective building.

		Scenario 1 91,250 sf		Scenario 2 115,700 sf		Scenario 3a - Retail/Office Only 38,000 sf		Scenario 3a combined 129,250 sf		Scenario 4 - Retail Only 24,450 sf		Scenario 4 combined 115,700 sf		Scenario 5 95,750 sf	
	New City Hall Cost Estimates														
	Item	**Test Fits**		**Full Master Plan**		**Retail/Office**		**City Hall - Scenario 1 + Retail / Office**		**Retail Only**		**City Hall - Scenario 1 + Retail**		**TEST FIT 95,750sf + Terrace**	
H	Demolition	$ 500,000	*$ 5.48*	$ 500,000	*$ 4.32*		*$ -*	$ 500,000	*$ 3.87*		*$ -*	$ 500,000	*$ 4.32*	$ 500,000	*$ 5.22*
H	Excavation and Site	$ 7,100,000	*$ 77.81*	$ 7,100,000	*$ 61.37*		*$ -*	$ 7,100,000	*$ 54.93*		*$ -*	$ 7,100,000	*$ 61.37*	$ 7,100,000	*$ 74.15*
H	Building	$ 40,200,000	*$ 440.55*	$ 48,500,000	*$ 419.19*	$ 14,900,000	*$ 392.11*	$ 55,100,000	*$ 426.31*	$ 9,586,974	*$ 392.11*	$ 49,782,658	*$ 430.27*	$ 42,719,453	*$ 446.16*
H	Garage	$ 8,900,000	*$ 97.53*	$ 8,500,000	*$ 73.47*		*$ -*	$ 8,900,000	*$ 68.86*		*$ -*	$ 8,900,000	*$ 76.92*	$ 8,900,000	*$ 92.95*
H	Streetscape		*$ -*	$ 5,500,000	*$ 47.54*		*$ -*	$ -	*$ -*		*$ -*	$ -	*$ -*	$ -	*$ -*
H	Urban Parks		*$ -*	$ 1,600,000	*$ 13.83*	$ 1,600,000	*$ 42.11*	$ 1,600,000	*$ 12.38*	$ 1,600,000	*$ 65.44*	$ 1,600,000	*$ 13.83*	$ -	*$ -*
H	Green Roof		*$ -*	$ 1,800,000	*$ 15.56*		*$ -*	$ -	*$ -*		*$ -*	$ -	*$ -*	$ -	*$ -*
S	Soft Costs (FFE, Tech, etc.)	$ 5,500,000	*$ 60.27*	$ 6,600,000	*$ 57.04*	$ 1,390,000	*$ 36.58*	$ 6,890,000	*$ 53.31*	$ 894,355	*$ 36.58*	$ 6,394,355	*$ 55.27*	$ 5,871,233	*$ 61.32*
D	Design Fees	$ 8,000,000	*$ 87.67*	$ 9,200,000	*$ 79.52*	$ 2,030,000	*$ 53.42*	$ 10,030,000	*$ 77.60*	$ 1,306,145	*$ 53.42*	$ 9,306,145	*$ 80.43*	$ 8,494,521	*$ 88.72*
C	Construction Contingency	$ 3,100,000	*$ 33.97*	$ 4,000,000	*$ 34.57*	$ 870,000	*$ 22.89*	$ 3,970,000	*$ 30.72*	$ 559,776	*$ 22.89*	$ 3,659,776	*$ 31.63*	$ 3,352,877	*$ 35.02*
C	Inflation Contingency	$ 8,200,000	*$ 89.86*	$ 10,600,000	*$ 91.62*	$ 2,270,000	*$ 59.74*	$ 10,470,000	*$ 81.01*	$ 1,460,566	*$ 59.74*	$ 9,660,566	*$ 83.50*	$ 8,704,384	*$ 90.91*
R	Temporary Relocation**	$ 2,500,000	*$ 27.40*	$ 2,500,000	*$ 21.61*		*$ -*	$ 2,500,000	*$ 19.34*		*$ -*	$ 2,500,000	*$ 21.61*	$ 2,500,000	*$ 26.11*
	Overall Project Cost	**$ 84,000,000**	***$ 920.55***	**$ 106,400,000**	***$ 919.62***	**$ 23,060,000**	***$ 606.84***	**$ 107,060,000**	***$ 828.32***	**$ 15,407,816**	***$ 630.18***	**$ 99,403,500**	***$ 859.15***	**$ 88,142,466**	***$ 920.55***

***Allowance. Final amount based on availability.*

The second table below shows the summary of the five major categories by category and how much each category makes up the total. At the far right is the average of each major category.

	Summary	Scenario 1 91,250 sf		Scenario 2 115,700 sf		Scenario 3a - Retail/Office Only 38,000 sf		Scenario 3a combined 129,250 sf		Scenario 4 - Retail Only 24,450 sf		Scenario 4 combined 115,700 sf		Scenario 5 95,750 sf		Average
H	Hard Costs	$ 56,700,000	*67.5%*	$ 73,500,000	*69.1%*	$ 16,500,000	*71.6%*	$ 73,200,000	*68.4%*	$ 11,186,974	*72.6%*	$ 67,882,658	*68.3%*	$ 59,219,453	*67.2%*	**69.2%**
S	Soft Costs	$ 5,500,000	*6.5%*	$ 6,600,000	*6.2%*	$ 1,390,000	*6.0%*	$ 6,890,000	*6.4%*	$ 894,355	*5.8%*	$ 6,394,355	*6.4%*	$ 5,871,233	*6.7%*	**6.3%**
D	Design	$ 8,000,000	*9.5%*	$ 9,200,000	*8.6%*	$ 2,030,000	*8.8%*	$ 10,030,000	*9.4%*	$ 1,306,145	*8.5%*	$ 9,306,145	*9.4%*	$ 8,494,521	*9.6%*	**9.1%**
C	Contingencies	$ 11,300,000	*13.5%*	$ 14,600,000	*13.7%*	$ 3,140,000	*13.6%*	$ 14,440,000	*13.5%*	$ 2,020,342	*13.1%*	$ 13,320,342	*13.4%*	$ 12,057,260	*13.7%*	**13.5%**
R	Relocation	$ 2,500,000	*3.0%*	$ 2,500,000	*2.3%*	$ -	*0.0%*	$ 2,500,000	*2.3%*	$ -	*0.0%*	$ 2,500,000	*2.5%*	$ 2,500,000	*2.8%*	**1.9%**
	Overall Cost	**$ 84,000,000**	***100.0%***	**$ 106,400,000**	***100.0%***	**$ 23,060,000**	***100.0%***	**$ 107,060,000**	***100.0%***	**$ 15,407,816**	***100.0%***	**$ 99,403,500**	***100.0%***	**$ 88,142,466**	***100.0%***	**100.0%**

New City Hall - Financial & Risk Capacity Scenarios

Scenario 1 rev.

Building Summary	
Assumed Square Footage	91,250
Purpose:	Municipal Office

Financing Summary		
Municipal Purpose Building		
Controlling Agency		City of Franklin
Funding Stream		Property Tax Levy
Total Cost	$	84,000,000
Cash	$	15,000,000
Debt	$	69,000,000
Principal	$	69,000,000
Interest Rate		4.50%
Bond Rating		AAA
Debt Type		Tax-Exempt
Term		30
Cost per sq. ft. Const.	$	921
Cost per Sq. Ft.	$	1,284

Risk Assessment	
Risk	Low
Reasons:	
- Tax Exempt	
- 100% City-controlled	
- No increase in taxes necessary	

City of Franklin Debt Financing				Level Payments		$ 3,904,250
Year	**Principal**	**Interest**	**Total P& I**	**Annual Principal**	**Annual Interest**	**Annual P & I**
1	$ 69,000,000	$ 3,105,000	$ 72,105,000	$ 799,250	$ 3,105,000	$ 3,904,250
2	$ 66,700,000	$ 3,001,500	$ 69,701,500	$ 902,750	$ 3,001,500	$ 3,904,250
3	$ 64,400,000	$ 2,898,000	$ 67,298,000	$ 1,006,250	$ 2,898,000	$ 3,904,250
4	$ 62,100,000	$ 2,794,500	$ 64,894,500	$ 1,109,750	$ 2,794,500	$ 3,904,250
5	$ 59,800,000	$ 2,691,000	$ 62,491,000	$ 1,213,250	$ 2,691,000	$ 3,904,250
6	$ 57,500,000	$ 2,587,500	$ 60,087,500	$ 1,316,750	$ 2,587,500	$ 3,904,250
7	$ 55,200,000	$ 2,484,000	$ 57,684,000	$ 1,420,250	$ 2,484,000	$ 3,904,250
8	$ 52,900,000	$ 2,380,500	$ 55,280,500	$ 1,523,750	$ 2,380,500	$ 3,904,250
9	$ 50,600,000	$ 2,277,000	$ 52,877,000	$ 1,627,250	$ 2,277,000	$ 3,904,250
10	$ 48,300,000	$ 2,173,500	$ 50,473,500	$ 1,730,750	$ 2,173,500	$ 3,904,250
11	$ 46,000,000	$ 2,070,000	$ 48,070,000	$ 1,834,250	$ 2,070,000	$ 3,904,250
12	$ 43,700,000	$ 1,966,500	$ 45,666,500	$ 1,937,750	$ 1,966,500	$ 3,904,250
13	$ 41,400,000	$ 1,863,000	$ 43,263,000	$ 2,041,250	$ 1,863,000	$ 3,904,250
14	$ 39,100,000	$ 1,759,500	$ 40,859,500	$ 2,144,750	$ 1,759,500	$ 3,904,250
15	$ 36,800,000	$ 1,656,000	$ 38,456,000	$ 2,248,250	$ 1,656,000	$ 3,904,250
16	$ 34,500,000	$ 1,552,500	$ 36,052,500	$ 2,351,750	$ 1,552,500	$ 3,904,250
17	$ 32,200,000	$ 1,449,000	$ 33,649,000	$ 2,455,250	$ 1,449,000	$ 3,904,250
18	$ 29,900,000	$ 1,345,500	$ 31,245,500	$ 2,558,750	$ 1,345,500	$ 3,904,250
19	$ 27,600,000	$ 1,242,000	$ 28,842,000	$ 2,662,250	$ 1,242,000	$ 3,904,250
20	$ 25,300,000	$ 1,138,500	$ 26,438,500	$ 2,765,750	$ 1,138,500	$ 3,904,250
21	$ 23,000,000	$ 1,035,000	$ 24,035,000	$ 2,869,250	$ 1,035,000	$ 3,904,250
22	$ 20,700,000	$ 931,500	$ 21,631,500	$ 2,972,750	$ 931,500	$ 3,904,250
23	$ 18,400,000	$ 828,000	$ 19,228,000	$ 3,076,250	$ 828,000	$ 3,904,250
24	$ 16,100,000	$ 724,500	$ 16,824,500	$ 3,179,750	$ 724,500	$ 3,904,250
25	$ 13,800,000	$ 621,000	$ 14,421,000	$ 3,283,250	$ 621,000	$ 3,904,250
26	$ 11,500,000	$ 517,500	$ 12,017,500	$ 3,386,750	$ 517,500	$ 3,904,250
27	$ 9,200,000	$ 414,000	$ 9,614,000	$ 3,490,250	$ 414,000	$ 3,904,250
28	$ 6,900,000	$ 310,500	$ 7,210,500	$ 3,593,750	$ 310,500	$ 3,904,250
29	$ 4,600,000	$ 207,000	$ 4,807,000	$ 3,697,250	$ 207,000	$ 3,904,250
30	$ 2,300,000	$ 103,500	$ 2,403,500	$ 3,800,750	$ 103,500	$ 3,904,250
	$ 69,000,000	$ 48,127,500	$ 117,127,500	$ 69,000,000	$ 48,127,500	$ 117,127,500

Summary of Difference Between 20 year vs. 30 year Issuance - Scenario 1	
Overall Cost Increase - 30 year vs. 20 year (additional interest)	$ 15,525,000
Annual Savings - 30 year vs. 20 year (lower level payments)	$ 1,175,875

Synopsis:

Partial Building/Full Garage

Scenario 1 provides for a smaller building than the Master Plan originally proposed but the full underground garage. It is slightly larger than what was proposed earlier in 2022, but remains within the City's available funding capacity without need for additional revenues.

91,250 square feet is proposed to cover all employee and service needs to 2040. Principal and Interest payments are forecast to be level annually and just over $3.9 million when borrowed over a 30-year term. Interest rates are forecast to be 4.5% - but this will change (as will the cost) when bonds are issued for this project in several years. For now, we are assuming that this would occur today and given recent increases in the Federal Funds rate to fight inflation, 4.5% is a realistic rate even for a AAA credit such as Franklin.

This scenario poses a low risk financially and legally for the City of Franklin.

New City Hall - Financial & Risk Capacity Scenarios | Scenario 2 rev.

Building Summary	
Assumed Square Footage	115,700
Purpose:	Municipal Office

Financing Summary		
Municipal Purpose Building		
Controlling Agency		City of Franklin
Funding Stream		Property Tax Levy
Total Cost	$	106,600,000
Cash	$	15,000,000
Debt	$	91,600,000
Principal	$	91,600,000
Interest Rate		4.50%
Bond Rating		AAA
Debt Type		Tax-Exempt
Term		30

Revenue Requirements		
Additional Revenue Req'	**$**	**38,363,500**
Annual Revenue Req'	**$**	**1,278,783**
Value of One Cent (2022)	**$**	**711,438**
Increase in Property Tax	**$**	**0.0180**
Cost per sq. Ft. Const.	$	921
Cost per Sq. Ft. Fin.	$	1,344

Risk Assessment	
Risk	Low
Reasons:	
- Tax Exempt	
- 100% City-controlled	
- Increase in taxes necessary - 1+ Cents	

City of Franklin Debt Financing				Level Payments		$ 5,183,033
Year	**Principal**	**Interest**	**Total P& I**	**Annual Principal**	**Annual Interest**	**Annual P & I**
1	$ 91,600,000	$ 4,122,000	$ 95,722,000	$ 1,061,033	$ 4,122,000	$ 5,183,033
2	$ 88,546,667	$ 3,984,600	$ 92,531,267	$ 1,198,433	$ 3,984,600	$ 5,183,033
3	$ 85,493,333	$ 3,847,200	$ 89,340,533	$ 1,335,833	$ 3,847,200	$ 5,183,033
4	$ 82,440,000	$ 3,709,800	$ 86,149,800	$ 1,473,233	$ 3,709,800	$ 5,183,033
5	$ 79,386,667	$ 3,572,400	$ 82,959,067	$ 1,610,633	$ 3,572,400	$ 5,183,033
6	$ 76,333,333	$ 3,435,000	$ 79,768,333	$ 1,748,033	$ 3,435,000	$ 5,183,033
7	$ 73,280,000	$ 3,297,600	$ 76,577,600	$ 1,885,433	$ 3,297,600	$ 5,183,033
8	$ 70,226,667	$ 3,160,200	$ 73,386,867	$ 2,022,833	$ 3,160,200	$ 5,183,033
9	$ 67,173,333	$ 3,022,800	$ 70,196,133	$ 2,160,233	$ 3,022,800	$ 5,183,033
10	$ 64,120,000	$ 2,885,400	$ 67,005,400	$ 2,297,633	$ 2,885,400	$ 5,183,033
11	$ 61,066,667	$ 2,748,000	$ 63,814,667	$ 2,435,033	$ 2,748,000	$ 5,183,033
12	$ 58,013,333	$ 2,610,600	$ 60,623,933	$ 2,572,433	$ 2,610,600	$ 5,183,033
13	$ 54,960,000	$ 2,473,200	$ 57,433,200	$ 2,709,833	$ 2,473,200	$ 5,183,033
14	$ 51,906,667	$ 2,335,800	$ 54,242,467	$ 2,847,233	$ 2,335,800	$ 5,183,033
15	$ 48,853,333	$ 2,198,400	$ 51,051,733	$ 2,984,633	$ 2,198,400	$ 5,183,033
16	$ 45,800,000	$ 2,061,000	$ 47,861,000	$ 3,122,033	$ 2,061,000	$ 5,183,033
17	$ 42,746,667	$ 1,923,600	$ 44,670,267	$ 3,259,433	$ 1,923,600	$ 5,183,033
18	$ 39,693,333	$ 1,786,200	$ 41,479,533	$ 3,396,833	$ 1,786,200	$ 5,183,033
19	$ 36,640,000	$ 1,648,800	$ 38,288,800	$ 3,534,233	$ 1,648,800	$ 5,183,033
20	$ 33,586,667	$ 1,511,400	$ 35,098,067	$ 3,671,633	$ 1,511,400	$ 5,183,033
21	$ 30,533,333	$ 1,374,000	$ 31,907,333	$ 3,809,033	$ 1,374,000	$ 5,183,033
22	$ 27,480,000	$ 1,236,600	$ 28,716,600	$ 3,946,433	$ 1,236,600	$ 5,183,033
23	$ 24,426,667	$ 1,099,200	$ 25,525,867	$ 4,083,833	$ 1,099,200	$ 5,183,033
24	$ 21,373,333	$ 961,800	$ 22,335,133	$ 4,221,233	$ 961,800	$ 5,183,033
25	$ 18,320,000	$ 824,400	$ 19,144,400	$ 4,358,633	$ 824,400	$ 5,183,033
26	$ 15,266,667	$ 687,000	$ 15,953,667	$ 4,496,033	$ 687,000	$ 5,183,033
27	$ 12,213,333	$ 549,600	$ 12,762,933	$ 4,633,433	$ 549,600	$ 5,183,033
28	$ 9,160,000	$ 412,200	$ 9,572,200	$ 4,770,833	$ 412,200	$ 5,183,033
29	$ 6,106,667	$ 274,800	$ 6,381,467	$ 4,908,233	$ 274,800	$ 5,183,033
30	$ 3,053,333	$ 137,400	$ 3,190,733	$ 5,045,633	$ 137,400	$ 5,183,033
	$ 91,600,000	$ 63,891,000	$ 155,491,000	$ 91,600,000	$ 63,891,000	$ 155,491,000

Summary of Difference Between 20 year vs. 30 year Issuance - Scenario 2	
Overall Cost Increase - 30 year vs. 20 year (additional interest)	$ 20,610,000
Annual Savings - 30 year vs. 20 year (lower level payments)	$ 1,561,017

Synopsis:

Construction of the Full Master Plan

Scenario 2 is of similar complexity to Scenario 1 except that instead of building the reduced footprint of 91,250 sq.ft, this shows the cost of building the full master plan amount of 115,700.

The major difference between Scenario 1 and Scenario 2, however, is that the cost exceeds available funding as forecast through the ten-year Capital Investment Program financing model. An additional $53,278,500 would be required to service the necessary debt to cover the costs of the full build-out. This could be raised from increasing local property taxes. The amount - estimated at 3.79 cents - is shown under the box labeled "Revenue Requirements at the left.

Overall, this remains a low risk scenario - all bonds would be tax-exempt, the building would be for governmental purpose and controlled by the City of Franklin, but over $53 million which could go to other purposes and opportunities would now be dedicated to constructing City Hall. Extending the term from 30 years from 20 years does lower annual payments to the tune of $1.5 million, but adds over $20 million in total cost.

New City Hall - Financial & Risk Capacity Scenarios

Scenario 3

Building Summary	
Assumed Square Footage	129,250
Purpose:	Municipal Office/ Private Office / Private Retail

Financing Summary	
Municipal Purpose Building	
Assumed Square Footage	91,250
Controlling Agency	City of Franklin
Funding Stream	Property Tax Levy
Total Cost	$ 84,000,000
Cash	$ 15,000,000
Debt	$ 69,000,000
Principal	$ 69,000,000
Interest Rate	4.50%
Bond Rating	AAA
Debt Type	Tax-Exempt
Term	30
Cost per Sq. Ft. Const	$ 921
Cost per Sq. Ft. Fin.	$ 1,284
Private Office/Retail Building	
Assumed Square Footage	38,000
Controlling Agency	Franklin IDB
Funding Stream	Rents/ City Subsidy
Total Cost	$ 23,060,000
Cash	$ -
Debt	$ 23,060,000
Principal	$ 23,060,000
Interest Rate [7]	6.17%
Bond Rating	TBD
Debt Type	Taxable
Term	30
Cost per Sq. Ft. Const	$ 607
Cost per Sq. Ft. Fin.	$ 1,187

Overall Financials	
Total Construction Cost	$ 107,060,000
Total Overall Cost (30 yrs.)	$ 162,223,060
Less Net Office Rents	$ (39,276,297)
Net Overall Cost (30 yrs.)	$ 122,946,762
Composite Cost/Sq. Ft.	$ 828
Composite Cost/Sq. Ft.	$ 1,255

Revenue Requirements	
Additional Revenue Req'	$ 5,819,262
Annual Revenue Req'	$ 193,975
Value of One Cent (2022)	$ 711,438
Increase in Property Tax	$ 0.0027

Risk Assessment	
Risk	Moderate-High

Reasons:
- Dependent upon Office Rental Market
- Dependent upon Retail Rental Market
- Private Office Ownership Transferred to IDB
- Governmental Pledge required to backup
- Rents alone cannot pay for full debt service
- Additional Revenues Necessary to offset
- Small annual increase in taxes necessary
- 33 years to payback

City of Franklin Financing - Municipal Office — Level Payments $ 3,904,250

Year	Principal	Interest	Total P&I	Annual Principal	Annual Interest	Annual P & I
1	$ 69,000,000	$ 3,105,000	$ 72,105,000	$ 799,250	$ 3,105,000	$ 3,904,250
2	$ 66,700,000	$ 3,001,500	$ 69,701,500	$ 902,750	$ 3,001,500	$ 3,904,250
3	$ 64,400,000	$ 2,898,000	$ 67,298,000	$ 1,006,250	$ 2,898,000	$ 3,904,250
4	$ 62,100,000	$ 2,794,500	$ 64,894,500	$ 1,109,750	$ 2,794,500	$ 3,904,250
5	$ 59,800,000	$ 2,691,000	$ 62,491,000	$ 1,213,250	$ 2,691,000	$ 3,904,250
6	$ 57,500,000	$ 2,587,500	$ 60,087,500	$ 1,316,750	$ 2,587,500	$ 3,904,250
7	$ 55,200,000	$ 2,484,000	$ 57,684,000	$ 1,420,250	$ 2,484,000	$ 3,904,250
8	$ 52,900,000	$ 2,380,500	$ 55,280,500	$ 1,523,750	$ 2,380,500	$ 3,904,250
9	$ 50,600,000	$ 2,277,000	$ 52,877,000	$ 1,627,250	$ 2,277,000	$ 3,904,250
10	$ 48,300,000	$ 2,173,500	$ 50,473,500	$ 1,730,750	$ 2,173,500	$ 3,904,250
11	$ 46,000,000	$ 2,070,000	$ 48,070,000	$ 1,834,250	$ 2,070,000	$ 3,904,250
12	$ 43,700,000	$ 1,966,500	$ 45,666,500	$ 1,937,750	$ 1,966,500	$ 3,904,250
13	$ 41,400,000	$ 1,863,000	$ 43,263,000	$ 2,041,250	$ 1,863,000	$ 3,904,250
14	$ 39,100,000	$ 1,759,500	$ 40,859,500	$ 2,144,750	$ 1,759,500	$ 3,904,250
15	$ 36,800,000	$ 1,656,000	$ 38,456,000	$ 2,248,250	$ 1,656,000	$ 3,904,250
16	$ 34,500,000	$ 1,552,500	$ 36,052,500	$ 2,351,750	$ 1,552,500	$ 3,904,250
17	$ 32,200,000	$ 1,449,000	$ 33,649,000	$ 2,455,250	$ 1,449,000	$ 3,904,250
18	$ 29,900,000	$ 1,345,500	$ 31,245,500	$ 2,558,750	$ 1,345,500	$ 3,904,250
19	$ 27,600,000	$ 1,242,000	$ 28,842,000	$ 2,662,250	$ 1,242,000	$ 3,904,250
20	$ 25,300,000	$ 1,138,500	$ 26,438,500	$ 2,765,750	$ 1,138,500	$ 3,904,250
21	$ 23,000,000	$ 1,035,000	$ 24,035,000	$ 2,869,250	$ 1,035,000	$ 3,904,250
22	$ 20,700,000	$ 931,500	$ 21,631,500	$ 2,972,750	$ 931,500	$ 3,904,250
23	$ 18,400,000	$ 828,000	$ 19,228,000	$ 3,076,250	$ 828,000	$ 3,904,250
24	$ 16,100,000	$ 724,500	$ 16,824,500	$ 3,179,750	$ 724,500	$ 3,904,250
25	$ 13,800,000	$ 621,000	$ 14,421,000	$ 3,283,250	$ 621,000	$ 3,904,250
26	$ 11,500,000	$ 517,500	$ 12,017,500	$ 3,386,750	$ 517,500	$ 3,904,250
27	$ 9,200,000	$ 414,000	$ 9,614,000	$ 3,490,250	$ 414,000	$ 3,904,250
28	$ 6,900,000	$ 310,500	$ 7,210,500	$ 3,593,750	$ 310,500	$ 3,904,250
29	$ 4,600,000	$ 207,000	$ 4,807,000	$ 3,697,250	$ 207,000	$ 3,904,250
30	$ 2,300,000	$ 103,500	$ 2,403,500	$ 3,800,750	$ 103,500	$ 3,904,250
	$ 69,000,000	$ 48,127,500	$ 117,127,500	$ 69,000,000	$ 48,127,500	$ 117,127,500

City of Franklin Financing - Both

Year	Municipal (Prop. Tax)	IDB (Sales Tax)	Total City Contrib.
1	$ 3,904,250	$ 1,553,185	$ 5,457,435
2	$ 3,904,250	$ 1,528,185	$ 5,432,435
3	$ 3,904,250	$ 1,456,989	$ 5,361,239
4	$ 3,904,250	$ 915,236	$ 4,819,486
5	$ 3,904,250	$ 353,316	$ 4,257,566
6	$ 3,904,250	$ 330,318	$ 4,234,568
7	$ 3,904,250	$ 306,861	$ 4,211,111
8	$ 3,904,250	$ 282,934	$ 4,187,184
9	$ 3,904,250	$ 258,529	$ 4,162,779
10	$ 3,904,250	$ 233,636	$ 4,137,886
11	$ 3,904,250	$ 208,245	$ 4,112,495
12	$ 3,904,250	$ 182,347	$ 4,086,597
13	$ 3,904,250	$ 155,930	$ 4,060,180
14	$ 3,904,250	$ 128,985	$ 4,033,235
15	$ 3,904,250	$ 101,501	$ 4,005,751
16	$ 3,904,250	$ 73,467	$ 3,977,717
17	$ 3,904,250	$ 44,873	$ 3,949,123
18	$ 3,904,250	$ 15,706	$ 3,919,956
19	$ 3,904,250	$ (14,043)	$ 3,890,207
20	$ 3,904,250	$ (44,388)	$ 3,859,862
21	$ 3,904,250	$ (75,339)	$ 3,828,911
22	$ 3,904,250	$ (106,910)	$ 3,797,340
23	$ 3,904,250	$ (139,112)	$ 3,765,138
24	$ 3,904,250	$ (171,958)	$ 3,732,292
25	$ 3,904,250	$ (205,460)	$ 3,698,790
26	$ 3,904,250	$ (239,633)	$ 3,664,617
27	$ 3,904,250	$ (274,490)	$ 3,629,760
28	$ 3,904,250	$ (310,043)	$ 3,594,207
29	$ 3,904,250	$ (346,308)	$ 3,557,942
30	$ 3,904,250	$ (383,298)	$ 3,520,952
	$ 117,127,500	$ 5,819,262	$ 122,946,762

Synopsis:

Partial City Hall Building/Full Garage/Mixed-Use Office/Retail Building

Scenario 3 is the most complicated of the City Hall Financial Scenarios. It starts with Scenario 1 - a 91,250 sq. ft. government use City Hall costing $117,127,500, funded through Tax-Exempt bonds with the full G.O. credit of the City of Franklin behind it. Bonds are issued for 30 years.

But it also includes a 39,000 sq. ft. mixed-use development at the corner of 3rd & Church. This building - which has 36,100 leasable sq. footage (19,000 sq. ft. for office and 17,100 sq. ft. for retail) would not legally be able to be financed directly by the City of Franklin. Instead a third-party conduit would have to issue the debt to build the building. This scenario assumes a mechanism the City has used before and is used by other cities in the State of Tennessee - the Industrial Development Board (IDB). Franklin has used its IDB once before - to issue and service the debt for the TIF district in Cool Springs around the Nissan headquarters (2005). And since it is for a for-profit purpose, the bonds issued would not be eligible for tax exemption and thus cost more. We estimate the 39,000 taxable building costing slightly more than $45.1 million with an interest rate of 6.17%. There is no way to estimate what rating these bonds would receive at this time.

All assumptions made for this mixed-use structure - from size of building, to rental rates, to operational costs, have been taken directly from the Gibbs Planning Group report: City Hall Development Mixed-Use Economic Feasibility Analysis - City of Franklin Tennessee, dated June 28, 2022 and presented at the Board of Mayor and Alderman meeting of July 13, 2022. Additional costs have been made to account for the minimum staffing of the IDB. Taxes generated from the retail activities are based upon the attached schedule.

With all of those assumptions taken together, this is the riskiest of scenarios from both a financial and legal standpoint for the City of Franklin. Annual subsidy from the City of Franklin to service the IDB bonds ***AFTER*** rents are accounted for would start near $1.5 million annually for the first three years then taper dramatically until no longer needed in year 18. The cumulative taxpayer contribution would be $8.1 million. Property taxes are also explicitly forbidden under law to be used to subsidize for profit purposes, so sales taxes would have to be redistributed to service the IDB debt. It is estimated the payback on this investment of Sales Tax would take approximately 33 years.

Industrial Development Board Bonds — Level Payments $ 1,503,185

Year	A: Principal	B: Interest	C (A x B): Total P&I	D: Annual Principal	E: Annual Interest	F (D+E): Annual P & I
1	$ 23,060,000	$ 1,421,649	$ 24,481,649	$ 81,536	$ 1,421,649	$ 1,503,185
2	$ 22,291,333	$ 1,374,261	$ 23,665,594	$ 128,925	$ 1,374,261	$ 1,503,185
3	$ 21,522,667	$ 1,326,872	$ 22,849,539	$ 176,313	$ 1,326,872	$ 1,503,185
4	$ 20,754,000	$ 1,279,484	$ 22,033,484	$ 223,701	$ 1,279,484	$ 1,503,185
5	$ 19,985,333	$ 1,232,096	$ 21,217,429	$ 271,090	$ 1,232,096	$ 1,503,185
6	$ 19,216,667	$ 1,184,708	$ 20,401,374	$ 318,478	$ 1,184,708	$ 1,503,185
7	$ 18,448,000	$ 1,137,319	$ 19,585,319	$ 365,866	$ 1,137,319	$ 1,503,185
8	$ 17,679,333	$ 1,089,931	$ 18,769,264	$ 413,254	$ 1,089,931	$ 1,503,185
9	$ 16,910,667	$ 1,042,543	$ 17,953,209	$ 460,643	$ 1,042,543	$ 1,503,185
10	$ 16,142,000	$ 995,154	$ 17,137,154	$ 508,031	$ 995,154	$ 1,503,185
11	$ 15,373,333	$ 947,766	$ 16,321,099	$ 555,419	$ 947,766	$ 1,503,185
12	$ 14,604,667	$ 900,378	$ 15,505,044	$ 602,808	$ 900,378	$ 1,503,185
13	$ 13,836,000	$ 852,989	$ 14,688,989	$ 650,196	$ 852,989	$ 1,503,185
14	$ 13,067,333	$ 805,601	$ 13,872,934	$ 697,584	$ 805,601	$ 1,503,185
15	$ 12,298,667	$ 758,213	$ 13,056,879	$ 744,973	$ 758,213	$ 1,503,185
16	$ 11,530,000	$ 710,825	$ 12,240,825	$ 792,361	$ 710,825	$ 1,503,185
17	$ 10,761,333	$ 663,436	$ 11,424,770	$ 839,749	$ 663,436	$ 1,503,185
18	$ 9,992,667	$ 616,048	$ 10,608,715	$ 887,137	$ 616,048	$ 1,503,185
19	$ 9,224,000	$ 568,660	$ 9,792,660	$ 934,526	$ 568,660	$ 1,503,185
20	$ 8,455,333	$ 521,271	$ 8,976,605	$ 981,914	$ 521,271	$ 1,503,185
21	$ 7,686,667	$ 473,883	$ 8,160,550	$ 1,029,302	$ 473,883	$ 1,503,185
22	$ 6,918,000	$ 426,495	$ 7,344,495	$ 1,076,691	$ 426,495	$ 1,503,185
23	$ 6,149,333	$ 379,106	$ 6,528,440	$ 1,124,079	$ 379,106	$ 1,503,185
24	$ 5,380,667	$ 331,718	$ 5,712,385	$ 1,171,467	$ 331,718	$ 1,503,185
25	$ 4,612,000	$ 284,330	$ 4,896,330	$ 1,218,856	$ 284,330	$ 1,503,185
26	$ 3,843,333	$ 236,942	$ 4,080,275	$ 1,266,244	$ 236,942	$ 1,503,185
27	$ 3,074,667	$ 189,553	$ 3,264,220	$ 1,313,632	$ 189,553	$ 1,503,185
28	$ 2,306,000	$ 142,165	$ 2,448,165	$ 1,361,020	$ 142,165	$ 1,503,185
29	$ 1,537,333	$ 94,777	$ 1,632,110	$ 1,408,409	$ 94,777	$ 1,503,185
30	$ 768,667	$ 47,388	$ 816,055	$ 1,455,797	$ 47,388	$ 1,503,185
	$ 23,060,000	$ 22,035,560	$ 45,095,560	$ 23,060,000	$ 22,035,560	$ 45,095,560

Offsetting Revenue Potential / Annual Subsidy Required

Year	G: Office Sq. Footage [1]	H: Rental Rate [2]	I: Retail Sq. Footage [3]	J: Rental Rate [4]	K ((G x H)+(I x J)): Total Rental Income (Gross)	Taxes Generated	L: Less Oper. Cost [5]	M: Less Annual IDB Cost [6]	N (K+L+M): Net Rental Income	O (F-N): Annual Subsidy Required
1	-	$ 45.00	-	$ 35.00	$ -	$ -	$ -	$ (50,000)	$ (50,000)	$ 1,553,185
2	-	$ 45.00	-	$ 35.00	$ -	$ -	$ -	$ (25,000)	$ (25,000)	$ 1,528,185
3	6,333	$ 45.90	5,700	$ 35.70	$ 494,190	$ 37,506	$ (460,000)	$ (25,500)	$ 46,196	$ 1,456,989
4	12,667	$ 46.82	11,400	$ 36.41	$ 1,008,148	$ 75,012	$ (469,200)	$ (26,010)	$ 587,950	$ 915,236
5	19,000	$ 47.75	17,100	$ 37.14	$ 1,542,466	$ 112,518	$ (478,584)	$ (26,530)	$ 1,149,870	$ 353,316
6	19,000	$ 48.71	17,100	$ 37.89	$ 1,573,315	$ 114,768	$ (488,156)	$ (27,061)	$ 1,172,867	$ 330,318
7	19,000	$ 49.68	17,100	$ 38.64	$ 1,604,781	$ 117,064	$ (497,919)	$ (27,602)	$ 1,196,324	$ 306,861
8	19,000	$ 50.68	17,100	$ 39.42	$ 1,636,877	$ 119,405	$ (507,877)	$ (28,154)	$ 1,220,251	$ 282,934
9	19,000	$ 51.69	17,100	$ 40.20	$ 1,669,615	$ 121,793	$ (518,035)	$ (28,717)	$ 1,244,656	$ 258,529
10	19,000	$ 52.72	17,100	$ 41.01	$ 1,703,007	$ 124,229	$ (528,395)	$ (29,291)	$ 1,269,549	$ 233,636
11	19,000	$ 53.78	17,100	$ 41.83	$ 1,737,067	$ 126,714	$ (538,963)	$ (29,877)	$ 1,294,940	$ 208,245
12	19,000	$ 54.85	17,100	$ 42.66	$ 1,771,808	$ 129,248	$ (549,743)	$ (30,475)	$ 1,320,839	$ 182,347
13	19,000	$ 55.95	17,100	$ 43.52	$ 1,807,245	$ 131,833	$ (560,737)	$ (31,084)	$ 1,347,256	$ 155,930
14	19,000	$ 57.07	17,100	$ 44.39	$ 1,843,389	$ 134,469	$ (571,952)	$ (31,706)	$ 1,374,201	$ 128,985
15	19,000	$ 58.21	17,100	$ 45.28	$ 1,880,257	$ 137,159	$ (583,391)	$ (32,340)	$ 1,401,685	$ 101,501
16	19,000	$ 59.38	17,100	$ 46.18	$ 1,917,862	$ 139,902	$ (595,059)	$ (32,987)	$ 1,429,718	$ 73,467
17	19,000	$ 60.56	17,100	$ 47.11	$ 1,956,220	$ 142,700	$ (606,960)	$ (33,647)	$ 1,458,313	$ 44,873
18	19,000	$ 61.78	17,100	$ 48.05	$ 1,995,344	$ 145,554	$ (619,099)	$ (34,320)	$ 1,487,479	$ 15,706
19	19,000	$ 63.01	17,100	$ 49.01	$ 2,035,251	$ 148,465	$ (631,481)	$ (35,006)	$ 1,517,229	$ (14,043)
20	19,000	$ 64.27	17,100	$ 49.99	$ 2,075,956	$ 151,434	$ (644,111)	$ (35,706)	$ 1,547,573	$ (44,388)
21	19,000	$ 65.56	17,100	$ 50.99	$ 2,117,475	$ 154,463	$ (656,993)	$ (36,420)	$ 1,578,525	$ (75,339)
22	19,000	$ 66.87	17,100	$ 52.01	$ 2,159,825	$ 157,552	$ (670,133)	$ (37,149)	$ 1,610,095	$ (106,910)
23	19,000	$ 68.20	17,100	$ 53.05	$ 2,203,021	$ 160,703	$ (683,536)	$ (37,892)	$ 1,642,297	$ (139,112)
24	19,000	$ 69.57	17,100	$ 54.11	$ 2,247,081	$ 163,917	$ (697,207)	$ (38,649)	$ 1,675,143	$ (171,958)
25	19,000	$ 70.96	17,100	$ 55.19	$ 2,292,023	$ 167,196	$ (711,151)	$ (39,422)	$ 1,708,646	$ (205,460)
26	19,000	$ 72.38	17,100	$ 56.30	$ 2,337,864	$ 170,540	$ (725,374)	$ (40,211)	$ 1,742,819	$ (239,633)
27	19,000	$ 73.83	17,100	$ 57.42	$ 2,384,621	$ 173,951	$ (739,881)	$ (41,015)	$ 1,777,675	$ (274,490)
28	19,000	$ 75.30	17,100	$ 58.57	$ 2,432,313	$ 177,430	$ (754,679)	$ (41,835)	$ 1,813,229	$ (310,043)
29	19,000	$ 76.81	17,100	$ 59.74	$ 2,480,959	$ 180,978	$ (769,772)	$ (42,672)	$ 1,849,493	$ (346,308)
30	19,000	$ 78.35	17,100	$ 60.94	$ 2,530,579	$ 184,598	$ (785,168)	$ (43,526)	$ 1,886,483	$ (383,298)
										$ 5,819,262

New City Hall - Financial & Risk Capacity Scenarios	Scenario 3

Payback Summary: The chart below shows the estimated time it would take for the City to recoup its initial investment. Because a subsidy to service the annual debt service is necessary for the 30 years the debt will be issued for, the IDB will be unable to begin paying the City back until year 18. This will take another 15 years to fully repay the City the over $8 million necessary over the debt servicing period. The City should fully recoup the investment in year 33.

Payback

	Year	Gross Expenses	Gross Revenues	Subsidy Amount	Cumulative	
	1	$ 1,553,185	$ -	$ 1,553,185	$ 1,553,185	
	2	$ 1,528,185	$ -	$ 1,528,185	$ 3,081,371	
	3	$ 1,988,685	$ 531,696	$ 1,456,989	$ 4,538,360	Rents begin to come in to IDB
	4	$ 1,998,395	$ 1,083,160	$ 915,236	$ 5,453,596	
	5	$ 2,008,300	$ 1,654,984	$ 353,316	$ 5,806,911	Rents maximize to 95% occupancy as recommended by Gibbs Planning Group (within 5 years)
	6	$ 2,018,402	$ 1,688,084	$ 330,318	$ 6,137,230	
	7	$ 2,028,706	$ 1,721,845	$ 306,861	$ 6,444,091	
	8	$ 2,039,217	$ 1,756,282	$ 282,934	$ 6,727,025	
	9	$ 2,049,937	$ 1,791,408	$ 258,529	$ 6,985,555	
	10	$ 2,060,872	$ 1,827,236	$ 233,636	$ 7,219,191	
	11	$ 2,072,026	$ 1,863,781	$ 208,245	$ 7,427,436	Cumulative City Investment Increasing
	12	$ 2,083,403	$ 1,901,056	$ 182,347	$ 7,609,783	
	13	$ 2,095,007	$ 1,939,077	$ 155,930	$ 7,765,713	
	14	$ 2,106,844	$ 1,977,859	$ 128,985	$ 7,894,697	
	15	$ 2,118,917	$ 2,017,416	$ 101,501	$ 7,996,198	
	16	$ 2,131,231	$ 2,057,764	$ 73,467	$ 8,069,665	
	17	$ 2,143,792	$ 2,098,920	$ 44,873	$ 8,114,537	
	18	$ 2,156,604	$ 2,140,898	$ 15,706	$ 8,130,244	Maximum City Investment
	19	$ 2,169,673	$ 2,183,716	$ (14,043)	$ 8,116,201	
	20	$ 2,183,003	$ 2,227,390	$ (44,388)	$ 8,071,813	
	21	$ 2,196,599	$ 2,271,938	$ (75,339)	$ 7,996,473	
	22	$ 2,210,467	$ 2,317,377	$ (106,910)	$ 7,889,564	
	23	$ 2,224,613	$ 2,363,724	$ (139,112)	$ 7,750,452	
	24	$ 2,239,041	$ 2,410,999	$ (171,958)	$ 7,578,494	
	25	$ 2,253,758	$ 2,459,219	$ (205,460)	$ 7,373,034	Cumulative City Investment Decreasing
	26	$ 2,268,770	$ 2,508,403	$ (239,633)	$ 7,133,401	
	27	$ 2,284,082	$ 2,558,571	$ (274,490)	$ 6,858,911	
	28	$ 2,299,700	$ 2,609,743	$ (310,043)	$ 6,548,868	
	29	$ 2,315,630	$ 2,661,938	$ (346,308)	$ 6,202,560	
	30	$ 2,331,879	$ 2,715,176	$ (383,298)	$ 5,819,262	
	31	$ 845,267	$ 2,769,480	$ (1,924,213)	$ 3,895,049	
	32	$ 862,173	$ 2,824,870	$ (1,962,697)	$ 1,932,352	
Payback to City occurs in Year 33	**33**	**$ 879,416**	**$ 2,881,367**	**$ (2,001,951)**	**$ (69,598)**	**City Repaid**

Summary of Difference Between 20 year vs. 30 year Issuance - Scenario 3	
Overall Cost Increase - 30 year vs. 20 year (additional interest)	$ 3,129,184
Annual Savings - 30 year vs. 20 year (lower level payments)	$ 1,572,550

Notes

[1] Assumption of Total Leasable sq. ft. comes from City Hall Development Mixed-Use Economic Feasibility Analysis - City of Franklin Tennessee. Gibbs Planning Group. June 28th, 2022. Page 10.

[2] Assumption of Rental Rate comes from "Figure 13. Economic Return Summary Base Case" City Hall Development Mixed-Use Economic Feasibility Analysis - City of Franklin Tennessee. Gibbs Planning Group. June 28th, 2022. Page 10.

[3] Assumption of Total Leasable sq. ft. comes from City Hall Development Mixed-Use Economic Feasibility Analysis - City of Franklin Tennessee. Gibbs Planning Group. June 28th, 2022. Page 10.

[4] Assumption of Rental Rate comes from "Figure 13. Economic Return Summary Base Case" City Hall Development Mixed-Use Economic Feasibility Analysis - City of Franklin Tennessee. Gibbs Planning Group. June 28th, 2022. Page 10.

[5] Assumption of Operating Costs comes from "Figure 12: Annual Operating Expenses Upon Stabilization" City Hall Development Mixed-Use Economic Feasibility Analysis - City of Franklin Tennessee. Gibbs Planning Group. June 28th, 2022. Page 9.

[6] Assumption of Annual IDB (Industrial Development Board) Operating Costs comes form City of Franklin, Tennessee staff best estimates to reconstitute IDB and provide minimal overhead management of property manager, private counsel, auditing and accounting services.

[7] Taxable vs. Tax Exempt Spread is based on highest taxable bracket of 37%. (In other words, the taxable rate is assumed to be 37% higher than the tax-exempt rate).

New City Hall - Financial & Risk Capacity Scenarios

Scenario 4

Building Summary		
Assumed Square Footage		115,700
Purpose:		Municipal Office / Private Retail

Financing Summary		
Municipal Purpose Building		
Assumed Square Footage		91,250
Controlling Agency		City of Franklin
Funding Stream		Property Tax Levy
Total Cost	$	84,000,000
Cash	$	15,000,000
Debt	$	69,000,000
Principal	$	69,000,000
Interest Rate		4.50%
Bond Rating		AAA
Debt Type		Tax-Exempt
Term		30
Cost per Sq. Ft. Const	$	921
Cost per Sq. Ft. Fin.	$	1,284

Private Office/Retail Building		
Assumed Square Footage		24,450
Controlling Agency		Franklin IDB
Funding Stream		Rents/ City Subsidy
Total Cost	$	15,403,500
Cash	$	-
Debt	$	15,403,500
Principal	$	15,403,500
Interest Rate [7]		6.17%
Bond Rating		TBD
Debt Type		Taxable
Term		30
Cost per Sq. Ft. Const	$	630
Cost per Sq. Ft. Fin.	$	1,232

Overall Financials		
Total Construction Cost	$	99,403,500
Total Overall Cost (30 yrs.)	$	147,250,200
Less Net Office Rents	$	(15,598,549)
Net Overall Cost (30 yrs.)	$	131,651,651
Composite Cost/Sq. Ft.	$	859
Composite Cost/Sq. Ft.	$	1,273

Revenue Requirements		
Additional Revenue Req'	$	14,524,151
Annual Revenue Req'	$	484,138
Value of One Cent (2022)	$	711,438
Increase in Property Tax	$	0.0068

Risk Assessment	
Risk	Moderate-High

Reasons:
- Dependent upon Retail Rental Market
- Private Office Ownership Transferred to IDB
- Governmental Pledge required to backup
- Rents alone cannot pay for full debt service
- Additional Rev. Necessary to offset subsidy
- Increase in taxes necessary - 1 Cent
- 46 years to payback

City of Franklin Financing - Municipal Office				Level Payments		$ 3,904,250	City of Franklin Financing - Both		
Year	Principal	Interest	Total P& I	Annual Principal	Annual Interest	Annual P & I	Municipal (Prop. Tax)	IDB (Sales Tax)	Total City Contrib.
1	$ 69,000,000	$ 3,105,000	$ 72,105,000	$ 799,250	$ 3,105,000	$ 3,904,250	$ 3,904,250	$ 1,054,090	$ 4,958,340
2	$ 66,700,000	$ 3,001,500	$ 69,701,500	$ 902,750	$ 3,001,500	$ 3,904,250	$ 3,904,250	$ 1,029,090	$ 4,933,340
3	$ 64,400,000	$ 2,898,000	$ 67,298,000	$ 1,006,250	$ 2,898,000	$ 3,904,250	$ 3,904,250	$ 1,068,422	$ 4,972,672
4	$ 62,100,000	$ 2,794,500	$ 64,894,500	$ 1,109,750	$ 2,794,500	$ 3,904,250	$ 3,904,250	$ 809,571	$ 4,713,821
5	$ 59,800,000	$ 2,691,000	$ 62,491,000	$ 1,213,250	$ 2,691,000	$ 3,904,250	$ 3,904,250	$ 542,464	$ 4,446,714
6	$ 57,500,000	$ 2,587,500	$ 60,087,500	$ 1,316,750	$ 2,587,500	$ 3,904,250	$ 3,904,250	$ 533,232	$ 4,437,482
7	$ 55,200,000	$ 2,484,000	$ 57,684,000	$ 1,420,250	$ 2,484,000	$ 3,904,250	$ 3,904,250	$ 523,814	$ 4,428,064
8	$ 52,900,000	$ 2,380,500	$ 55,280,500	$ 1,523,750	$ 2,380,500	$ 3,904,250	$ 3,904,250	$ 514,209	$ 4,418,459
9	$ 50,600,000	$ 2,277,000	$ 52,877,000	$ 1,627,250	$ 2,277,000	$ 3,904,250	$ 3,904,250	$ 504,411	$ 4,408,661
10	$ 48,300,000	$ 2,173,500	$ 50,473,500	$ 1,730,750	$ 2,173,500	$ 3,904,250	$ 3,904,250	$ 494,418	$ 4,398,668
11	$ 46,000,000	$ 2,070,000	$ 48,070,000	$ 1,834,250	$ 2,070,000	$ 3,904,250	$ 3,904,250	$ 484,224	$ 4,388,474
12	$ 43,700,000	$ 1,966,500	$ 45,666,500	$ 1,937,750	$ 1,966,500	$ 3,904,250	$ 3,904,250	$ 473,827	$ 4,378,077
13	$ 41,400,000	$ 1,863,000	$ 43,263,000	$ 2,041,250	$ 1,863,000	$ 3,904,250	$ 3,904,250	$ 463,222	$ 4,367,472
14	$ 39,100,000	$ 1,759,500	$ 40,859,500	$ 2,144,750	$ 1,759,500	$ 3,904,250	$ 3,904,250	$ 452,404	$ 4,356,654
15	$ 36,800,000	$ 1,656,000	$ 38,456,000	$ 2,248,250	$ 1,656,000	$ 3,904,250	$ 3,904,250	$ 441,371	$ 4,345,621
16	$ 34,500,000	$ 1,552,500	$ 36,052,500	$ 2,351,750	$ 1,552,500	$ 3,904,250	$ 3,904,250	$ 430,116	$ 4,334,366
17	$ 32,200,000	$ 1,449,000	$ 33,649,000	$ 2,455,250	$ 1,449,000	$ 3,904,250	$ 3,904,250	$ 418,637	$ 4,322,887
18	$ 29,900,000	$ 1,345,500	$ 31,245,500	$ 2,558,750	$ 1,345,500	$ 3,904,250	$ 3,904,250	$ 406,928	$ 4,311,178
19	$ 27,600,000	$ 1,242,000	$ 28,842,000	$ 2,662,250	$ 1,242,000	$ 3,904,250	$ 3,904,250	$ 394,984	$ 4,299,234
20	$ 25,300,000	$ 1,138,500	$ 26,438,500	$ 2,765,750	$ 1,138,500	$ 3,904,250	$ 3,904,250	$ 382,802	$ 4,287,052
21	$ 23,000,000	$ 1,035,000	$ 24,035,000	$ 2,869,250	$ 1,035,000	$ 3,904,250	$ 3,904,250	$ 370,377	$ 4,274,627
22	$ 20,700,000	$ 931,500	$ 21,631,500	$ 2,972,750	$ 931,500	$ 3,904,250	$ 3,904,250	$ 357,702	$ 4,261,952
23	$ 18,400,000	$ 828,000	$ 19,228,000	$ 3,076,250	$ 828,000	$ 3,904,250	$ 3,904,250	$ 344,775	$ 4,249,025
24	$ 16,100,000	$ 724,500	$ 16,824,500	$ 3,179,750	$ 724,500	$ 3,904,250	$ 3,904,250	$ 331,588	$ 4,235,838
25	$ 13,800,000	$ 621,000	$ 14,421,000	$ 3,283,250	$ 621,000	$ 3,904,250	$ 3,904,250	$ 318,138	$ 4,222,388
26	$ 11,500,000	$ 517,500	$ 12,017,500	$ 3,386,750	$ 517,500	$ 3,904,250	$ 3,904,250	$ 304,419	$ 4,208,669
27	$ 9,200,000	$ 414,000	$ 9,614,000	$ 3,490,250	$ 414,000	$ 3,904,250	$ 3,904,250	$ 290,426	$ 4,194,676
28	$ 6,900,000	$ 310,500	$ 7,210,500	$ 3,593,750	$ 310,500	$ 3,904,250	$ 3,904,250	$ 276,152	$ 4,180,402
29	$ 4,600,000	$ 207,000	$ 4,807,000	$ 3,697,250	$ 207,000	$ 3,904,250	$ 3,904,250	$ 261,594	$ 4,165,844
30	$ 2,300,000	$ 103,500	$ 2,403,500	$ 3,800,750	$ 103,500	$ 3,904,250	$ 3,904,250	$ 246,744	$ 4,150,994
	$ 69,000,000	$ 48,127,500	$ 117,127,500	$ 69,000,000	$ 48,127,500	$ 117,127,500	$ 117,127,500	$ 14,524,151	$ 131,651,651

Synopsis:

Partial City Hall Building/Full Garage/Mixed-Use Office/Retail Building

Scenario 4 is another complicated City Hall Financial Scenario. It starts with Scenario 1 - a 91,250 sq. ft. government use City Hall costing $117,127,500, funded through Tax-Exempt bonds with the full G.O. credit of the City of Franklin behind it. Bonds are issued for 30 years.

But it also includes a 24,450 sq. ft. mixed-use development at the corner of 3rd & Church. This building would be made up entirely of retail space and would not legally be able to be financed directly by the City of Franklin. Instead a third-party conduit would have to issue the debt to build the building. This scenario assumes a mechanism the City has used before and is used by other cities in the State of Tennessee - the Industrial Development Board (IDB). Franklin has used its IDB once before - to issue and service the debt for the TIF district in Cool Springs around the Nissan headquarters (2005). And since it is for a for-profit purpose, the bonds issued would not be eligible for tax exemption and thus cost more. We estimate the 24,450 taxable building costing slightly more than $29 million with an interest rate of 6.17%. There is no way to estimate what rating these bonds would receive at this time.

All assumptions made for this retail structure - from size of building, to rental rates, to operational costs, have been taken from the Gibbs Planning Group report: City Hall Development Mixed-Use Economic Feasibility Analysis - City of Franklin Tennessee, dated June 28, 2022 and presented at the Board of Mayor and Alderman meeting of July 13, 2022. Additional costs have been made to account for the minimum staffing of the IDB. Taxes generated from the retail activities are based upon the attached schedule.

With all of those assumptions taken together, this is the riskiest of scenarios from both a financial and legal standpoint for the City of Franklin. Annual subsidy from the City of Franklin to service the IDB bonds ***AFTER*** rents are accounted for would range from $1.05 million to about $246,000 annually for 30 years, cumulatively resulting in a taxpayer contribution of $14.5 million. Property taxes are also explicitly forbidden under law to be used to subsidize for profit purposes, so sales taxes would have to be redistributed to service the IDB debt. It is estimated the payback on this investment of Sales Tax would take approximately 47 years.

Industrial Development Board Bonds				Level Payments		$ 1,004,090
	A	B	C (A x B)	D	E	F (D+E)
Year	Principal	Interest	Total P& I	Annual Principal	Annual Interest	Annual P & I
1	$ 15,403,500	$ 949,626	$ 16,353,126	$ 54,464	$ 949,626	$ 1,004,090
2	$ 14,890,050	$ 917,972	$ 15,808,022	$ 86,118	$ 917,972	$ 1,004,090
3	$ 14,376,600	$ 886,317	$ 15,262,917	$ 117,773	$ 886,317	$ 1,004,090
4	$ 13,863,150	$ 854,663	$ 14,717,813	$ 149,427	$ 854,663	$ 1,004,090
5	$ 13,349,700	$ 823,009	$ 14,172,709	$ 181,081	$ 823,009	$ 1,004,090
6	$ 12,836,250	$ 791,355	$ 13,627,605	$ 212,735	$ 791,355	$ 1,004,090
7	$ 12,322,800	$ 759,701	$ 13,082,501	$ 244,389	$ 759,701	$ 1,004,090
8	$ 11,809,350	$ 728,046	$ 12,537,396	$ 276,044	$ 728,046	$ 1,004,090
9	$ 11,295,900	$ 696,392	$ 11,992,292	$ 307,698	$ 696,392	$ 1,004,090
10	$ 10,782,450	$ 664,738	$ 11,447,188	$ 339,352	$ 664,738	$ 1,004,090
11	$ 10,269,000	$ 633,084	$ 10,902,084	$ 371,006	$ 633,084	$ 1,004,090
12	$ 9,755,550	$ 601,430	$ 10,356,980	$ 402,660	$ 601,430	$ 1,004,090
13	$ 9,242,100	$ 569,775	$ 9,811,875	$ 434,315	$ 569,775	$ 1,004,090
14	$ 8,728,650	$ 538,121	$ 9,266,771	$ 465,969	$ 538,121	$ 1,004,090
15	$ 8,215,200	$ 506,467	$ 8,721,667	$ 497,623	$ 506,467	$ 1,004,090
16	$ 7,701,750	$ 474,813	$ 8,176,563	$ 529,277	$ 474,813	$ 1,004,090
17	$ 7,188,300	$ 443,159	$ 7,631,459	$ 560,931	$ 443,159	$ 1,004,090
18	$ 6,674,850	$ 411,505	$ 7,086,355	$ 592,585	$ 411,505	$ 1,004,090
19	$ 6,161,400	$ 379,850	$ 6,541,250	$ 624,240	$ 379,850	$ 1,004,090
20	$ 5,647,950	$ 348,196	$ 5,996,146	$ 655,894	$ 348,196	$ 1,004,090
21	$ 5,134,500	$ 316,542	$ 5,451,042	$ 687,548	$ 316,542	$ 1,004,090
22	$ 4,621,050	$ 284,888	$ 4,905,938	$ 719,202	$ 284,888	$ 1,004,090
23	$ 4,107,600	$ 253,234	$ 4,360,834	$ 750,856	$ 253,234	$ 1,004,090
24	$ 3,594,150	$ 221,579	$ 3,815,729	$ 782,511	$ 221,579	$ 1,004,090
25	$ 3,080,700	$ 189,925	$ 3,270,625	$ 814,165	$ 189,925	$ 1,004,090
26	$ 2,567,250	$ 158,271	$ 2,725,521	$ 845,819	$ 158,271	$ 1,004,090
27	$ 2,053,800	$ 126,617	$ 2,180,417	$ 877,473	$ 126,617	$ 1,004,090
28	$ 1,540,350	$ 94,963	$ 1,635,313	$ 909,127	$ 94,963	$ 1,004,090
29	$ 1,026,900	$ 63,308	$ 1,090,208	$ 940,782	$ 63,308	$ 1,004,090
30	$ 513,450	$ 31,654	$ 545,104	$ 972,436	$ 31,654	$ 1,004,090
	$ 15,403,500	$ 14,719,200	$ 30,122,700	$ 15,403,500	$ 14,719,200	$ 30,122,700

Offsetting Revenue Potential							Annual Subsidy Required
G	H	I (G x H)	J	K	L	M (I+J+K+L)	N (F-M)
Retail Sq. Footage [1]	Rental Rate [2]	Rental Income (Gross)	Taxes Generated	Less Oper. Cost [3]	Less Annual IDB Cost [4]	Net Rental Income	
-	$ 35.00	$ -	$ -	$ -	$ (50,000)	$ (50,000)	$ 1,054,090
-	$ 35.00	$ -	$ -	$ -	$ (25,000)	$ (25,000)	$ 1,029,090
5,700	$ 35.70	$ 203,490	$ 53,651	$ (295,974)	$ (25,500)	$ (64,332)	$ 1,068,422
11,400	$ 36.41	$ 415,120	$ 107,303	$ (301,893)	$ (26,010)	$ 194,519	$ 809,571
17,100	$ 37.14	$ 635,133	$ 160,954	$ (307,931)	$ (26,530)	$ 461,626	$ 542,464
17,100	$ 37.89	$ 647,836	$ 164,173	$ (314,090)	$ (27,061)	$ 470,858	$ 533,232
17,100	$ 38.64	$ 660,792	$ 167,457	$ (320,371)	$ (27,602)	$ 480,276	$ 523,814
17,100	$ 39.42	$ 674,008	$ 170,806	$ (326,779)	$ (28,154)	$ 489,881	$ 514,209
17,100	$ 40.20	$ 687,488	$ 174,222	$ (333,314)	$ (28,717)	$ 499,679	$ 504,411
17,100	$ 41.01	$ 701,238	$ 177,706	$ (339,981)	$ (29,291)	$ 509,672	$ 494,418
17,100	$ 41.83	$ 715,263	$ 181,260	$ (346,780)	$ (29,877)	$ 519,866	$ 484,224
17,100	$ 42.66	$ 729,568	$ 184,886	$ (353,716)	$ (30,475)	$ 530,263	$ 473,827
17,100	$ 43.52	$ 744,160	$ 188,583	$ (360,790)	$ (31,084)	$ 540,868	$ 463,222
17,100	$ 44.39	$ 759,043	$ 192,355	$ (368,006)	$ (31,706)	$ 551,686	$ 452,404
17,100	$ 45.28	$ 774,224	$ 196,202	$ (375,366)	$ (32,340)	$ 562,719	$ 441,371
17,100	$ 46.18	$ 789,708	$ 200,126	$ (382,874)	$ (32,987)	$ 573,974	$ 430,116
17,100	$ 47.11	$ 805,502	$ 204,129	$ (390,531)	$ (33,647)	$ 585,453	$ 418,637
17,100	$ 48.05	$ 821,612	$ 208,211	$ (398,342)	$ (34,320)	$ 597,162	$ 406,928
17,100	$ 49.01	$ 838,044	$ 212,376	$ (406,308)	$ (35,006)	$ 609,106	$ 394,984
17,100	$ 49.99	$ 854,805	$ 216,623	$ (414,435)	$ (35,706)	$ 621,288	$ 382,802
17,100	$ 50.99	$ 871,901	$ 220,956	$ (422,723)	$ (36,420)	$ 633,713	$ 370,377
17,100	$ 52.01	$ 889,340	$ 225,375	$ (431,178)	$ (37,149)	$ 646,388	$ 357,702
17,100	$ 53.05	$ 907,126	$ 229,882	$ (439,801)	$ (37,892)	$ 659,315	$ 344,775
17,100	$ 54.11	$ 925,269	$ 234,480	$ (448,597)	$ (38,649)	$ 672,502	$ 331,588
17,100	$ 55.19	$ 943,774	$ 239,169	$ (457,569)	$ (39,422)	$ 685,952	$ 318,138
17,100	$ 56.30	$ 962,650	$ 243,953	$ (466,721)	$ (40,211)	$ 699,671	$ 304,419
17,100	$ 57.42	$ 981,903	$ 248,832	$ (476,055)	$ (41,015)	$ 713,664	$ 290,426
17,100	$ 58.57	$ 1,001,541	$ 253,808	$ (485,576)	$ (41,835)	$ 727,938	$ 276,152
17,100	$ 59.74	$ 1,021,572	$ 258,885	$ (495,288)	$ (42,672)	$ 742,496	$ 261,594
17,100	$ 60.94	$ 1,042,003	$ 264,062	$ (505,193)	$ (43,526)	$ 757,346	$ 246,744
							$ 14,524,151

Notes

[1] Assumption of Total Leasable sq. ft. comes from City Hall Development Mixed-Use Economic Feasibility Analysis - City of Franklin Tennessee. Gibbs Planning Group. June 28th, 2022. Page 10.

[2] Assumption of Rental Rate comes from "Figure 13. Economic Return Summary Base Case" City Hall Development Mixed-Use Economic Feasibility Analysis - City of Franklin Tennessee. Gibbs Planning Group. June 28th, 2022. Page 10.

[3] Assumption of Operating Costs comes from "Figure 12: Annual Operating Expenses Upon Stabilization" City Hall Development Mixed-Use Economic Feasibility Analysis - City of Franklin Tennessee. Gibbs Planning Group. June 28th, 2022. Page 9. (pro-rated for size of retail).

[4] Assumption of Annual IDB (Industrial Development Board) Operating Costs comes form City of Franklin, Tennessee staff best estimates to reconstitute IDB and provide minimal overhead management of property manager, private counsel, auditing and accounting services.

[5] Taxable vs. Tax Exempt Spread is based on highest taxable bracket of 37%. (In other words, the taxable rate is assumed to be 37% higher than the tax-exempt rate).

New City Hall - Financial & Risk Capacity Scenarios	Scenario 4

Payback Summary: The chart below shows the estimated time it would take for the City to recoup its initial investment. Because a subsidy to service the annual debt service is necessary for the 30 years the debt will be issued for, the IDB will be unable to begin paying the City back until year 31. This will take another 16 years to fully repay the City the over $14.5 million necessary over the debt servicing period. The City should fully recoup the investment in year 47.

Payback

		Gross Expenses	Gross Revenues	Subsidy Amount	Cumulative	
	1	$ 1,054,090	$ -	$ 1,054,090	$ 1,054,090	
	2	$ 1,029,090	$ -	$ 1,029,090	$ 2,083,180	
	3	$ 1,325,564	$ 257,141	$ 1,068,422	$ 3,151,602	Rents begin to come in to IDB
	4	$ 1,331,993	$ 522,422	$ 809,571	$ 3,961,173	
	5	$ 1,338,551	$ 796,087	$ 542,464	$ 4,503,637	Rents maximize to 95% occupancy as recommended by Gibbs Planning Group (within 5 years)
	6	$ 1,345,240	$ 812,009	$ 533,232	$ 5,036,869	
	7	$ 1,352,063	$ 828,249	$ 523,814	$ 5,560,683	
	8	$ 1,359,023	$ 844,814	$ 514,209	$ 6,074,892	
	9	$ 1,366,122	$ 861,710	$ 504,411	$ 6,579,303	
	10	$ 1,373,362	$ 878,944	$ 494,418	$ 7,073,721	
	11	$ 1,380,748	$ 896,523	$ 484,224	$ 7,557,945	
	12	$ 1,388,281	$ 914,454	$ 473,827	$ 8,031,772	
	13	$ 1,395,965	$ 932,743	$ 463,222	$ 8,494,994	
	14	$ 1,403,802	$ 951,398	$ 452,404	$ 8,947,398	
	15	$ 1,411,796	$ 970,426	$ 441,371	$ 9,388,769	
	16	$ 1,419,950	$ 989,834	$ 430,116	$ 9,818,885	
	17	$ 1,428,268	$ 1,009,631	$ 418,637	$ 10,237,522	
	18	$ 1,436,751	$ 1,029,824	$ 406,928	$ 10,644,449	
	19	$ 1,445,404	$ 1,050,420	$ 394,984	$ 11,039,434	
	20	$ 1,454,231	$ 1,071,428	$ 382,802	$ 11,422,236	
	21	$ 1,463,234	$ 1,092,857	$ 370,377	$ 11,792,613	
	22	$ 1,472,416	$ 1,114,714	$ 357,702	$ 12,150,315	
	23	$ 1,481,783	$ 1,137,008	$ 344,775	$ 12,495,090	
	24	$ 1,491,337	$ 1,159,749	$ 331,588	$ 12,826,678	
	25	$ 1,501,082	$ 1,182,944	$ 318,138	$ 13,144,816	
	26	$ 1,511,022	$ 1,206,602	$ 304,419	$ 13,449,235	
	27	$ 1,521,160	$ 1,230,734	$ 290,426	$ 13,739,661	
	28	$ 1,531,502	$ 1,255,349	$ 276,152	$ 14,015,813	
	29	$ 1,542,050	$ 1,280,456	$ 261,594	$ 14,277,407	
	30	$ 1,552,809	$ 1,306,065	$ 246,744	$ 14,524,151	Maximum City Investment
	31	$ 559,693	$ 1,332,187	$ (772,493)	$ 13,751,658	
	32	$ 570,887	$ 1,358,830	$ (787,943)	$ 12,963,715	
	33	$ 582,305	$ 1,386,007	$ (803,702)	$ 12,160,013	
	34	$ 593,951	$ 1,413,727	$ (819,776)	$ 11,340,237	
	35	$ 605,830	$ 1,442,002	$ (836,171)	$ 10,504,066	
	36	$ 617,947	$ 1,470,842	$ (852,895)	$ 9,651,171	
	37	$ 630,306	$ 1,500,258	$ (869,953)	$ 8,781,218	
	38	$ 642,912	$ 1,530,264	$ (887,352)	$ 7,893,866	
	39	$ 655,770	$ 1,560,869	$ (905,099)	$ 6,988,767	
	40	$ 668,886	$ 1,592,086	$ (923,201)	$ 6,065,567	
	41	$ 682,263	$ 1,623,928	$ (941,665)	$ 5,123,902	
	42	$ 695,908	$ 1,656,407	$ (960,498)	$ 4,163,404	
	43	$ 709,827	$ 1,689,535	$ (979,708)	$ 3,183,696	
	44	$ 724,023	$ 1,723,325	$ (999,302)	$ 2,184,393	
	45	$ 738,504	$ 1,757,792	$ (1,019,288)	$ 1,165,105	
	46	$ 753,274	$ 1,792,948	$ (1,039,674)	$ 125,431	
Payback to City occurs in Year 47	**47**	**$ 768,339**	**$ 1,828,807**	**$ (1,060,468)**	**$ (935,036)**	**City Repaid**

Cumulative City Investment Increasing

Cumulative City Investment Decreasing

New City Hall - Financial & Risk Capacity Scenarios

Scenario 5

Building Summary		
Assumed Square Footage		95,750
Purpose:		Municipal Office/ Private Retail

Financing Summary		
Municipal Purpose Building		
Assumed Square Footage		91,250
Controlling Agency		City of Franklin
Funding Stream		Property Tax Levy
Total Cost	$	84,000,000
Cash	$	15,000,000
Debt	$	69,000,000
Principal	$	69,000,000
Interest Rate		4.50%
Bond Rating		AAA
Debt Type		Tax-Exempt
Term		30
Cost per Sq. Ft. Const	$	921
Cost per Sq. Ft. Fin.	$	1,284

Retail Use		
Assumed Square Footage		4,500
Controlling Agency		City of Franklin
Funding Stream		Rents/ City Subsidy
Total Cost	$	4,142,466
Cash	$	-
Debt	$	4,142,466
Principal	$	4,142,466
Interest Rate [7]		4.50%
Bond Rating		AAA
Debt Type		Tax-Exempt
Term		30
Cost per Sq. Ft. Const	$	921
Cost per Sq. Ft. Fin.	$	1,284

Overall Financials		
Total Construction Cost	$	88,142,466
Total Overall Cost (30 yrs.)	$	124,159,336
Less Net Rents	$	(5,031,546)
Net Overall Cost (30 yrs.)	$	119,127,790
Composite Cost/Sq. Ft.	$	921
Composite Cost/Sq. Ft.	$	1,284

Revenue Requirements		
Additional Revenue Req'	$	2,000,290
Annual Revenue Req'	$	66,676
Value of One Cent (2022)	$	711,438
Increase in Property Tax	$	0.0009

Risk Assessment	
Risk	Moderate

Reasons:

- Dependent upon Retail Rental Market
- Rents alone cannot pay for full debt service
- Additional Revenues Necessary to offset subsidy
- Small Increase in taxes necessary
- 38 years to payback

City of Franklin Financing - Municipal Office — Level Payments — $ 3,904,250

Year	Principal	Interest	Total P& I	Annual Principal	Annual Interest	Annual P & I
1	$ 69,000,000	$ 3,105,000	$ 72,105,000	$ 799,250	$ 3,105,000	$ 3,904,250
2	$ 66,700,000	$ 3,001,500	$ 69,701,500	$ 902,750	$ 3,001,500	$ 3,904,250
3	$ 64,400,000	$ 2,898,000	$ 67,298,000	$ 1,006,250	$ 2,898,000	$ 3,904,250
4	$ 62,100,000	$ 2,794,500	$ 64,894,500	$ 1,109,750	$ 2,794,500	$ 3,904,250
5	$ 59,800,000	$ 2,691,000	$ 62,491,000	$ 1,213,250	$ 2,691,000	$ 3,904,250
6	$ 57,500,000	$ 2,587,500	$ 60,087,500	$ 1,316,750	$ 2,587,500	$ 3,904,250
7	$ 55,200,000	$ 2,484,000	$ 57,684,000	$ 1,420,250	$ 2,484,000	$ 3,904,250
8	$ 52,900,000	$ 2,380,500	$ 55,280,500	$ 1,523,750	$ 2,380,500	$ 3,904,250
9	$ 50,600,000	$ 2,277,000	$ 52,877,000	$ 1,627,250	$ 2,277,000	$ 3,904,250
10	$ 48,300,000	$ 2,173,500	$ 50,473,500	$ 1,730,750	$ 2,173,500	$ 3,904,250
11	$ 46,000,000	$ 2,070,000	$ 48,070,000	$ 1,834,250	$ 2,070,000	$ 3,904,250
12	$ 43,700,000	$ 1,966,500	$ 45,666,500	$ 1,937,750	$ 1,966,500	$ 3,904,250
13	$ 41,400,000	$ 1,863,000	$ 43,263,000	$ 2,041,250	$ 1,863,000	$ 3,904,250
14	$ 39,100,000	$ 1,759,500	$ 40,859,500	$ 2,144,750	$ 1,759,500	$ 3,904,250
15	$ 36,800,000	$ 1,656,000	$ 38,456,000	$ 2,248,250	$ 1,656,000	$ 3,904,250
16	$ 34,500,000	$ 1,552,500	$ 36,052,500	$ 2,351,750	$ 1,552,500	$ 3,904,250
17	$ 32,200,000	$ 1,449,000	$ 33,649,000	$ 2,455,250	$ 1,449,000	$ 3,904,250
18	$ 29,900,000	$ 1,345,500	$ 31,245,500	$ 2,558,750	$ 1,345,500	$ 3,904,250
19	$ 27,600,000	$ 1,242,000	$ 28,842,000	$ 2,662,250	$ 1,242,000	$ 3,904,250
20	$ 25,300,000	$ 1,138,500	$ 26,438,500	$ 2,765,750	$ 1,138,500	$ 3,904,250
21	$ 23,000,000	$ 1,035,000	$ 24,035,000	$ 2,869,250	$ 1,035,000	$ 3,904,250
22	$ 20,700,000	$ 931,500	$ 21,631,500	$ 2,972,750	$ 931,500	$ 3,904,250
23	$ 18,400,000	$ 828,000	$ 19,228,000	$ 3,076,250	$ 828,000	$ 3,904,250
24	$ 16,100,000	$ 724,500	$ 16,824,500	$ 3,179,750	$ 724,500	$ 3,904,250
25	$ 13,800,000	$ 621,000	$ 14,421,000	$ 3,283,250	$ 621,000	$ 3,904,250
26	$ 11,500,000	$ 517,500	$ 12,017,500	$ 3,386,750	$ 517,500	$ 3,904,250
27	$ 9,200,000	$ 414,000	$ 9,614,000	$ 3,490,250	$ 414,000	$ 3,904,250
28	$ 6,900,000	$ 310,500	$ 7,210,500	$ 3,593,750	$ 310,500	$ 3,904,250
29	$ 4,600,000	$ 207,000	$ 4,807,000	$ 3,697,250	$ 207,000	$ 3,904,250
30	$ 2,300,000	$ 103,500	$ 2,403,500	$ 3,800,750	$ 103,500	$ 3,904,250
	$ 69,000,000	$ 48,127,500	$ 117,127,500	$ 69,000,000	$ 48,127,500	$ 117,127,500

City of Franklin Financing - Both

Municipal (Prop. Tax)	IDB (Sales Tax)	Total City Contrib.
$ 3,904,250	$ 234,395	$ 4,138,645
$ 3,904,250	$ 234,395	$ 4,138,645
$ 3,904,250	$ 98,595	$ 4,002,845
$ 3,904,250	$ 95,879	$ 4,000,129
$ 3,904,250	$ 93,108	$ 3,997,358
$ 3,904,250	$ 90,283	$ 3,994,533
$ 3,904,250	$ 87,400	$ 3,991,650
$ 3,904,250	$ 84,461	$ 3,988,711
$ 3,904,250	$ 81,462	$ 3,985,712
$ 3,904,250	$ 78,403	$ 3,982,653
$ 3,904,250	$ 75,283	$ 3,979,533
$ 3,904,250	$ 72,101	$ 3,976,351
$ 3,904,250	$ 68,855	$ 3,973,105
$ 3,904,250	$ 65,545	$ 3,969,795
$ 3,904,250	$ 62,168	$ 3,966,418
$ 3,904,250	$ 58,723	$ 3,962,973
$ 3,904,250	$ 55,210	$ 3,959,460
$ 3,904,250	$ 51,626	$ 3,955,876
$ 3,904,250	$ 47,971	$ 3,952,221
$ 3,904,250	$ 44,242	$ 3,948,492
$ 3,904,250	$ 40,439	$ 3,944,689
$ 3,904,250	$ 36,560	$ 3,940,810
$ 3,904,250	$ 32,603	$ 3,936,853
$ 3,904,250	$ 28,567	$ 3,932,817
$ 3,904,250	$ 24,451	$ 3,928,701
$ 3,904,250	$ 20,252	$ 3,924,502
$ 3,904,250	$ 15,969	$ 3,920,219
$ 3,904,250	$ 11,601	$ 3,915,851
$ 3,904,250	$ 7,145	$ 3,911,395
$ 3,904,250	$ 2,600	$ 3,906,850
$ 117,127,500	$ 2,000,290	$ 119,127,790

Synopsis:

Partial City Hall Building/Full Garage w/Limited Allowable Commercial Space under Tax-Exempt Rules

Scenario 5 is another complicated of the City Hall Financial Scenarios. It starts with Scenario 1 - a 91,250 sq. ft. government use City Hall costing $117,127,500, funded through Tax-Exempt bonds with the full G.O. credit of the City of Franklin behind it. Bonds are issued for 30 years.

But it also includes a limited amount of retail - 4,500 sq. ft. to be exact - which is just under the 5% allowed to be borrowed and still maintain the City's tax-exempt bond ability for this project The City of Franklin would maintain and manage these retail sites since there is no need for outside funding.

All assumptions made for this retail structure - from rental rates, to operational costs, have been taken from the Gibbs Planning Group report: City Hall Development Mixed-Use Economic Feasibility Analysis - City of Franklin Tennessee, dated June 28, 2022 and presented at the Board of Mayor and Alderman meeting of July 13, 2022. Additional costs have been made to account for the minimum staffing of the IDB. Taxes generated from the retail activities are based upon the attached schedule.

With all of those assumptions taken together, this is the riskiest of scenarios from both a financial and legal standpoint for the City of Franklin. Annual subsidy from the City of Franklin to service the IDB bonds ***AFTER*** rents and taxes are accounted for would range from a high of $234,000 to $2,600 annually for 30 years, cumulatively resulting in a taxpayer contribution of just over $2,000,000. Property taxes are also explicitly forbidden under law to be used to subsidize for profit purposes, so sales taxes would have to be redistributed to service the IDB debt. It is estimated the payback on this investment of Sales Tax would take approximately 38 years.

Industrial Development Board Bonds — Level Payments — $ 234,395

	A	B	C (A x B)	D	E	F (D+E)
Year	Principal	Interest	Total P& I	Annual Principal	Annual Interest	Annual P & I
1	$ 4,142,466	$ 186,411	$ 4,328,877	$ 47,984	$ 186,411	$ 234,395
2	$ 4,004,384	$ 180,197	$ 4,184,581	$ 54,197	$ 180,197	$ 234,395
3	$ 3,866,301	$ 173,984	$ 4,040,285	$ 60,411	$ 173,984	$ 234,395
4	$ 3,728,219	$ 167,770	$ 3,895,989	$ 66,625	$ 167,770	$ 234,395
5	$ 3,590,137	$ 161,556	$ 3,751,693	$ 72,838	$ 161,556	$ 234,395
6	$ 3,452,055	$ 155,342	$ 3,607,397	$ 79,052	$ 155,342	$ 234,395
7	$ 3,313,973	$ 149,129	$ 3,463,101	$ 85,266	$ 149,129	$ 234,395
8	$ 3,175,890	$ 142,915	$ 3,318,805	$ 91,479	$ 142,915	$ 234,395
9	$ 3,037,808	$ 136,701	$ 3,174,510	$ 97,693	$ 136,701	$ 234,395
10	$ 2,899,726	$ 130,488	$ 3,030,214	$ 103,907	$ 130,488	$ 234,395
11	$ 2,761,644	$ 124,274	$ 2,885,918	$ 110,121	$ 124,274	$ 234,395
12	$ 2,623,562	$ 118,060	$ 2,741,622	$ 116,334	$ 118,060	$ 234,395
13	$ 2,485,479	$ 111,847	$ 2,597,326	$ 122,548	$ 111,847	$ 234,395
14	$ 2,347,397	$ 105,633	$ 2,453,030	$ 128,762	$ 105,633	$ 234,395
15	$ 2,209,315	$ 99,419	$ 2,308,734	$ 134,975	$ 99,419	$ 234,395
16	$ 2,071,233	$ 93,205	$ 2,164,438	$ 141,189	$ 93,205	$ 234,395
17	$ 1,933,151	$ 86,992	$ 2,020,142	$ 147,403	$ 86,992	$ 234,395
18	$ 1,795,068	$ 80,778	$ 1,875,847	$ 153,616	$ 80,778	$ 234,395
19	$ 1,656,986	$ 74,564	$ 1,731,551	$ 159,830	$ 74,564	$ 234,395
20	$ 1,518,904	$ 68,351	$ 1,587,255	$ 166,044	$ 68,351	$ 234,395
21	$ 1,380,822	$ 62,137	$ 1,442,959	$ 172,258	$ 62,137	$ 234,395
22	$ 1,242,740	$ 55,923	$ 1,298,663	$ 178,471	$ 55,923	$ 234,395
23	$ 1,104,658	$ 49,710	$ 1,154,367	$ 184,685	$ 49,710	$ 234,395
24	$ 966,575	$ 43,496	$ 1,010,071	$ 190,899	$ 43,496	$ 234,395
25	$ 828,493	$ 37,282	$ 865,775	$ 197,112	$ 37,282	$ 234,395
26	$ 690,411	$ 31,068	$ 721,479	$ 203,326	$ 31,068	$ 234,395
27	$ 552,329	$ 24,855	$ 577,184	$ 209,540	$ 24,855	$ 234,395
28	$ 414,247	$ 18,641	$ 432,888	$ 215,753	$ 18,641	$ 234,395
29	$ 276,164	$ 12,427	$ 288,592	$ 221,967	$ 12,427	$ 234,395
30	$ 138,082	$ 6,214	$ 144,296	$ 228,181	$ 6,214	$ 234,395
	$ 4,142,466	$ 2,889,370	$ 7,031,836	$ 4,142,466	$ 2,889,370	$ 7,031,836

Offsetting Revenue Potential

G	H	I (G x H)	J	K	M (I+J+K+L)
Retail Sq. Footage [1]	Rental Rate [2]	Rental Income (Gross)	Taxes Generated	Less Oper. Cost [3]	Net Rental Income
-	$ 35.00	$ -	$ -	$ -	$ -
-	$ 35.00	$ -	$ -	$ -	$ -
4,500	$ 35.70	$ 160,650	$ 29,623	$ (54,474)	$ 135,800
4,500	$ 36.41	$ 163,863	$ 30,216	$ (55,563)	$ 138,516
4,500	$ 37.14	$ 167,140	$ 30,820	$ (56,674)	$ 141,286
4,500	$ 37.89	$ 170,483	$ 31,437	$ (57,808)	$ 144,112
4,500	$ 38.64	$ 173,893	$ 32,065	$ (58,964)	$ 146,994
4,500	$ 39.42	$ 177,371	$ 32,707	$ (60,143)	$ 149,934
4,500	$ 40.20	$ 180,918	$ 33,361	$ (61,346)	$ 152,933
4,500	$ 41.01	$ 184,536	$ 34,028	$ (62,573)	$ 155,991
4,500	$ 41.83	$ 188,227	$ 34,709	$ (63,825)	$ 159,111
4,500	$ 42.66	$ 191,992	$ 35,403	$ (65,101)	$ 162,293
4,500	$ 43.52	$ 195,831	$ 36,111	$ (66,403)	$ 165,539
4,500	$ 44.39	$ 199,748	$ 36,833	$ (67,731)	$ 168,850
4,500	$ 45.28	$ 203,743	$ 37,570	$ (69,086)	$ 172,227
4,500	$ 46.18	$ 207,818	$ 38,321	$ (70,468)	$ 175,671
4,500	$ 47.11	$ 211,974	$ 39,088	$ (71,877)	$ 179,185
4,500	$ 48.05	$ 216,214	$ 39,869	$ (73,314)	$ 182,769
4,500	$ 49.01	$ 220,538	$ 40,667	$ (74,781)	$ 186,424
4,500	$ 49.99	$ 224,949	$ 41,480	$ (76,276)	$ 190,152
4,500	$ 50.99	$ 229,448	$ 42,310	$ (77,802)	$ 193,956
4,500	$ 52.01	$ 234,037	$ 43,156	$ (79,358)	$ 197,835
4,500	$ 53.05	$ 238,717	$ 44,019	$ (80,945)	$ 201,791
4,500	$ 54.11	$ 243,492	$ 44,899	$ (82,564)	$ 205,827
4,500	$ 55.19	$ 248,362	$ 45,797	$ (84,215)	$ 209,944
4,500	$ 56.30	$ 253,329	$ 46,713	$ (85,900)	$ 214,143
4,500	$ 57.42	$ 258,395	$ 47,647	$ (87,618)	$ 218,425
4,500	$ 58.57	$ 263,563	$ 48,600	$ (89,370)	$ 222,794
4,500	$ 59.74	$ 268,835	$ 49,572	$ (91,157)	$ 227,250
4,500	$ 60.94	$ 274,211	$ 50,564	$ (92,980)	$ 231,795

Annual Subsidy Required

N (F-M)
$ 234,395
$ 234,395
$ 98,595
$ 95,879
$ 93,108
$ 90,283
$ 87,400
$ 84,461
$ 81,462
$ 78,403
$ 75,283
$ 72,101
$ 68,855
$ 65,545
$ 62,168
$ 58,723
$ 55,210
$ 51,626
$ 47,971
$ 44,242
$ 40,439
$ 36,560
$ 32,603
$ 28,567
$ 24,451
$ 20,252
$ 15,969
$ 11,601
$ 7,145
$ 2,600
$ 2,000,290

New City Hall - Financial & Risk Capacity Scenarios	Scenario 5

Payback Summary: The chart below shows the estimated time it would take for the City to recoup its initial investment. Because a subsidy to service the annual debt service is necessary for the 30 years the debt will be issued for, the IDB will be unable to begin paying the City back until year 31. This will take another 7 years to fully repay the City the over $2 million necessary over the debt servicing period. The City should fully recoup the investment in year 38.

Payback

	Year	Gross Expenses	Gross Revenues	Subsidy Amount	Cumulative	
	1	$ 234,395	$ -	$ 234,395	$ 234,395	
	2	$ 234,395	$ -	$ 234,395	$ 468,789	
	3	$ 288,868	$ 190,273	$ 98,595	$ 567,384	Rents at full when building opens (because of only 3 retail spots)
	4	$ 289,958	$ 194,079	$ 95,879	$ 663,263	Cumulative City Investment Increasing
	5	$ 291,069	$ 197,961	$ 93,108	$ 756,371	
	6	$ 292,202	$ 201,920	$ 90,283	$ 846,654	
	7	$ 293,359	$ 205,958	$ 87,400	$ 934,054	
	8	$ 294,538	$ 210,077	$ 84,461	$ 1,018,515	
	9	$ 295,741	$ 214,279	$ 81,462	$ 1,099,977	
	10	$ 296,968	$ 218,564	$ 78,403	$ 1,178,380	
	11	$ 298,219	$ 222,936	$ 75,283	$ 1,253,663	
	12	$ 299,496	$ 227,394	$ 72,101	$ 1,325,765	
	13	$ 300,798	$ 231,942	$ 68,855	$ 1,394,620	
	14	$ 302,126	$ 236,581	$ 65,545	$ 1,460,165	
	15	$ 303,480	$ 241,313	$ 62,168	$ 1,522,332	
	16	$ 304,862	$ 246,139	$ 58,723	$ 1,581,055	
	17	$ 306,271	$ 251,062	$ 55,210	$ 1,636,265	
	18	$ 307,709	$ 256,083	$ 51,626	$ 1,687,891	
	19	$ 309,175	$ 261,205	$ 47,971	$ 1,735,861	
	20	$ 310,671	$ 266,429	$ 44,242	$ 1,780,103	
	21	$ 312,196	$ 271,757	$ 40,439	$ 1,820,542	
	22	$ 313,752	$ 277,192	$ 36,560	$ 1,857,102	
	23	$ 315,340	$ 282,736	$ 32,603	$ 1,889,705	
	24	$ 316,958	$ 288,391	$ 28,567	$ 1,918,273	
	25	$ 318,610	$ 294,159	$ 24,451	$ 1,942,724	
	26	$ 320,294	$ 300,042	$ 20,252	$ 1,962,975	
	27	$ 322,012	$ 306,043	$ 15,969	$ 1,978,945	
	28	$ 323,764	$ 312,164	$ 11,601	$ 1,990,545	
	29	$ 325,552	$ 318,407	$ 7,145	$ 1,997,690	
	30	$ 327,375	$ 324,775	$ 2,600	$ 2,000,290	Maximum City Investment
	31	$ 94,840	$ 331,271	$ (236,431)	$ 1,763,859	Cumulative City Investment Decreasing
	32	$ 96,737	$ 337,896	$ (241,159)	$ 1,522,700	
	33	$ 98,672	$ 344,654	$ (245,982)	$ 1,276,717	
	34	$ 100,645	$ 351,547	$ (250,902)	$ 1,025,815	
	35	$ 102,658	$ 358,578	$ (255,920)	$ 769,895	
	36	$ 104,711	$ 365,750	$ (261,039)	$ 508,856	
	37	$ 106,805	$ 373,065	$ (266,259)	$ 242,597	
Payback to City occurs in Year 38	**38**	**$ 108,941**	**$ 380,526**	**$ (271,585)**	**$ (28,988)**	**City Repaid**

Notes

[1] Assumption of Total Leasable sq. ft. comes from City Hall Development Mixed-Use Economic Feasibility Analysis - City of Franklin Tennessee. Gibbs Planning Group. June 28th, 2022. Page 10.

[2] Assumption of Rental Rate comes from "Figure 13. Economic Return Summary Base Case" City Hall Development Mixed-Use Economic Feasibility Analysis - City of Franklin Tennessee. Gibbs Planning Group. June 28th, 2022. Page 10.

[3] Assumption of Operating Costs comes from "Figure 12: Annual Operating Expenses Upon Stabilization" City Hall Development Mixed-Use Economic Feasibility Analysis - City of Franklin Tennessee. Gibbs Planning Group. June 28th, 2022. Page 9. (pro-rated for size of retail).

Taxes Generated by New Retail Development

Each business in the City of Franklin generates a series of fees, and taxes. For the purposes of this analysis, staff has focused on recurring Local Option Sales Tax (LOST) revenues which are generated as a result of the business. While other taxes are generated, they either produce insignificant amounts of revenue annually or do not come to the City but rather the State of Tennessee.

Sales Taxes

It is important to note that only a portion of the total Sales Tax collected at the register on a sale in Tennessee actually comes directly back to the City of Franklin. The current sales tax rate of 9.75% for all purchases at the register is broken out as follows:

A	7.00%	State of Tennessee Sales Tax
B	1.375%	Local Option Sales Tax (Public Schools)
C	1.375%	Local Option Sales Tax (City of Franklin)
D (A+B+C)	**9.75%**	**Total Sales Tax Collected on Sales**

To estimate the amount of sales tax collected at brick and mortar establishments in the City of Franklin, staff has focused only on the amount of sales tax generated from the 1.375% LOST received annually by the City of Franklin. The figure below shows that the average amount of LOST generated by square foot of retail space in Franklin in 2022 is $7.70/sf.

E	$	57,745,532	Unaudited FY 2022 LOST Collections (City of Franklin)
F		7,500,000	Estimated Total Retail Square Footage, City of Franklin (2022)
G (E/F)	**$**	**7.70**	**Estimated Local Sales Tax Generated by Sq. Ft., City of Franklin - 2022**

But this number has to be reduced further because the total LOST collected by the City of Franklin is inclusive of both online sales and sales in brick and mortar institutions. Using national averages provided from the U.S. Census Bureau[1], the percentage of total sales in the United States through the 2nd quarter of 2022 attributable to e-commerce (online) was 14.5%. (Exact percentages for online vs. on-site sales in Franklin are unavailable. Using a national average was fair approximation)

G	$	7.70	Estimated Local Sales Tax Generated by Sq. Ft., City of Franklin - 2022
H		14.5%	Percent Attributable to E-commerce (Online) Sales
I (G x (1-H))	**$**	**6.58**	**Average Local Sales Tax Generated/Square Foot at Brick and Mortar Sites**

Sales Tax Generation Potential - City Hall Scenarios

The tables below shows the relative level of sales tax generated from three sizes of retail development:

Scenario 3a - Retail portion of 38,000 sq. ft. Retail/Office proposal			
L		17,100	Total Usable Retail Square Footage
I	$	6.58	Average Local Option Sales Tax/Sq. Ft. in Franklin (2022)
M (L x I)	**$**	**112,569**	Total Annual Sales Tax Generated for Franklin

Scenario 4 - Retail of 24,450 which fills out massing of Full Master Plan			
N		24,450	Total Usable Retail Square Footage
I	$	6.58	Average Local Option Sales Tax/Sq. Ft. in Franklin (2022)
O (N x I)	**$**	**160,954**	Total Annual Sales Tax Generated for Franklin

Scenario 5 - Up to 5% Retail funded through tax-exempt bonds (4500 sq. ft. retail only)			
J		4,500	Total Usable Retail Square Footage
I	$	6.58	Average Local Option Sales Tax/Sq. Ft. in Franklin (2022)
K (J x I)	**$**	**29,623**	Total Annual Sales Tax Generated for Franklin

Notes:

[1] Source: https://www.census.gov/retail/mrts/www/data/pdf/ec_current.pdf

Reference Materials from August 23rd

Original Scenario 1
Original Scenario 2
Original Scenario 3a
Original Scenario 3b
Cash Summary - General Fund - CIP Programming

New City Hall - Financial & Risk Capacity Scenarios

Scenario 1

Building Summary	
Assumed Square Footage	91,250
Purpose:	Municipal Office

Financing Summary	
Municipal Purpose Building	
Controlling Agency	City of Franklin
Funding Stream	Property Tax Levy
Total Cost	$ 84,000,000
Cash	$ 15,000,000
Debt	$ 69,000,000
Principal	$ 69,000,000
Interest Rate	4.50%
Bond Rating	AAA
Debt Type	Tax-Exempt
Term	20
Cost per sq. ft. Const.	$ 921
Cost per Sq. Ft.	$ 1,113

Risk Assessment	
Risk	Low
Reasons:	
- Tax Exempt	
- 100% City-controlled	
- No increase in taxes necessary	

City of Franklin Debt Financing				Level Payments		$ 5,080,125
Year	**Principal**	**Interest**	**Total P& I**	**Annual Principal**	**Annual Interest**	**Annual P & I**
1	$ 69,000,000	$ 3,105,000	$ 72,105,000	$ 1,975,125	$ 3,105,000	$ 5,080,125
2	$ 65,550,000	$ 2,949,750	$ 68,499,750	$ 2,130,375	$ 2,949,750	$ 5,080,125
3	$ 62,100,000	$ 2,794,500	$ 64,894,500	$ 2,285,625	$ 2,794,500	$ 5,080,125
4	$ 58,650,000	$ 2,639,250	$ 61,289,250	$ 2,440,875	$ 2,639,250	$ 5,080,125
5	$ 55,200,000	$ 2,484,000	$ 57,684,000	$ 2,596,125	$ 2,484,000	$ 5,080,125
6	$ 51,750,000	$ 2,328,750	$ 54,078,750	$ 2,751,375	$ 2,328,750	$ 5,080,125
7	$ 48,300,000	$ 2,173,500	$ 50,473,500	$ 2,906,625	$ 2,173,500	$ 5,080,125
8	$ 44,850,000	$ 2,018,250	$ 46,868,250	$ 3,061,875	$ 2,018,250	$ 5,080,125
9	$ 41,400,000	$ 1,863,000	$ 43,263,000	$ 3,217,125	$ 1,863,000	$ 5,080,125
10	$ 37,950,000	$ 1,707,750	$ 39,657,750	$ 3,372,375	$ 1,707,750	$ 5,080,125
11	$ 34,500,000	$ 1,552,500	$ 36,052,500	$ 3,527,625	$ 1,552,500	$ 5,080,125
12	$ 31,050,000	$ 1,397,250	$ 32,447,250	$ 3,682,875	$ 1,397,250	$ 5,080,125
13	$ 27,600,000	$ 1,242,000	$ 28,842,000	$ 3,838,125	$ 1,242,000	$ 5,080,125
14	$ 24,150,000	$ 1,086,750	$ 25,236,750	$ 3,993,375	$ 1,086,750	$ 5,080,125
15	$ 20,700,000	$ 931,500	$ 21,631,500	$ 4,148,625	$ 931,500	$ 5,080,125
16	$ 17,250,000	$ 776,250	$ 18,026,250	$ 4,303,875	$ 776,250	$ 5,080,125
17	$ 13,800,000	$ 621,000	$ 14,421,000	$ 4,459,125	$ 621,000	$ 5,080,125
18	$ 10,350,000	$ 465,750	$ 10,815,750	$ 4,614,375	$ 465,750	$ 5,080,125
19	$ 6,900,000	$ 310,500	$ 7,210,500	$ 4,769,625	$ 310,500	$ 5,080,125
20	$ 3,450,000	$ 155,250	$ 3,605,250	$ 4,924,875	$ 155,250	$ 5,080,125
	$ 69,000,000	$ 32,602,500	$ 101,602,500	$ 69,000,000	$ 32,602,500	$ 101,602,500

Synopsis:

Partial Building/Full Garage

Scenario 1 provides for a smaller building than the Master Plan originally proposed but the full underground garage. It is slightly larger than what was proposed earlier in 2022, but remains within the City's available funding capacity without need for additional revenues.

91,250 square feet is proposed to cover all employee and service needs to 2040. Principal and Interest payments are forecast to be level annually and just over $5 million. Interest rates are forecast to be 4.5% - but this will change (as will the cost) when bonds are issued for this project in several years. For now, we are assuming that this would occur today and given recent increases in the Federal Funds rate to fight inflation, 4.5% is a realistic rate even for a AAA credit such as Franklin.

This scenario poses a low risk financially and legally for the City of Franklin.

New City Hall - Financial & Risk Capacity Scenarios

Scenario 2

Building Summary	
Assumed Square Footage	115,700
Purpose:	Municipal Office

Financing Summary		
Municipal Purpose Building		
Controlling Agency		City of Franklin
Funding Stream		Property Tax Levy
Total Cost	$	106,600,000
Cash	$	15,000,000
Debt	$	91,600,000
Principal	$	91,600,000
Interest Rate		4.50%
Bond Rating		AAA
Debt Type		Tax-Exempt
Term		20

Revenue Requirements		
Additional Revenue Req'	$	33,278,500
Annual Revenue Req'	$	1,663,925
Value of One Cent (2022)	$	711,438
Increase in Property Tax	$	0.0234
Cost per sq. Ft. Const.	$	921
Cost per Sq. Ft. Fin.	$	1,166

Risk Assessment	
Risk	Low

Reasons:
- Tax Exempt
- 100% City-controlled
- Increase in taxes necessary - 2+ Cents

City of Franklin Debt Financing				Level Payments		$ 6,744,050
Year	Principal	Interest	Total P& I	Annual Principal	Annual Interest	Annual P & I
1	$ 91,600,000	$ 4,122,000	$ 95,722,000	$ 2,622,050	$ 4,122,000	$ 6,744,050
2	$ 87,020,000	$ 3,915,900	$ 90,935,900	$ 2,828,150	$ 3,915,900	$ 6,744,050
3	$ 82,440,000	$ 3,709,800	$ 86,149,800	$ 3,034,250	$ 3,709,800	$ 6,744,050
4	$ 77,860,000	$ 3,503,700	$ 81,363,700	$ 3,240,350	$ 3,503,700	$ 6,744,050
5	$ 73,280,000	$ 3,297,600	$ 76,577,600	$ 3,446,450	$ 3,297,600	$ 6,744,050
6	$ 68,700,000	$ 3,091,500	$ 71,791,500	$ 3,652,550	$ 3,091,500	$ 6,744,050
7	$ 64,120,000	$ 2,885,400	$ 67,005,400	$ 3,858,650	$ 2,885,400	$ 6,744,050
8	$ 59,540,000	$ 2,679,300	$ 62,219,300	$ 4,064,750	$ 2,679,300	$ 6,744,050
9	$ 54,960,000	$ 2,473,200	$ 57,433,200	$ 4,270,850	$ 2,473,200	$ 6,744,050
10	$ 50,380,000	$ 2,267,100	$ 52,647,100	$ 4,476,950	$ 2,267,100	$ 6,744,050
11	$ 45,800,000	$ 2,061,000	$ 47,861,000	$ 4,683,050	$ 2,061,000	$ 6,744,050
12	$ 41,220,000	$ 1,854,900	$ 43,074,900	$ 4,889,150	$ 1,854,900	$ 6,744,050
13	$ 36,640,000	$ 1,648,800	$ 38,288,800	$ 5,095,250	$ 1,648,800	$ 6,744,050
14	$ 32,060,000	$ 1,442,700	$ 33,502,700	$ 5,301,350	$ 1,442,700	$ 6,744,050
15	$ 27,480,000	$ 1,236,600	$ 28,716,600	$ 5,507,450	$ 1,236,600	$ 6,744,050
16	$ 22,900,000	$ 1,030,500	$ 23,930,500	$ 5,713,550	$ 1,030,500	$ 6,744,050
17	$ 18,320,000	$ 824,400	$ 19,144,400	$ 5,919,650	$ 824,400	$ 6,744,050
18	$ 13,740,000	$ 618,300	$ 14,358,300	$ 6,125,750	$ 618,300	$ 6,744,050
19	$ 9,160,000	$ 412,200	$ 9,572,200	$ 6,331,850	$ 412,200	$ 6,744,050
20	$ 4,580,000	$ 206,100	$ 4,786,100	$ 6,537,950	$ 206,100	$ 6,744,050
	$ 91,600,000	$ 43,281,000	$ 134,881,000	$ 91,600,000	$ 43,281,000	$ 134,881,000

Synopsis:

Construction of the Full Master Plan

Scenario 2 is of similar complexity to Scenario 1 except that instead of building the reduced footprint of 91,250 sq.ft, this shows the cost of building the full master plan amount of 115,700.

The major difference between Scenario 1 and Scenario 2, however, is that the cost exceeds available funding as forecast through the ten-year Capital Investment Program financing model. An additional $33,278,500 would be required to service the necessary debt to cover the costs of the full build-out. This could be raised from increasing local property taxes. The amount - estimated at 2.34 cents - is shown under the box labeled "Revenue Requirements at the left.

Overall, this remains a low risk scenario - all bonds would be tax-exempt, the building would be for governmental purpose and controlled by the City of Franklin, but over $33 million which could go to other purposes and opportunities would now be dedicated to constructing City Hall.

New City Hall - Financial & Risk Capacity Scenarios

Scenario 3a

Building Summary	
Assumed Square Footage	129,250
Purpose:	Municipal Office/ Private Office / Private Retail

Financing Summary	
Municipal Purpose Building	
Assumed Square Footage	91,250
Controlling Agency	City of Franklin
Funding Stream	Property Tax Levy
Total Cost	$ 84,000,000
Cash	$ 15,000,000
Debt	$ 69,000,000
Principal	$ 69,000,000
Interest Rate	4.50%
Bond Rating	AAA
Debt Type	Tax-Exempt
Term	20
Cost per Sq. Ft. Const	$ 921
Cost per Sq. Ft. Fin.	$ 1,113

City of Franklin Financing - Municipal Office			Level Payments			$ 5,080,125
Year	Principal	Interest	Total P& I	Annual Principal	Annual Interest	Annual P & I
1	$ 69,000,000	$ 3,105,000	$ 72,105,000	$ 1,975,125	$ 3,105,000	$ 5,080,125
2	$ 65,550,000	$ 2,949,750	$ 68,499,750	$ 2,130,375	$ 2,949,750	$ 5,080,125
3	$ 62,100,000	$ 2,794,500	$ 64,894,500	$ 2,285,625	$ 2,794,500	$ 5,080,125
4	$ 58,650,000	$ 2,639,250	$ 61,289,250	$ 2,440,875	$ 2,639,250	$ 5,080,125
5	$ 55,200,000	$ 2,484,000	$ 57,684,000	$ 2,596,125	$ 2,484,000	$ 5,080,125
6	$ 51,750,000	$ 2,328,750	$ 54,078,750	$ 2,751,375	$ 2,328,750	$ 5,080,125
7	$ 48,300,000	$ 2,173,500	$ 50,473,500	$ 2,906,625	$ 2,173,500	$ 5,080,125
8	$ 44,850,000	$ 2,018,250	$ 46,868,250	$ 3,061,875	$ 2,018,250	$ 5,080,125
9	$ 41,400,000	$ 1,863,000	$ 43,263,000	$ 3,217,125	$ 1,863,000	$ 5,080,125
10	$ 37,950,000	$ 1,707,750	$ 39,657,750	$ 3,372,375	$ 1,707,750	$ 5,080,125
11	$ 34,500,000	$ 1,552,500	$ 36,052,500	$ 3,527,625	$ 1,552,500	$ 5,080,125
12	$ 31,050,000	$ 1,397,250	$ 32,447,250	$ 3,682,875	$ 1,397,250	$ 5,080,125
13	$ 27,600,000	$ 1,242,000	$ 28,842,000	$ 3,838,125	$ 1,242,000	$ 5,080,125
14	$ 24,150,000	$ 1,086,750	$ 25,236,750	$ 3,993,375	$ 1,086,750	$ 5,080,125
15	$ 20,700,000	$ 931,500	$ 21,631,500	$ 4,148,625	$ 931,500	$ 5,080,125
16	$ 17,250,000	$ 776,250	$ 18,026,250	$ 4,303,875	$ 776,250	$ 5,080,125
17	$ 13,800,000	$ 621,000	$ 14,421,000	$ 4,459,125	$ 621,000	$ 5,080,125
18	$ 10,350,000	$ 465,750	$ 10,815,750	$ 4,614,375	$ 465,750	$ 5,080,125
19	$ 6,900,000	$ 310,500	$ 7,210,500	$ 4,769,625	$ 310,500	$ 5,080,125
20	$ 3,450,000	$ 155,250	$ 3,605,250	$ 4,924,875	$ 155,250	$ 5,080,125
	$ 69,000,000	$ 32,602,500	$ 101,602,500	$ 69,000,000	$ 32,602,500	$ 101,602,500

City of Franklin Financing - Both		
Municipal (Property Tax)	IDB (Sales Tax)	Total City Contrib.
$ 5,080,125	$ 1,949,860	$ 7,029,985
$ 5,080,125	$ 1,924,860	$ 7,004,985
$ 5,080,125	$ 1,891,170	$ 6,971,295
$ 5,080,125	$ 1,386,922	$ 6,467,047
$ 5,080,125	$ 862,508	$ 5,942,633
$ 5,080,125	$ 841,761	$ 5,921,886
$ 5,080,125	$ 820,599	$ 5,900,724
$ 5,080,125	$ 799,014	$ 5,879,139
$ 5,080,125	$ 776,997	$ 5,857,122
$ 5,080,125	$ 754,540	$ 5,834,665
$ 5,080,125	$ 731,634	$ 5,811,759
$ 5,080,125	$ 708,269	$ 5,788,394
$ 5,080,125	$ 684,437	$ 5,764,562
$ 5,080,125	$ 660,129	$ 5,740,254
$ 5,080,125	$ 635,334	$ 5,715,459
$ 5,080,125	$ 610,044	$ 5,690,169
$ 5,080,125	$ 584,247	$ 5,664,372
$ 5,080,125	$ 557,935	$ 5,638,060
$ 5,080,125	$ 531,096	$ 5,611,221
$ 5,080,125	$ 503,721	$ 5,583,846
$ 101,602,500	$ 18,215,078	$ 119,817,578

Synopsis: Partial City Hall Building/Full Garage/Mixed-Use Office/Retail Building

Scenario 3a is the most complicated of the City Hall Financial Scenarios. It starts with Scenario 1 - a 91,250 sq. ft. government use City Hall costing $101,602,500, funded through Tax-Exempt bonds with the full G.O. credit of the City of Franklin behind it. Bonds are issued for 20 years.

But it also includes a 38,000 sq. ft. mixed-use development at the corner of 3rd & Church. This building uses estimated per square footage costs provided by the Gibbs Design Group of $607/ sq.ft. This building - which has 36,100 leasable sq. footage (19,000 sq. ft. for office and 17,100 sq. ft. for retail) - would not legally be able to be financed directly by the City of Franklin. Instead a third-party conduit would have to issue the debt to build the building. This scenario assumes a mechanism the City has used before and is used by other cities in the State of Tennessee - the Industrial Development Board (IDB). Franklin has used its IDB once before - to issue and service the debt for the TIF district in Cool Springs around the Nissan headquarters (2005). And since it is for a for-profit purpose, the bonds issued would not be eligible for tax exemption and thus cost more. We estimate the 38,000 square foot taxable building costing slightly less than $38 million with an interest rate of 6.17%. There is no way to estimate what rating these bonds would receive at this time.

All assumptions made for this mixed-use structure - from size of building, to the cost of the building, to rental rates, to operational costs, have been taken directly from the Gibbs Planning Group report: City Hall Development Mixed-Use Economic Feasibility Analysis - City of Franklin Tennessee, dated June 28, 2022 and presented at the Board of Mayor and Alderman meeting of July 13, 2022. Additional costs have been made to account for the minimum staffing of the IDB.

With all of those assumptions taken together, this is the riskiest of scenarios from both a financial and legal standpoint for the City of Franklin. Annual subsidy from the City of Franklin to service the IDB bonds ***AFTER*** rents are accounted for would range from more that $500,000 to $1.9 million annually for 20 years, cumulatively resulting in a taxpayer contribution of $18.2 million. To avoid state constitutional concerns on the use of property tax revenues, the City may avoid property tax support of the for-profit building. As a result, sales taxes are shown herein and would be redistributed from operations to service the IDB debt. It is estimated the payback on this investment of Sales Tax would take approximately 32 years.

Private Office/Retail Building	
Assumed Square Footage	38,000
Controlling Agency	Franklin IDB
Funding Stream	Rents/ City Subsidy
Total Cost	$ 23,066,000
Cash	$ -
Debt	$ 23,066,000
Principal	$ 23,066,000
Interest Rate [7]	6.17%
Bond Rating	TBD
Debt Type	Taxable
Term	20
Cost per Sq. Ft. Const	$ 607
Cost per Sq. Ft. Fin.	$ 1,000

Industrial Development Board Bonds			Level Payments			$ 1,899,860
	A	B	C (A x B)	D	E	F (D+E)
Year	Principal	Interest	Total P& I	Annual Principal	Annual Interest	Annual P & I
1	$ 23,066,000	$ 1,422,019	$ 24,488,019	$ 477,841	$ 1,422,019	$ 1,899,860
2	$ 21,912,700	$ 1,350,918	$ 23,263,618	$ 548,942	$ 1,350,918	$ 1,899,860
3	$ 20,759,400	$ 1,279,817	$ 22,039,217	$ 620,043	$ 1,279,817	$ 1,899,860
4	$ 19,606,100	$ 1,208,716	$ 20,814,816	$ 691,144	$ 1,208,716	$ 1,899,860
5	$ 18,452,800	$ 1,137,615	$ 19,590,415	$ 762,245	$ 1,137,615	$ 1,899,860
6	$ 17,299,500	$ 1,066,514	$ 18,366,014	$ 833,346	$ 1,066,514	$ 1,899,860
7	$ 16,146,200	$ 995,413	$ 17,141,613	$ 904,447	$ 995,413	$ 1,899,860
8	$ 14,992,900	$ 924,312	$ 15,917,212	$ 975,548	$ 924,312	$ 1,899,860
9	$ 13,839,600	$ 853,211	$ 14,692,811	$ 1,046,649	$ 853,211	$ 1,899,860
10	$ 12,686,300	$ 782,110	$ 13,468,410	$ 1,117,750	$ 782,110	$ 1,899,860
11	$ 11,533,000	$ 711,009	$ 12,244,009	$ 1,188,850	$ 711,009	$ 1,899,860
12	$ 10,379,700	$ 639,909	$ 11,019,609	$ 1,259,951	$ 639,909	$ 1,899,860
13	$ 9,226,400	$ 568,808	$ 9,795,208	$ 1,331,052	$ 568,808	$ 1,899,860
14	$ 8,073,100	$ 497,707	$ 8,570,807	$ 1,402,153	$ 497,707	$ 1,899,860
15	$ 6,919,800	$ 426,606	$ 7,346,406	$ 1,473,254	$ 426,606	$ 1,899,860
16	$ 5,766,500	$ 355,505	$ 6,122,005	$ 1,544,355	$ 355,505	$ 1,899,860
17	$ 4,613,200	$ 284,404	$ 4,897,604	$ 1,615,456	$ 284,404	$ 1,899,860
18	$ 3,459,900	$ 213,303	$ 3,673,203	$ 1,686,557	$ 213,303	$ 1,899,860
19	$ 2,306,600	$ 142,202	$ 2,448,802	$ 1,757,658	$ 142,202	$ 1,899,860
20	$ 1,153,300	$ 71,101	$ 1,224,401	$ 1,828,759	$ 71,101	$ 1,899,860
	$ 23,066,000	$ 14,931,198	$ 37,997,198	$ 23,066,000	$ 14,931,198	$ 37,997,198

Offsetting Revenue Potential							
G	H	I	J	K ((G x H)+(I x J))	L	M	N (K+L+M)
Office Sq. Footage [1]	Rental Rate [2]	Retail Sq. Footage [3]	Rental Rate [4]	Total Rental Income (Gross)	Less Operating Cost [5]	Less Annual IDB Cost [6]	Net Rental Income
-	$ 45.00	-	$ 35.00	$ -	$ -	$ (50,000)	$ (50,000)
-	$ 45.00	-	$ 35.00	$ -	$ -	$ (25,000)	$ (25,000)
6,333	$ 45.90	5,700	$ 35.70	$ 494,190	$ (460,000)	$ (25,500)	$ 8,690
12,667	$ 46.82	11,400	$ 36.41	$ 1,008,148	$ (469,200)	$ (26,010)	$ 512,938
19,000	$ 47.75	17,100	$ 37.14	$ 1,542,466	$ (478,584)	$ (26,530)	$ 1,037,352
19,000	$ 48.71	17,100	$ 37.89	$ 1,573,315	$ (488,156)	$ (27,061)	$ 1,058,099
19,000	$ 49.68	17,100	$ 38.64	$ 1,604,781	$ (497,919)	$ (27,602)	$ 1,079,261
19,000	$ 50.68	17,100	$ 39.42	$ 1,636,877	$ (507,877)	$ (28,154)	$ 1,100,846
19,000	$ 51.69	17,100	$ 40.20	$ 1,669,615	$ (518,035)	$ (28,717)	$ 1,122,863
19,000	$ 52.72	17,100	$ 41.01	$ 1,703,007	$ (528,395)	$ (29,291)	$ 1,145,320
19,000	$ 53.78	17,100	$ 41.83	$ 1,737,067	$ (538,963)	$ (29,877)	$ 1,168,226
19,000	$ 54.85	17,100	$ 42.66	$ 1,771,808	$ (549,743)	$ (30,475)	$ 1,191,591
19,000	$ 55.95	17,100	$ 43.52	$ 1,807,245	$ (560,737)	$ (31,084)	$ 1,215,423
19,000	$ 57.07	17,100	$ 44.39	$ 1,843,389	$ (571,952)	$ (31,706)	$ 1,239,731
19,000	$ 58.21	17,100	$ 45.28	$ 1,880,257	$ (583,391)	$ (32,340)	$ 1,264,526
19,000	$ 59.38	17,100	$ 46.18	$ 1,917,862	$ (595,059)	$ (32,987)	$ 1,289,816
19,000	$ 60.56	17,100	$ 47.11	$ 1,956,220	$ (606,960)	$ (33,647)	$ 1,315,613
19,000	$ 61.78	17,100	$ 48.05	$ 1,995,344	$ (619,099)	$ (34,320)	$ 1,341,925
19,000	$ 63.01	17,100	$ 49.01	$ 2,035,251	$ (631,481)	$ (35,006)	$ 1,368,763
19,000	$ 64.27	17,100	$ 49.99	$ 2,075,956	$ (644,111)	$ (35,706)	$ 1,396,139

Annual Subsidy Required
O (F-N)
$ 1,949,860
$ 1,924,860
$ 1,891,170
$ 1,386,922
$ 862,508
$ 841,761
$ 820,599
$ 799,014
$ 776,997
$ 754,540
$ 731,634
$ 708,269
$ 684,437
$ 660,129
$ 635,334
$ 610,044
$ 584,247
$ 557,935
$ 531,096
$ 503,721
$ 18,215,078

Overall Financials	
Total Construction Cost	$ 107,066,000
Total Overall Cost (20 yrs.)	$ 139,599,698
Less Net Office Rents	$ (19,782,121)
Net Overall Cost (20 yrs.)	$ 119,817,578
Composite Cost/Sq. Ft.	$ 828
Composite Cost/Sq. Ft.	$ 1,080

Revenue Requirements	
Additional Revenue Req'	**$ 18,215,078**
Annual Revenue Req'	**$ 910,754**
Value of One Cent (2022)	**$ 711,438**
Increase in Property Tax	**$ 0.0128**

Risk Assessment	
Risk	Moderate-High

Reasons:
- **Dependent upon Office Rental Market**
- **Dependent upon Retail Rental Market**
- **Private Office Ownership Transferred to IDB**
- **City Appropriation required to backup**
- **Rents alone cannot pay for full debt service**
- **Additional Revenues Necessary to offset**
- **Increase in taxes necessary**
- **32 years to payback**

Notes

[1] Assumption of Total Leasable sq. ft. comes from City Hall Development Mixed-Use Economic Feasibility Analysis - City of Franklin Tennessee. Gibbs Planning Group. June 28th, 2022. Page 10.

[2] Assumption of Rental Rate comes from "Figure 13. Economic Return Summary Base Case" City Hall Development Mixed-Use Economic Feasibility Analysis - City of Franklin Tennessee. Gibbs Planning Group. June 28th, 2022. Page 10.

[3] Assumption of Total Leasable sq. ft. comes from City Hall Development Mixed-Use Economic Feasibility Analysis - City of Franklin Tennessee. Gibbs Planning Group. June 28th, 2022. Page 10.

[4] Assumption of Rental Rate comes from "Figure 13. Economic Return Summary Base Case" City Hall Development Mixed-Use Economic Feasibility Analysis - City of Franklin Tennessee. Gibbs Planning Group. June 28th, 2022. Page 10.

[5] Assumption of Operating Costs comes from "Figure 12: Annual Operating Expenses Upon Stabilization" City Hall Development Mixed-Use Economic Feasibility Analysis - City of Franklin Tennessee. Gibbs Planning Group. June 28th, 2022. Page 9.

[6] Assumption of Annual IDB (Industrial Development Board) Operating Costs comes form City of Franklin, Tennessee staff best estimates to reconstitute IDB and provide minimal overhead management of property manager, private counsel, auditing and accounting services.

[7] Taxable vs. Tax Exempt Spread is based on highest taxable bracket of 37%. (In other words, the taxable rate is assumed to be 37% higher than the tax-exempt rate).

New City Hall - Financial & Risk Capacity Scenarios

Scenario 3a

Payback Summary: The chart below shows the estimated time it would take for the City to recoup its initial investment. Because a subsidy to service the annual debt service is necessary for the 20 years the debt will be issued for, the IDB will be unable to begin paying the City back until year 21. This will take another 12 years to fully repay the City the over $18 million necessary over the debt servicing period. The City should fully recoup the investment in year 32.

Payback

	Year	Gross Expenses	Gross Revenues	Subsidy Amount	Cumulative	
	1	$ 1,949,860	$ -	$ 1,949,860	$ 1,949,860	
	2	$ 1,924,860	$ -	$ 1,924,860	$ 3,874,720	
	3	$ 2,385,360	$ 494,190	$ 1,891,170	$ 5,765,890	Rents begin to come in to IDB
	4	$ 2,395,070	$ 1,008,148	$ 1,386,922	$ 7,152,812	
	5	$ 2,404,974	$ 1,542,466	$ 862,508	$ 8,015,320	Rents maximize to 95% occupancy as recommended by Gibbs Planning Group (within 5 years)
	6	$ 2,415,076	$ 1,573,315	$ 841,761	$ 8,857,082	Cumulative City Investment Increasing
	7	$ 2,425,381	$ 1,604,781	$ 820,599	$ 9,677,681	
	8	$ 2,435,891	$ 1,636,877	$ 799,014	$ 10,476,695	
	9	$ 2,446,612	$ 1,669,615	$ 776,997	$ 11,253,692	
	10	$ 2,457,547	$ 1,703,007	$ 754,540	$ 12,008,232	
	11	$ 2,468,701	$ 1,737,067	$ 731,634	$ 12,739,866	
	12	$ 2,480,077	$ 1,771,808	$ 708,269	$ 13,448,135	
	13	$ 2,491,682	$ 1,807,245	$ 684,437	$ 14,132,572	
	14	$ 2,503,518	$ 1,843,389	$ 660,129	$ 14,792,700	
	15	$ 2,515,591	$ 1,880,257	$ 635,334	$ 15,428,034	
	16	$ 2,527,906	$ 1,917,862	$ 610,044	$ 16,038,078	
	17	$ 2,540,467	$ 1,956,220	$ 584,247	$ 16,622,325	
	18	$ 2,553,279	$ 1,995,344	$ 557,935	$ 17,180,260	
	19	$ 2,566,347	$ 2,035,251	$ 531,096	$ 17,711,357	
	20	$ 2,579,677	$ 2,075,956	$ 503,721	$ 18,215,078	Maximum City Investment
	21	$ 693,414	$ 2,117,475	$ (1,424,061)	$ 16,791,016	Cumulative City Investment Decreasing
	22	$ 707,282	$ 2,159,825	$ (1,452,543)	$ 15,338,474	
	23	$ 721,427	$ 2,203,021	$ (1,481,594)	$ 13,856,880	
	24	$ 735,856	$ 2,247,081	$ (1,511,225)	$ 12,345,655	
	25	$ 750,573	$ 2,292,023	$ (1,541,450)	$ 10,804,205	
	26	$ 765,585	$ 2,337,864	$ (1,572,279)	$ 9,231,926	
	27	$ 780,896	$ 2,384,621	$ (1,603,725)	$ 7,628,201	
	28	$ 796,514	$ 2,432,313	$ (1,635,799)	$ 5,992,402	
	29	$ 812,444	$ 2,480,959	$ (1,668,515)	$ 4,323,887	
	30	$ 828,693	$ 2,530,579	$ (1,701,885)	$ 2,622,002	
	31	$ 845,267	$ 2,581,190	$ (1,735,923)	$ 886,079	
Payback to City occurs in Year 32	**32**	**$ 862,173**	**$ 2,632,814**	**$ (1,770,641)**	**$ (884,562)**	**City Repaid**

New City Hall - Financial & Risk Capacity Scenarios

Scenario 3

Building Summary	
Assumed Square Footage	130,250
Purpose:	Municipal Office/ Private Office / Private Retail

Financing Summary	
Municipal Purpose Building	
Assumed Square Footage	91,250
Controlling Agency	City of Franklin
Funding Stream	Property Tax Levy
Total Cost	$ 84,000,000
Cash	$ 15,000,000
Debt	$ 69,000,000
Principal	$ 69,000,000
Interest Rate	4.50%
Bond Rating	AAA
Debt Type	Tax-Exempt
Term	20
Cost per Sq. Ft. Const	$ 921
Cost per Sq. Ft. Fin.	$ 1,113

City of Franklin Financing - Municipal Office				Level Payments		$ 5,080,125	City of Franklin Financing - Both		
Year	Principal	Interest	Total P& I	Annual Principal	Annual Interest	Annual P & I	Municipal (Property Tax)	IDB (Sales Tax)	Total City Contrib.
1	$ 69,000,000	$ 3,105,000	$ 72,105,000	$ 1,975,125	$ 3,105,000	$ 5,080,125	$ 5,080,125	$ 3,007,061	$ 8,087,186
2	$ 65,550,000	$ 2,949,750	$ 68,499,750	$ 2,130,375	$ 2,949,750	$ 5,080,125	$ 5,080,125	$ 2,982,061	$ 8,062,186
3	$ 62,100,000	$ 2,794,500	$ 64,894,500	$ 2,285,625	$ 2,794,500	$ 5,080,125	$ 5,080,125	$ 2,948,371	$ 8,028,496
4	$ 58,650,000	$ 2,639,250	$ 61,289,250	$ 2,440,875	$ 2,639,250	$ 5,080,125	$ 5,080,125	$ 2,444,124	$ 7,524,249
5	$ 55,200,000	$ 2,484,000	$ 57,684,000	$ 2,596,125	$ 2,484,000	$ 5,080,125	$ 5,080,125	$ 1,919,710	$ 6,999,835
6	$ 51,750,000	$ 2,328,750	$ 54,078,750	$ 2,751,375	$ 2,328,750	$ 5,080,125	$ 5,080,125	$ 1,898,963	$ 6,979,088
7	$ 48,300,000	$ 2,173,500	$ 50,473,500	$ 2,906,625	$ 2,173,500	$ 5,080,125	$ 5,080,125	$ 1,877,801	$ 6,957,926
8	$ 44,850,000	$ 2,018,250	$ 46,868,250	$ 3,061,875	$ 2,018,250	$ 5,080,125	$ 5,080,125	$ 1,856,215	$ 6,936,340
9	$ 41,400,000	$ 1,863,000	$ 43,263,000	$ 3,217,125	$ 1,863,000	$ 5,080,125	$ 5,080,125	$ 1,834,198	$ 6,914,323
10	$ 37,950,000	$ 1,707,750	$ 39,657,750	$ 3,372,375	$ 1,707,750	$ 5,080,125	$ 5,080,125	$ 1,811,741	$ 6,891,866
11	$ 34,500,000	$ 1,552,500	$ 36,052,500	$ 3,527,625	$ 1,552,500	$ 5,080,125	$ 5,080,125	$ 1,788,835	$ 6,868,960
12	$ 31,050,000	$ 1,397,250	$ 32,447,250	$ 3,682,875	$ 1,397,250	$ 5,080,125	$ 5,080,125	$ 1,765,470	$ 6,845,595
13	$ 27,600,000	$ 1,242,000	$ 28,842,000	$ 3,838,125	$ 1,242,000	$ 5,080,125	$ 5,080,125	$ 1,741,638	$ 6,821,763
14	$ 24,150,000	$ 1,086,750	$ 25,236,750	$ 3,993,375	$ 1,086,750	$ 5,080,125	$ 5,080,125	$ 1,717,330	$ 6,797,455
15	$ 20,700,000	$ 931,500	$ 21,631,500	$ 4,148,625	$ 931,500	$ 5,080,125	$ 5,080,125	$ 1,692,535	$ 6,772,660
16	$ 17,250,000	$ 776,250	$ 18,026,250	$ 4,303,875	$ 776,250	$ 5,080,125	$ 5,080,125	$ 1,667,245	$ 6,747,370
17	$ 13,800,000	$ 621,000	$ 14,421,000	$ 4,459,125	$ 621,000	$ 5,080,125	$ 5,080,125	$ 1,641,449	$ 6,721,574
18	$ 10,350,000	$ 465,750	$ 10,815,750	$ 4,614,375	$ 465,750	$ 5,080,125	$ 5,080,125	$ 1,615,136	$ 6,695,261
19	$ 6,900,000	$ 310,500	$ 7,210,500	$ 4,769,625	$ 310,500	$ 5,080,125	$ 5,080,125	$ 1,588,298	$ 6,668,423
20	$ 3,450,000	$ 155,250	$ 3,605,250	$ 4,924,875	$ 155,250	$ 5,080,125	$ 5,080,125	$ 1,560,922	$ 6,641,047
	$ 69,000,000	$ 32,602,500	$ 101,602,500	$ 69,000,000	$ 32,602,500	$ 101,602,500	$ 101,602,500	$ 39,359,104	$ 140,961,604

Synopsis:

Partial City Hall Building/Full Garage/Mixed-Use Office/Retail Building

Scenario 3 is the most complicated of the City Hall Financial Scenarios. It starts with Scenario 1 - a 91,250 sq. ft. government use City Hall costing $101,602,500, funded through Tax-Exempt bonds with the full G.O. credit of the City of Franklin behind it. Bonds are issued for 20 years.

But it also includes a 39,000 sq. ft. mixed-use development at the corner of 3rd & Church. This building - which has 36,100 leasable sq. footage (19,000 sq. ft. for office and 17,100 sq. ft. for retail) would not legally be able to be financed directly by the City of Franklin. Instead a third-party conduit would have to issue the debt to build the building. This scenario assumes a mechanism the City has used before and is used by other cities in the State of Tennessee - the Industrial Development Board (IDB). Franklin has used its IDB once before - to issue and service the debt for the TIF district in Cool Springs around the Nissan headquarters (2005). And since it is for a for-profit purpose, the bonds issued would not be eligible for tax exemption and thus cost more. We estimate the 39,000 taxable building costing slightly more than $59.1 million with an interest rate of 6.17%. There is no way to estimate what rating these bonds would receive at this time.

All assumptions made for this mixed-use structure - from size of building, to rental rates, to operational costs, have been taken directly from the Gibbs Planning Group report: City Hall Development Mixed-Use Economic Feasibility Analysis - City of Franklin Tennessee, dated June 28, 2022 and presented at the Board of Mayor and Alderman meeting of July 13, 2022. Additional costs have been made to account for the minimum staffing of the IDB.

With all of those assumptions taken together, this is the riskiest of scenarios from both a financial and legal standpoint for the City of Franklin. Annual subsidy from the City of Franklin to service the IDB bonds ***AFTER*** rents are accounted for would range from $1.6 to $3.0 million annually for 20 years, cumulatively resulting in a taxpayer contribution of $39.4 million. Property taxes are also explicitly forbidden under law to be used to subsidize for profit purposes, so sales taxes would have to be redistributed to service the IDB debt. It is estimated the payback on this investment of Sales Tax would take approximately 43 years.

Private Office/Retail Building	
Assumed Square Footage	39,000
Controlling Agency	Franklin IDB
Funding Stream	Rents/ City Subsidy
Total Cost	$ 35,901,370
Cash	$ -
Debt	$ 35,901,370
Principal	$ 35,901,370
Interest Rate [7]	6.17%
Bond Rating	TBD
Debt Type	Taxable
Term	20
Cost per Sq. Ft. Const	$ 921
Cost per Sq. Ft. Fin.	$ 1,516

Industrial Development Board Bonds				Level Payments		$ 2,957,061
	A	B	C (A x B)	D	E	F (D+E)
Year	Principal	Interest	Total P& I	Annual Principal	Annual Interest	Annual P & I
1	$ 35,901,370	$ 2,213,319	$ 38,114,689	$ 743,742	$ 2,213,319	$ 2,957,061
2	$ 34,106,301	$ 2,102,653	$ 36,208,955	$ 854,408	$ 2,102,653	$ 2,957,061
3	$ 32,311,233	$ 1,991,988	$ 34,303,220	$ 965,074	$ 1,991,988	$ 2,957,061
4	$ 30,516,164	$ 1,881,322	$ 32,397,486	$ 1,075,740	$ 1,881,322	$ 2,957,061
5	$ 28,721,096	$ 1,770,656	$ 30,491,751	$ 1,186,406	$ 1,770,656	$ 2,957,061
6	$ 26,926,027	$ 1,659,990	$ 28,586,017	$ 1,297,072	$ 1,659,990	$ 2,957,061
7	$ 25,130,959	$ 1,549,324	$ 26,680,283	$ 1,407,738	$ 1,549,324	$ 2,957,061
8	$ 23,335,890	$ 1,438,658	$ 24,774,548	$ 1,518,404	$ 1,438,658	$ 2,957,061
9	$ 21,540,822	$ 1,327,992	$ 22,868,814	$ 1,629,070	$ 1,327,992	$ 2,957,061
10	$ 19,745,753	$ 1,217,326	$ 20,963,079	$ 1,739,736	$ 1,217,326	$ 2,957,061
11	$ 17,950,685	$ 1,106,660	$ 19,057,345	$ 1,850,401	$ 1,106,660	$ 2,957,061
12	$ 16,155,616	$ 995,994	$ 17,151,610	$ 1,961,067	$ 995,994	$ 2,957,061
13	$ 14,360,548	$ 885,328	$ 15,245,876	$ 2,071,733	$ 885,328	$ 2,957,061
14	$ 12,565,479	$ 774,662	$ 13,340,141	$ 2,182,399	$ 774,662	$ 2,957,061
15	$ 10,770,411	$ 663,996	$ 11,434,407	$ 2,293,065	$ 663,996	$ 2,957,061
16	$ 8,975,342	$ 553,330	$ 9,528,672	$ 2,403,731	$ 553,330	$ 2,957,061
17	$ 7,180,274	$ 442,664	$ 7,622,938	$ 2,514,397	$ 442,664	$ 2,957,061
18	$ 5,385,205	$ 331,998	$ 5,717,203	$ 2,625,063	$ 331,998	$ 2,957,061
19	$ 3,590,137	$ 221,332	$ 3,811,469	$ 2,735,729	$ 221,332	$ 2,957,061
20	$ 1,795,068	$ 110,666	$ 1,905,734	$ 2,846,395	$ 110,666	$ 2,957,061
	$ 35,901,370	$ 23,239,854	$ 59,141,224	$ 35,901,370	$ 23,239,854	$ 59,141,224

Offsetting Revenue Potential								Annual Subsidy Required
G	H	I	J	K ((G x H)+(I x J))	L	M	N (K+L+M)	O (F-N)
Office Sq. Footage [1]	Rental Rate [2]	Retail Sq. Footage [3]	Rental Rate [4]	Total Rental Income (Gross)	Less Operating Cost [5]	Less Annual IDB Cost [6]	Net Rental Income	
-	$ 45.00	-	$ 35.00	$ -	$ -	$ (50,000)	$ (50,000)	$ 3,007,061
-	$ 45.00	-	$ 35.00	$ -	$ -	$ (25,000)	$ (25,000)	$ 2,982,061
6,333	$ 45.90	5,700	$ 35.70	$ 494,190	$ (460,000)	$ (25,500)	$ 8,690	$ 2,948,371
12,667	$ 46.82	11,400	$ 36.41	$ 1,008,148	$ (469,200)	$ (26,010)	$ 512,938	$ 2,444,124
19,000	$ 47.75	17,100	$ 37.14	$ 1,542,466	$ (478,584)	$ (26,530)	$ 1,037,352	$ 1,919,710
19,000	$ 48.71	17,100	$ 37.89	$ 1,573,315	$ (488,156)	$ (27,061)	$ 1,058,099	$ 1,898,963
19,000	$ 49.68	17,100	$ 38.64	$ 1,604,781	$ (497,919)	$ (27,602)	$ 1,079,261	$ 1,877,801
19,000	$ 50.68	17,100	$ 39.42	$ 1,636,877	$ (507,877)	$ (28,154)	$ 1,100,846	$ 1,856,215
19,000	$ 51.69	17,100	$ 40.20	$ 1,669,615	$ (518,035)	$ (28,717)	$ 1,122,863	$ 1,834,198
19,000	$ 52.72	17,100	$ 41.01	$ 1,703,007	$ (528,395)	$ (29,291)	$ 1,145,320	$ 1,811,741
19,000	$ 53.78	17,100	$ 41.83	$ 1,737,067	$ (538,963)	$ (29,877)	$ 1,168,226	$ 1,788,835
19,000	$ 54.85	17,100	$ 42.66	$ 1,771,808	$ (549,743)	$ (30,475)	$ 1,191,591	$ 1,765,470
19,000	$ 55.95	17,100	$ 43.52	$ 1,807,245	$ (560,737)	$ (31,084)	$ 1,215,423	$ 1,741,638
19,000	$ 57.07	17,100	$ 44.39	$ 1,843,389	$ (571,952)	$ (31,706)	$ 1,239,731	$ 1,717,330
19,000	$ 58.21	17,100	$ 45.28	$ 1,880,257	$ (583,391)	$ (32,340)	$ 1,264,526	$ 1,692,535
19,000	$ 59.38	17,100	$ 46.18	$ 1,917,862	$ (595,059)	$ (32,987)	$ 1,289,816	$ 1,667,245
19,000	$ 60.56	17,100	$ 47.11	$ 1,956,220	$ (606,960)	$ (33,647)	$ 1,315,613	$ 1,641,449
19,000	$ 61.78	17,100	$ 48.05	$ 1,995,344	$ (619,099)	$ (34,320)	$ 1,341,925	$ 1,615,136
19,000	$ 63.01	17,100	$ 49.01	$ 2,035,251	$ (631,481)	$ (35,006)	$ 1,368,763	$ 1,588,298
19,000	$ 64.27	17,100	$ 49.99	$ 2,075,956	$ (644,111)	$ (35,706)	$ 1,396,139	$ 1,560,922
								$ 39,359,104

Overall Financials	
Total Construction Cost	$ 119,901,370
Total Overall Cost (20 yrs.)	$ 160,743,724
Less Net Office Rents	$ (19,782,121)
Net Overall Cost (20 yrs.)	$ 140,961,604
Composite Cost/Sq. Ft.	$ 921
Composite Cost/Sq. Ft.	$ 1,234

Revenue Requirements	
Additional Revenue Req'	$ 39,359,104
Annual Revenue Req'	$ 1,967,955
Value of One Cent (2022)	$ 711,438
Increase in Property Tax	$ 0.0277

Risk Assessment	
Risk	Moderate-High

Reasons:

- Dependent upon Office Rental Market
- Dependent upon Retail Rental Market
- Private Office Ownership Transferred to IDB
- Governmental Pledge required to backup
- Rents alone cannot pay for full debt service
- Additional Revenues Necessary to offset
- Increase in taxes necessary - 2+ Cents
- 43 years to payback

Notes

[1] Assumption of Total Leasable sq. ft. comes from City Hall Development Mixed-Use Economic Feasibility Analysis - City of Franklin Tennessee. Gibbs Planning Group. June 28th, 2022. Page 10.

[2] Assumption of Rental Rate comes from "Figure 13. Economic Return Summary Base Case" City Hall Development Mixed-Use Economic Feasibility Analysis - City of Franklin Tennessee. Gibbs Planning Group. June 28th, 2022. Page 10.

[3] Assumption of Total Leasable sq. ft. comes from City Hall Development Mixed-Use Economic Feasibility Analysis - City of Franklin Tennessee. Gibbs Planning Group. June 28th, 2022. Page 10.

[4] Assumption of Rental Rate comes from "Figure 13. Economic Return Summary Base Case" City Hall Development Mixed-Use Economic Feasibility Analysis - City of Franklin Tennessee. Gibbs Planning Group. June 28th, 2022. Page 10.

[5] Assumption of Operating Costs comes from "Figure 12: Annual Operating Expenses Upon Stabilization" City Hall Development Mixed-Use Economic Feasibility Analysis - City of Franklin Tennessee. Gibbs Planning Group. June 28th, 2022. Page 9.

[6] Assumption of Annual IDB (Industrial Development Board) Operating Costs comes form City of Franklin, Tennessee staff best estimates to reconstitute IDB and provide minimal overhead management of property manager, private counsel, auditing and accounting services.

[7] Taxable vs. Tax Exempt Spread is based on highest taxable bracket of 37%. (In other words, the taxable rate is assumed to be 37% higher than the tax-exempt rate).

New City Hall - Financial & Risk Capacity Scenarios

Scenario 3

Payback Summary: The chart below shows the estimated time it would take for the City to recoup its initial investment. Because a subsidy to service the annual debt service is necessary for the 20 years the debt will be issued for, the IDB will be unable to begin paying the City back until year 21. This will take another 23 years to fully repay the City the over $39 million necessary over the debt servicing period. The City should fully recoup the investment in year 43.

Payback

	Year	Gross Expenses	Gross Revenues	Subsidy Amount	Cumulative	
	1	$ 3,007,061	$ -	$ 3,007,061	$ 3,007,061	
	2	$ 2,982,061	$ -	$ 2,982,061	$ 5,989,122	
	3	$ 3,442,561	$ 494,190	$ 2,948,371	$ 8,937,494	Rents begin to come in to IDB
	4	$ 3,452,271	$ 1,008,148	$ 2,444,124	$ 11,381,617	
	5	$ 3,462,175	$ 1,542,466	$ 1,919,710	$ 13,301,327	Rents maximize to 95% occupancy as recommended by Gibbs Planning Group (within 5 years)
	6	$ 3,472,278	$ 1,573,315	$ 1,898,963	$ 15,200,289	
	7	$ 3,482,582	$ 1,604,781	$ 1,877,801	$ 17,078,090	
	8	$ 3,493,092	$ 1,636,877	$ 1,856,215	$ 18,934,305	
	9	$ 3,503,813	$ 1,669,615	$ 1,834,198	$ 20,768,504	
	10	$ 3,514,748	$ 1,703,007	$ 1,811,741	$ 22,580,245	
	11	$ 3,525,902	$ 1,737,067	$ 1,788,835	$ 24,369,080	
	12	$ 3,537,279	$ 1,771,808	$ 1,765,470	$ 26,134,550	
	13	$ 3,548,883	$ 1,807,245	$ 1,741,638	$ 27,876,188	
	14	$ 3,560,719	$ 1,843,389	$ 1,717,330	$ 29,593,518	
	15	$ 3,572,793	$ 1,880,257	$ 1,692,535	$ 31,286,054	
	16	$ 3,585,107	$ 1,917,862	$ 1,667,245	$ 32,953,299	
	17	$ 3,597,668	$ 1,956,220	$ 1,641,449	$ 34,594,747	
	18	$ 3,610,480	$ 1,995,344	$ 1,615,136	$ 36,209,883	
	19	$ 3,623,549	$ 2,035,251	$ 1,588,298	$ 37,798,181	
	20	$ 3,636,878	$ 2,075,956	$ 1,560,922	$ 39,359,104	Maximum City Investment
	21	$ 693,414	$ 2,117,475	$ (1,424,061)	$ 37,935,042	
	22	$ 707,282	$ 2,159,825	$ (1,452,543)	$ 36,482,499	
	23	$ 721,427	$ 2,203,021	$ (1,481,594)	$ 35,000,906	
	24	$ 735,856	$ 2,247,081	$ (1,511,225)	$ 33,489,680	
	25	$ 750,573	$ 2,292,023	$ (1,541,450)	$ 31,948,230	
	26	$ 765,585	$ 2,337,864	$ (1,572,279)	$ 30,375,951	
	27	$ 780,896	$ 2,384,621	$ (1,603,725)	$ 28,772,227	
	28	$ 796,514	$ 2,432,313	$ (1,635,799)	$ 27,136,428	
	29	$ 812,444	$ 2,480,959	$ (1,668,515)	$ 25,467,913	
	30	$ 828,693	$ 2,530,579	$ (1,701,885)	$ 23,766,028	
	31	$ 845,267	$ 2,581,190	$ (1,735,923)	$ 22,030,105	
	32	$ 862,173	$ 2,632,814	$ (1,770,641)	$ 20,259,463	
	33	$ 879,416	$ 2,685,470	$ (1,806,054)	$ 18,453,409	
	34	$ 897,004	$ 2,739,180	$ (1,842,175)	$ 16,611,234	
	35	$ 914,944	$ 2,793,963	$ (1,879,019)	$ 14,732,215	
	36	$ 933,243	$ 2,849,843	$ (1,916,599)	$ 12,815,615	
	37	$ 951,908	$ 2,906,839	$ (1,954,931)	$ 10,860,684	
	38	$ 970,946	$ 2,964,976	$ (1,994,030)	$ 8,866,654	
	39	$ 990,365	$ 3,024,276	$ (2,033,910)	$ 6,832,744	
	40	$ 1,010,173	$ 3,084,761	$ (2,074,589)	$ 4,758,155	
	41	$ 1,030,376	$ 3,146,457	$ (2,116,080)	$ 2,642,075	
	42	$ 1,050,984	$ 3,209,386	$ (2,158,402)	$ 483,673	
Payback to City occurs in Year 43	**43**	**$ 1,072,003**	**$ 3,273,573**	**$ (2,201,570)**	**$ (1,717,898)**	**City Repaid**

Cumulative City Investment Increasing (years 6–19)

Cumulative City Investment Decreasing (years 21–42)

New City Hall - Financial & Risk Capacity Scenarios

Available Cash

This summary estimates available Fund Balance in the General Fund at the end of FY 2022 and as a result the available amount of cash available to spend on capital projects. As a reminder, the City of Franklin's Fund Balance policy for the General Fund sets forth that the any amount of fund balance over 45% of the current year's general fund expenditures (for FY 2023, this amount is estimated to be what is shown in row J - or $20,278,079) is available to dedicated to capital projects. Row A shows the amount of fund balance programmed in to support approved projects in the FY 2022-2031 CIP. The favorable results of FY 2021 and FY 2022 have generated significant amounts of additional cash which can be used to lower borrowing needs.

A	Planned CIP Usage - 1/2022		$	**16,866,103**
B	General Fund Fund Balance	6/30/2021	$	**65,481,510**
C	Conservative Est. Surplus/ (Deficit)	6/30/2022	$	**7,500,000**
D (B+C)	Total Est. Fund Balance (GF)	6/30/2022	$	**72,981,510**
E	Total GF Expenditures	FY 2023	$	**94,896,513**
F (B/E)	Total Est. Fund Balance as % of GF Exp.			**76.9%**
G	Minimum Fund Balance Reserve	33%	$	**31,632,171**
H	Supplemental Reserve	33%-45%	$	**11,071,260**
I (D-G-H)	Available for Capital Projects	Above 45%	$	**30,278,079**
J (G+H+I)	Total GF Fund Balance	6/30/2022	$	**72,981,510**
K (I-A)	**Available Cash for CIP Above Planned Use**		$	**13,411,976**

City of Franklin, Tennessee

City Hall Redevelopment Project Update & Scenarios

August 23, 2022
Board of Mayor & Alderman

HISTORIC FRANKLIN TENNESSEE

City of Franklin, Tennessee

City Hall

Outline

- Review of Project Progress
- Legal & Financial Considerations
- Financial Scenarios
  - Scenario 1: Partial Building/Full Garage
  - Scenario 2: Full Master Plan Build-Out
  - Scenario 3a-3b: Partial Building/Full Garage & Mixed Use Office & Retail Building
- Recommendation
- Next Steps

HISTORIC FRANKLIN TENNESSEE

City of Franklin, Tennessee

City Hall

Project Review

HISTORIC
FRANKLIN
TENNESSEE

City of Franklin, Tennessee

City Hall

Review of Project Progress

2020:

- Board of Mayor and Alderman authorized Phase 1 work on the replacement of the current City Hall (selection of architecture firms & the establishment of goals/objectives of the Master Plan

2021:

- Public Engagement for the Master Plan

- Development of the Master Plan

2022:

- Review of available financial resources for City Hall redevelopment

- BOMA approved Phase 2 work on the replacement of the current City Hall through Schematic Design work

- External consultant evaluation of feasibility of Office/Retail use on a portion of current City Hall site (Gibbs Design Group)

- Reprogramming of Master Plan to accommodate smaller footprint within existing financial resources

City of Franklin, Tennessee
City Hall

HISTORIC FRANKLIN TENNESSEE

Review of Project Progress

Reprogramming

- Staff and Studio8/OHM architects have worked throughout 2022 to reevaluate the current and future staffing needs (20-year outlook) of the City Hall and worked to reduce the 115,700 sq. ft. size called for in the Master Plan to a smaller footprint that would cost less that $107 million, fitting within the City's existing financial resources.

- While work is continuing, this presentation and financial scenarios take into account that work and propose a reduced footprint of 91,250 square feet at a cost of $84,000,000. This is approximately $9 million more than the threshold recommended in February 2022. This gap is made up with cash generated by favorable year-end results from FY 2021 (audited) and FY 2022 (estimated surplus).

HISTORIC FRANKLIN TENNESSEE

City of Franklin, Tennessee
City Hall

Legal & Financial Considerations

HISTORIC
FRANKLIN
TENNESSEE

City of Franklin, Tennessee

City Hall

Legal & Financial Considerations

Structure of Potential City Hall Financing

Scenario	Purpose	Financing	Issuer
Scenario 1	Partial Building/Full Garage	G.O. Debt/Cash (Tax-exempt)	City of Franklin
Scenario 2	Full Master Plan	G.O. Debt/Cash (Tax-exempt)	City of Franklin
Scenario 3a	Partial Building/Full Garage/Mixed Use Office/Retail	G.O. Debt/Cash (Tax-Exempt) / Taxable Debt	City of Franklin / Franklin IDB
Scenario 3b	Partial Building/Full Garage/Mixed Use Office/Retail	G.O. Debt/Cash (Tax-Exempt) / Taxable Debt	City of Franklin / Franklin IDB

Financial Structure of Bond Financing

City Tax-Exempt General Obligation ("GO") Bonds

- City Approval Process
- City's Credit Rating of Aaa/AAA
- Tax-Exempt Interest Rates

Industrial Development Board Taxable Non-GO Bonds

- IDB Approval Process, including additional documents between the City and IDB
- IBD debt credit rating is unknown but will be lower than the City's rating (lower rating results in higher interest rates)
- Taxable Interest Rates (higher)

City of Franklin, Tennessee
City Hall

Legal Structure of Bond Financing

City Tax-Exempt General Obligation ("GO") Bonds

- Typical structure – public projects, minimal private use
- GO pledge OK under TN Constitution "Lending of Credit" clause (cities cannot lend their credit to private entities without a referendum)
- Federal tax-exemption OK under federal tax rules

Industrial Development Board Taxable Non-GO Bonds

- Long-term private use of projects
- No GO pledge because of TN Constitutional limitations
- No federal tax-exemption permitted under federal tax rules
- State law permits IDB Bonds for broad range of privately used projects secured by project revenues
- State law permits City financial support via annual appropriation, but City may avoid property tax support because of TN Constitutional limitations

Financial Scenarios

HISTORIC FRANKLIN TENNESSEE

City of Franklin, Tennessee
City Hall

Financial Scenarios

Overall Assumptions:

- Assigned a Risk Factor Guide from Low to High gauging the financial and legal risk to the City of each option
- All bonds issued for 20 years with level annual payments
- Minimum City Hall building assumed is 91,250 sq. ft.
- Construction costs for government office scenarios are standardized at the same amount - $921/sq. ft. all-in cost. Commercial Scenario 3a and 3b have a range of potential square footage costs.
- All scenarios assume construction of the full garage
- For Scenarios 3a & 3b (mixed use development scenarios), takes same assumptions as developed by the Gibbs Planning Group and presented on July 13 to the Board of Mayor and Aldermen

HISTORIC FRANKLIN TENNESSEE

City of Franklin, Tennessee

City Hall

Scenario 1: Partial Building/Full Garage *(pg. 3-4)*

- Smaller building than the Master Plan
- 91,250 square feet
- Meets current and future staffing projections
- Total Construction Cost est. at $84 million, total cost with financing charges is $101 million
- $15 million in cash / $69 million debt
- Annual debt service just over $5 million
- Tax-Exempt bonds issued for 20 years
- Level annual payments

Risk Assessment: Low

Building Summary		
Assumed Square Footage		91,250
Purpose:		Municipal Office

Financing Summary		
Municipal Purpose Building		
Controlling Agency		City of Franklin
Funding Stream		Property Tax Levy
Total Cost	$	84,000,000
Cash	$	15,000,000
Debt	$	69,000,000
Principal	$	69,000,000
Interest Rate		4.50%
Bond Rating		AAA
Debt Type		Tax-Exempt
Term		20
Cost per sq. ft. Const.	$	921
Cost per Sq. Ft.	$	1,113

Risk Assessment	
Risk	Low
Reasons:	
- Tax Exempt	
- 100% City-controlled	
- No increase in taxes necessary	

City of Franklin, Tennessee
City Hall

HISTORIC FRANKLIN TENNESSEE

Scenario 2: Full Master Plan Build-Out *(pg. 5-6)*

- Full construction of Master Plan
- 115,700 square feet
- Meets current & future staffing projections
- Total Construction Cost est. at $106.6 million, total cost with financing charges is nearly $135 million
- $15 million in cash / $91.6 million debt
- Annual debt service just over $6.7 million
- Tax-Exempt bonds issued for 20 years
- Level annual payments
- Requires additional revenue to service debt (2.3 additional cents of Property Tax)

Risk Assessment: Low

Building Summary	
Assumed Square Footage	115,700
Purpose:	Municipal Office

Financing Summary		
Municipal Purpose Building		
Controlling Agency		City of Franklin
Funding Stream		Property Tax Levy
Total Cost	$	106,600,000
Cash	$	15,000,000
Debt	$	91,600,000
Principal	$	91,600,000
Interest Rate		4.50%
Bond Rating		AAA
Debt Type		Tax-Exempt
Term		20

Revenue Requirements		
Additional Revenue Req'	$	33,278,500
Annual Revenue Req'	$	1,663,925
Value of One Cent (2022)	$	711,438
Increase in Property Tax	$	0.0234
Cost per sq. Ft. Const.	$	921
Cost per Sq. Ft. Fin.	$	1,166

Risk Assessment	
Risk	Low
Reasons:	
- Tax Exempt	
- 100% City-controlled	
- Increase in taxes necessary - 2+ Cents	

City of Franklin, Tennessee
City Hall

HISTORIC FRANKLIN TENNESSEE

Scenario 3a&b: Partial Building/Full Garage AND Mixed-Use Office/Retail Building *(pg. 7-10)*

- Most complicated scenario
- 129,250 square feet

Municipal Office Building (shown at right)

- Same as Scenario 1
- 91,250 square feet
- Meets current & future staffing needs
- Total Construction Cost est. at $84 million,
- $15 million in cash / $69 million debt
- Annual debt service just over $5 million
- Tax-Exempt bonds issued for 20 years
- Level annual payments
- Controlled by City of Franklin

Building Summary		
Assumed Square Footage		130,250
Purpose:		Municipal Office/ Private Office / Private Retail

Financing Summary		
Municipal Purpose Building		
Assumed Square Footage		91,250
Controlling Agency		City of Franklin
Funding Stream		Property Tax Levy
Total Cost	$	84,000,000
Cash	$	15,000,000
Debt	$	69,000,000
Principal	$	69,000,000
Interest Rate		4.50%
Bond Rating		AAA
Debt Type		Tax-Exempt
Term		20
Cost per Sq. Ft. Const	$	921
Cost per Sq. Ft. Fin.	$	1,113

HISTORIC FRANKLIN TENNESSEE

City of Franklin, Tennessee

City Hall

Scenario 3a: Partial Building/Full Garage AND Mixed-Use Office/Retail Building *(pg. 7-10)*

Mixed Use Office/Retail (shown at right)

- 38,000 square feet (36,100 leasable)
- Total Construction Cost est. at $23 million (tot. financing cost $38 million)
- Assumes costs from external consultant
- Cost partially offset through rents ($19.8 million in rents earned over 20 years)
- Taxable Bonds req'd for issue (@ 6.17%)
- Subsidy required to cover annual shortfall in debt payments (ranging from $0.5-1.9M/yr.)
- Owned by Franklin IDB

Private Office/Retail Building		
Assumed Square Footage		38,000
Controlling Agency		Franklin IDB
Funding Stream		Rents/ City Subsidy
Total Cost	$	23,066,000
Cash	$	-
Debt	$	23,066,000
Principal	$	23,066,000
Interest Rate [7]		6.17%
Bond Rating		TBD
Debt Type		Taxable
Term		20
Cost per Sq. Ft. Const	$	607
Cost per Sq. Ft. Fin.	$	1,000

City of Franklin, Tennessee
City Hall

Scenario 3b: Partial Building/Full Garage AND Mixed-Use Office/Retail Building *(pg.7-10)*

Mixed Use Office/Retail (shown at right)

- 38,000 square feet (36,100 leasable)
- Total Construction Cost est. at $34.9 million (tot. financing cost $57.6 million)
- Assumes same cost as rest of City Hall
- Cost partially offset through rents ($19.8 million in rents earned over 20 years)
- Taxable Bonds req'd for issue (@ 6.17%)
- Subsidy required to cover annual shortfall in debt payments (ranging from $1.5-2.9M/yr.)
- Owned by Franklin IDB

Private Office/Retail Building		
Assumed Square Footage		38,000
Controlling Agency		Franklin IDB
Funding Stream		Rents/ City Subsidy
Total Cost	$	34,980,822
Cash	$	-
Debt	$	34,980,822
Principal	$	34,980,822
Interest Rate [7]		6.17%
Bond Rating		TBD
Debt Type		Taxable
Term		20
Cost per Sq. Ft. Const	$	921
Cost per Sq. Ft. Fin.	$	1,516

HISTORIC FRANKLIN TENNESSEE

City of Franklin, Tennessee
City Hall

Scenario 3a-b: Partial Building/Full Garage AND Mixed-Use Office/Retail Building

Building Summary	
Assumed Square Footage	129,250
Purpose:	Municipal Office/ Private Office / Private Retail

Risk Assessment	
Risk	Moderate-High
Reasons:	
- Dependent upon Office Rental Market	
- Dependent upon Retail Rental Market	
- Private Office Ownership Transferred to IDB	
- City Appropriation required to backup	
- Rents alone cannot pay for full debt service	
- Additional Revenues Necessary to offset	
- Increase in taxes necessary	

- Assumptions on rental earnings, leasable space and operational costs have been taken directly from the report presented by the Gibbs Planning Group to the BOMA on July 13, 2022.
- Assumptions on financing structure and legal obligations have come from City Staff and our financial advisors and bond counsel.
- Mixed-use office/retail building would be owned by IDB, but City would be logical choice to cover shortfall between annual debt service and rents received. City subsidy must be via annual appropriation, and property tax support may be avoided.
- Subsidy ranges over 20 years between $18.2-$37.8 million, resulting in a payback of 32-42 years

Risk Assessment: Moderate-High

Recommendation

HISTORIC
FRANKLIN
TENNESSEE

City of Franklin, Tennessee

City Hall

Recommendation

- Scenario 1 - "A Master Plan with a budget"
- Meets current and future staffing projections
- Builds foundation for additional space and allows for future flexibility
- Fits within City's existing financial capacity without a tax increase
- Balances the future needs by preserving capacity for future capital / operational needs in the community

City of Franklin, Tennessee
City Hall

Next Steps

HISTORIC FRANKLIN TENNESSEE

City of Franklin, Tennessee

City Hall

Next Steps

- Address BOMA questions and additional information needs.

- Determine which Scenario to proceed with. Becomes basis for Schematic Design.

- Come back in Fall 2022 to present "test fits" of Scenario 1 to BOMA and the community.

HISTORIC FRANKLIN TENNESSEE

City of Franklin, Tennessee
City Hall

Questions

New City Hall - Financial & Risk Capacity Scenarios

Summary

This workbook lays out three distinct financial scenarios for the redevelopment of a new City Hall:

- Scenario 1: Cost of Partial Building/Full Garage (Pages 3-4)
- Scenario 2: Cost of Full Master Plan (Pages 5-6)
- Scenario 3a-3b: Cost of Partial Building/Full Garage + Mixed-Use Office/Retail Building (Pages 7-10)

Major assumptions used include:

- All bonds issued for 20 years with level annual payments
- Minimum City Hall building assumed is 91,250 sq. ft.
- Construction costs for all government office building scenarios are standardized at the same amount - $921/sq. ft. all-in cost. Commercial costs vary between Scenarios 3a & 3b.
- Does assume full garage on all scenarios
- On mixed use development scenario, takes same assumptions as developed by the Gibbs Planning Group and presented on July 13 to the Board of Mayor and Aldermen

These worksheets also assign a risk factor from Low to High for the City of Franklin. That risk factor is a calculated assessment of both the financial and legal risks to the City of each scenario.

A financial summary of each scenario is shown below. The "Additional Revenue Needed" shown below is the amount of money the City would need to raise in total and annually to afford scenarios 2 and 3.

	Size of Building	Cost of Building	Overall Cost	Cost per Sq. Ft		Risk Factor
				Construction	Overall	
Scenario 1	91,250	$ 84,000,000	$ 101,602,500	$ 921	$ 1,113	Low
Scenario 2	115,700	$ 106,400,000	$ 134,586,500	$ 921	$ 1,163	Low
Scenario 3a	129,250	$ 107,066,000	$ 119,817,578	$ 828	$ 1,080	Moderate-High
Scenario 3b	129,250	$ 118,980,822	$ 139,445,162	$ 921	$ 1,232	Moderate-High

Additional Revenue Needed		
Total	Annually	Property Tax Cents
$ -	$ -	**0.00**
$ 32,984,000	$ 1,649,200	**2.32**
$ 18,215,078	$ 910,754	**1.28**
$ 37,842,662	$ 1,892,133	**2.66**

New City Hall - Financial & Risk Capacity Scenarios

Scenario 1

Building Summary	
Assumed Square Footage	91,250
Purpose:	Municipal Office

Financing Summary		
Municipal Purpose Building		
Controlling Agency		City of Franklin
Funding Stream		Property Tax Levy
Total Cost	$	84,000,000
Cash	$	15,000,000
Debt	$	69,000,000
Principal	$	69,000,000
Interest Rate		4.50%
Bond Rating		AAA
Debt Type		Tax-Exempt
Term		20
Cost per sq. ft. Const.	$	921
Cost per Sq. Ft.	$	1,113

Risk Assessment	
Risk	Low

Reasons:
- **Tax Exempt**
- **100% City-controlled**
- **No increase in taxes necessary**

City of Franklin Debt Financing				Level Payments		$ 5,080,125
Year	**Principal**	**Interest**	**Total P& I**	**Annual Principal**	**Annual Interest**	**Annual P & I**
1	$ 69,000,000	$ 3,105,000	$ 72,105,000	$ 1,975,125	$ 3,105,000	$ 5,080,125
2	$ 65,550,000	$ 2,949,750	$ 68,499,750	$ 2,130,375	$ 2,949,750	$ 5,080,125
3	$ 62,100,000	$ 2,794,500	$ 64,894,500	$ 2,285,625	$ 2,794,500	$ 5,080,125
4	$ 58,650,000	$ 2,639,250	$ 61,289,250	$ 2,440,875	$ 2,639,250	$ 5,080,125
5	$ 55,200,000	$ 2,484,000	$ 57,684,000	$ 2,596,125	$ 2,484,000	$ 5,080,125
6	$ 51,750,000	$ 2,328,750	$ 54,078,750	$ 2,751,375	$ 2,328,750	$ 5,080,125
7	$ 48,300,000	$ 2,173,500	$ 50,473,500	$ 2,906,625	$ 2,173,500	$ 5,080,125
8	$ 44,850,000	$ 2,018,250	$ 46,868,250	$ 3,061,875	$ 2,018,250	$ 5,080,125
9	$ 41,400,000	$ 1,863,000	$ 43,263,000	$ 3,217,125	$ 1,863,000	$ 5,080,125
10	$ 37,950,000	$ 1,707,750	$ 39,657,750	$ 3,372,375	$ 1,707,750	$ 5,080,125
11	$ 34,500,000	$ 1,552,500	$ 36,052,500	$ 3,527,625	$ 1,552,500	$ 5,080,125
12	$ 31,050,000	$ 1,397,250	$ 32,447,250	$ 3,682,875	$ 1,397,250	$ 5,080,125
13	$ 27,600,000	$ 1,242,000	$ 28,842,000	$ 3,838,125	$ 1,242,000	$ 5,080,125
14	$ 24,150,000	$ 1,086,750	$ 25,236,750	$ 3,993,375	$ 1,086,750	$ 5,080,125
15	$ 20,700,000	$ 931,500	$ 21,631,500	$ 4,148,625	$ 931,500	$ 5,080,125
16	$ 17,250,000	$ 776,250	$ 18,026,250	$ 4,303,875	$ 776,250	$ 5,080,125
17	$ 13,800,000	$ 621,000	$ 14,421,000	$ 4,459,125	$ 621,000	$ 5,080,125
18	$ 10,350,000	$ 465,750	$ 10,815,750	$ 4,614,375	$ 465,750	$ 5,080,125
19	$ 6,900,000	$ 310,500	$ 7,210,500	$ 4,769,625	$ 310,500	$ 5,080,125
20	$ 3,450,000	$ 155,250	$ 3,605,250	$ 4,924,875	$ 155,250	$ 5,080,125
	$ 69,000,000	$ 32,602,500	$ 101,602,500	$ 69,000,000	$ 32,602,500	$ 101,602,500

Synopsis:

Partial Building/Full Garage

Scenario 1 provides for a smaller building than the Master Plan originally proposed but the full underground garage. It is slightly larger than what was proposed earlier in 2022, but remains within the City's available funding capacity without need for additional revenues.

91,250 square feet is proposed to cover all employee and service needs to 2040. Principal and Interest payments are forecast to be level annually and just over $5 million. Interest rates are forecast to be 4.5% - but this will change (as will the cost) when bonds are issued for this project in several years. For now, we are assuming that this would occur today and given recent increases in rates by the Federal Reserve Bank to fight inflation, 4.5% is a realistic rate even for a AAA credit such as Franklin.

This scenario poses a low risk financially and legally for the City of Franklin.

New City Hall - Financial & Risk Capacity Scenarios

Scenario 2

Building Summary		
Assumed Square Footage		115,700
Purpose:		Municipal Office

Financing Summary		
Municipal Purpose Building		
Controlling Agency		City of Franklin
Funding Stream		Property Tax Levy
Total Cost	$	106,400,000
Cash	$	15,000,000
Debt	$	91,400,000
Principal	$	91,400,000
Interest Rate		4.50%
Bond Rating		AAA
Debt Type		Tax-Exempt
Term		20

Revenue Requirements		
Additional Revenue Req'	**$**	**32,984,000**
Annual Revenue Req'	**$**	**1,649,200**
Value of One Cent (2022)	**$**	**711,438**
Increase in Property Tax	**$**	**0.0232**
Cost per sq. Ft. Const.	$	921
Cost per Sq. Ft. Fin.	$	1,163

Risk Assessment	
Risk	**Low**
Reasons:	
- Tax Exempt	
- 100% City-controlled	
- Increase in taxes necessary - 2+ Cents	

City of Franklin Debt Financing				Level Payments		$ 6,729,325
Year	**Principal**	**Interest**	**Total P& I**	**Annual Principal**	**Annual Interest**	**Annual P & I**
1	$ 91,400,000	$ 4,113,000	$ 95,513,000	$ 2,616,325	$ 4,113,000	$ 6,729,325
2	$ 86,830,000	$ 3,907,350	$ 90,737,350	$ 2,821,975	$ 3,907,350	$ 6,729,325
3	$ 82,260,000	$ 3,701,700	$ 85,961,700	$ 3,027,625	$ 3,701,700	$ 6,729,325
4	$ 77,690,000	$ 3,496,050	$ 81,186,050	$ 3,233,275	$ 3,496,050	$ 6,729,325
5	$ 73,120,000	$ 3,290,400	$ 76,410,400	$ 3,438,925	$ 3,290,400	$ 6,729,325
6	$ 68,550,000	$ 3,084,750	$ 71,634,750	$ 3,644,575	$ 3,084,750	$ 6,729,325
7	$ 63,980,000	$ 2,879,100	$ 66,859,100	$ 3,850,225	$ 2,879,100	$ 6,729,325
8	$ 59,410,000	$ 2,673,450	$ 62,083,450	$ 4,055,875	$ 2,673,450	$ 6,729,325
9	$ 54,840,000	$ 2,467,800	$ 57,307,800	$ 4,261,525	$ 2,467,800	$ 6,729,325
10	$ 50,270,000	$ 2,262,150	$ 52,532,150	$ 4,467,175	$ 2,262,150	$ 6,729,325
11	$ 45,700,000	$ 2,056,500	$ 47,756,500	$ 4,672,825	$ 2,056,500	$ 6,729,325
12	$ 41,130,000	$ 1,850,850	$ 42,980,850	$ 4,878,475	$ 1,850,850	$ 6,729,325
13	$ 36,560,000	$ 1,645,200	$ 38,205,200	$ 5,084,125	$ 1,645,200	$ 6,729,325
14	$ 31,990,000	$ 1,439,550	$ 33,429,550	$ 5,289,775	$ 1,439,550	$ 6,729,325
15	$ 27,420,000	$ 1,233,900	$ 28,653,900	$ 5,495,425	$ 1,233,900	$ 6,729,325
16	$ 22,850,000	$ 1,028,250	$ 23,878,250	$ 5,701,075	$ 1,028,250	$ 6,729,325
17	$ 18,280,000	$ 822,600	$ 19,102,600	$ 5,906,725	$ 822,600	$ 6,729,325
18	$ 13,710,000	$ 616,950	$ 14,326,950	$ 6,112,375	$ 616,950	$ 6,729,325
19	$ 9,140,000	$ 411,300	$ 9,551,300	$ 6,318,025	$ 411,300	$ 6,729,325
20	$ 4,570,000	$ 205,650	$ 4,775,650	$ 6,523,675	$ 205,650	$ 6,729,325
	$ 91,400,000	$ 43,186,500	$ 134,586,500	$ 91,400,000	$ 43,186,500	$ 134,586,500

Synopsis:

Construction of the Full Master Plan

Scenario 2 is of similar complexity to Scenario 1 except that instead of building the reduced footprint of 91,250 sq.ft, this shows the cost of building the full master plan amount of 115,700.

The major difference between Scenario 1 and Scenario 2, however, is that the cost exceeds available funding as forecast through the ten-year Capital Investment Program financing model. An additional $32,984,000 would be required to service the necessary debt to cover the costs of the full build-out. This could be raised from increasing local property taxes. The amount - estimated at 2.32 cents - is shown under the box labeled "Revenue Requirements" on the left.

Overall, this remains a low risk scenario - all bonds would be tax-exempt, the building would be for governmental purpose and controlled by the City of Franklin, but nearly $33 million which could go to other purposes and opportunities would now be dedicated to constructing City Hall.

New City Hall - Financial & Risk Capacity Scenarios

Scenario 3a

Building Summary	
Assumed Square Footage	129,250
Purpose:	Municipal Office/ Private Office / Private Retail

Financing Summary		
Municipal Purpose Building		
Assumed Square Footage		91,250
Controlling Agency		City of Franklin
Funding Stream		Property Tax Levy
Total Cost	$	84,000,000
Cash	$	15,000,000
Debt	$	69,000,000
Principal	$	69,000,000
Interest Rate		4.50%
Bond Rating		AAA
Debt Type		Tax-Exempt
Term		20
Cost per Sq. Ft. Const	$	921
Cost per Sq. Ft. Fin.	$	1,113

City of Franklin Financing - Municipal Office			Level Payments		$ 5,080,125
Year	Principal	Interest	Total P& I	Annual Principal	Annual Interest	Annual P & I

Year	Principal	Interest	Total P& I	Annual Principal	Annual Interest	Annual P & I
1	$ 69,000,000	$ 3,105,000	$ 72,105,000	$ 1,975,125	$ 3,105,000	$ 5,080,125
2	$ 65,550,000	$ 2,949,750	$ 68,499,750	$ 2,130,375	$ 2,949,750	$ 5,080,125
3	$ 62,100,000	$ 2,794,500	$ 64,894,500	$ 2,285,625	$ 2,794,500	$ 5,080,125
4	$ 58,650,000	$ 2,639,250	$ 61,289,250	$ 2,440,875	$ 2,639,250	$ 5,080,125
5	$ 55,200,000	$ 2,484,000	$ 57,684,000	$ 2,596,125	$ 2,484,000	$ 5,080,125
6	$ 51,750,000	$ 2,328,750	$ 54,078,750	$ 2,751,375	$ 2,328,750	$ 5,080,125
7	$ 48,300,000	$ 2,173,500	$ 50,473,500	$ 2,906,625	$ 2,173,500	$ 5,080,125
8	$ 44,850,000	$ 2,018,250	$ 46,868,250	$ 3,061,875	$ 2,018,250	$ 5,080,125
9	$ 41,400,000	$ 1,863,000	$ 43,263,000	$ 3,217,125	$ 1,863,000	$ 5,080,125
10	$ 37,950,000	$ 1,707,750	$ 39,657,750	$ 3,372,375	$ 1,707,750	$ 5,080,125
11	$ 34,500,000	$ 1,552,500	$ 36,052,500	$ 3,527,625	$ 1,552,500	$ 5,080,125
12	$ 31,050,000	$ 1,397,250	$ 32,447,250	$ 3,682,875	$ 1,397,250	$ 5,080,125
13	$ 27,600,000	$ 1,242,000	$ 28,842,000	$ 3,838,125	$ 1,242,000	$ 5,080,125
14	$ 24,150,000	$ 1,086,750	$ 25,236,750	$ 3,993,375	$ 1,086,750	$ 5,080,125
15	$ 20,700,000	$ 931,500	$ 21,631,500	$ 4,148,625	$ 931,500	$ 5,080,125
16	$ 17,250,000	$ 776,250	$ 18,026,250	$ 4,303,875	$ 776,250	$ 5,080,125
17	$ 13,800,000	$ 621,000	$ 14,421,000	$ 4,459,125	$ 621,000	$ 5,080,125
18	$ 10,350,000	$ 465,750	$ 10,815,750	$ 4,614,375	$ 465,750	$ 5,080,125
19	$ 6,900,000	$ 310,500	$ 7,210,500	$ 4,769,625	$ 310,500	$ 5,080,125
20	$ 3,450,000	$ 155,250	$ 3,605,250	$ 4,924,875	$ 155,250	$ 5,080,125
	$ 69,000,000	$ 32,602,500	$ 101,602,500	$ 69,000,000	$ 32,602,500	$ 101,602,500

City of Franklin Financing - Both		
Municipal (Property Tax)	IDB (Sales Tax)	Total City Contrib.
$ 5,080,125	$ 1,949,860	$ 7,029,985
$ 5,080,125	$ 1,924,860	$ 7,004,985
$ 5,080,125	$ 1,891,170	$ 6,971,295
$ 5,080,125	$ 1,386,922	$ 6,467,047
$ 5,080,125	$ 862,508	$ 5,942,633
$ 5,080,125	$ 841,761	$ 5,921,886
$ 5,080,125	$ 820,599	$ 5,900,724
$ 5,080,125	$ 799,014	$ 5,879,139
$ 5,080,125	$ 776,997	$ 5,857,122
$ 5,080,125	$ 754,540	$ 5,834,665
$ 5,080,125	$ 731,634	$ 5,811,759
$ 5,080,125	$ 708,269	$ 5,788,394
$ 5,080,125	$ 684,437	$ 5,764,562
$ 5,080,125	$ 660,129	$ 5,740,254
$ 5,080,125	$ 635,334	$ 5,715,459
$ 5,080,125	$ 610,044	$ 5,690,169
$ 5,080,125	$ 584,247	$ 5,664,372
$ 5,080,125	$ 557,935	$ 5,638,060
$ 5,080,125	$ 531,096	$ 5,611,221
$ 5,080,125	$ 503,721	$ 5,583,846
$ 101,602,500	$ 18,215,078	$ 119,817,578

Synopsis: Partial City Hall Building/Full Garage/Mixed-Use Office/Retail Building

Scenario 3a is the most complicated of the City Hall Financial Scenarios. It starts with Scenario 1 - a 91,250 sq. ft. government use City Hall costing $101,602,500, funded through Tax-Exempt bonds with the full G.O. credit of the City of Franklin behind it. Bonds are issued for 20 years.

But it also includes a 38,000 sq. ft. mixed-use development at the corner of 3rd & Church. This building uses estimated per square footage costs provided by the Gibbs Design Group of $607/ sq.ft. This building - which has 36,100 leasable sq. footage (19,000 sq. ft. for office and 17,100 sq. ft. for retail) - would not legally be able to be financed directly by the City of Franklin. Instead a third-party conduit would have to issue the debt to build the building. This scenario assumes a mechanism the City has used before and is used by other cities in the State of Tennessee - the Industrial Development Board (IDB). Franklin has used its IDB once before - to issue and service the debt for the TIF district in Cool Springs around the Nissan headquarters (2005). And since it is for a for-profit purpose, the bonds issued would not be eligible for tax exemption and thus cost more. We estimate the 38,000 square foot taxable building costing slightly less than $38 million with an interest rate of 6.17%. There is no way to estimate what rating these bonds would receive at this time.

All assumptions made for this mixed-use structure - from size of building, to the cost of the building, to rental rates, to operational costs, have been taken directly from the Gibbs Planning Group report: City Hall Development Mixed-Use Economic Feasibility Analysis - City of Franklin Tennessee, dated June 28, 2022 and presented at the Board of Mayor and Alderman meeting of July 13, 2022. Additional costs have been made to account for the minimum staffing of the IDB.

With all of those assumptions taken together, this is the riskiest of scenarios from both a financial and legal standpoint for the City of Franklin. Annual subsidy from the City of Franklin to service the IDB bonds ***AFTER*** rents are accounted for would range from more that $500,000 to $1.9 million annually for 20 years, cumulatively resulting in a taxpayer contribution of $18.2 million. To avoid state constitutional concerns on the use of property tax revenues, the City may avoid property tax support of the for-profit building. As a result, sales taxes are shown herein and would be redistributed from operations to service the IDB debt. It is estimated the payback on this investment of Sales Tax would take approximately 32 years.

Private Office/Retail Building		
Assumed Square Footage		38,000
Controlling Agency		Franklin IDB
Funding Stream		Rents/ City Subsidy
Total Cost	$	23,066,000
Cash	$	-
Debt	$	23,066,000
Principal	$	23,066,000
Interest Rate [7]		6.17%
Bond Rating		TBD
Debt Type		Taxable
Term		20
Cost per Sq. Ft. Const	$	607
Cost per Sq. Ft. Fin.	$	1,000

Industrial Development Board Bonds			Level Payments			$ 1,899,860
	A	B	C (A x B)	D	E	F (D+E)
Year	Principal	Interest	Total P& I	Annual Principal	Annual Interest	Annual P & I
1	$ 23,066,000	$ 1,422,019	$ 24,488,019	$ 477,841	$ 1,422,019	$ 1,899,860
2	$ 21,912,700	$ 1,350,918	$ 23,263,618	$ 548,942	$ 1,350,918	$ 1,899,860
3	$ 20,759,400	$ 1,279,817	$ 22,039,217	$ 620,043	$ 1,279,817	$ 1,899,860
4	$ 19,606,100	$ 1,208,716	$ 20,814,816	$ 691,144	$ 1,208,716	$ 1,899,860
5	$ 18,452,800	$ 1,137,615	$ 19,590,415	$ 762,245	$ 1,137,615	$ 1,899,860
6	$ 17,299,500	$ 1,066,514	$ 18,366,014	$ 833,346	$ 1,066,514	$ 1,899,860
7	$ 16,146,200	$ 995,413	$ 17,141,613	$ 904,447	$ 995,413	$ 1,899,860
8	$ 14,992,900	$ 924,312	$ 15,917,212	$ 975,548	$ 924,312	$ 1,899,860
9	$ 13,839,600	$ 853,211	$ 14,692,811	$ 1,046,649	$ 853,211	$ 1,899,860
10	$ 12,686,300	$ 782,110	$ 13,468,410	$ 1,117,750	$ 782,110	$ 1,899,860
11	$ 11,533,000	$ 711,009	$ 12,244,009	$ 1,188,850	$ 711,009	$ 1,899,860
12	$ 10,379,700	$ 639,909	$ 11,019,609	$ 1,259,951	$ 639,909	$ 1,899,860
13	$ 9,226,400	$ 568,808	$ 9,795,208	$ 1,331,052	$ 568,808	$ 1,899,860
14	$ 8,073,100	$ 497,707	$ 8,570,807	$ 1,402,153	$ 497,707	$ 1,899,860
15	$ 6,919,800	$ 426,606	$ 7,346,406	$ 1,473,254	$ 426,606	$ 1,899,860
16	$ 5,766,500	$ 355,505	$ 6,122,005	$ 1,544,355	$ 355,505	$ 1,899,860
17	$ 4,613,200	$ 284,404	$ 4,897,604	$ 1,615,456	$ 284,404	$ 1,899,860
18	$ 3,459,900	$ 213,303	$ 3,673,203	$ 1,686,557	$ 213,303	$ 1,899,860
19	$ 2,306,600	$ 142,202	$ 2,448,802	$ 1,757,658	$ 142,202	$ 1,899,860
20	$ 1,153,300	$ 71,101	$ 1,224,401	$ 1,828,759	$ 71,101	$ 1,899,860
	$ 23,066,000	$ 14,931,198	$ 37,997,198	$ 23,066,000	$ 14,931,198	$ 37,997,198

Offsetting Revenue Potential							
G	H	I	J	K ((G x H)+(I x J))	L	M	N (K+L+M)
Office Sq. Footage [1]	Rental Rate [2]	Retail Sq. Footage [3]	Rental Rate [4]	Total Rental Income (Gross)	Less Operating Cost [5]	Less Annual IDB Cost [6]	Net Rental Income
-	$ 45.00	-	$ 35.00	$ -	$ -	$ (50,000)	$ (50,000)
-	$ 45.00	-	$ 35.00	$ -	$ -	$ (25,000)	$ (25,000)
6,333	$ 45.90	5,700	$ 35.70	$ 494,190	$ (460,000)	$ (25,500)	$ 8,690
12,667	$ 46.82	11,400	$ 36.41	$ 1,008,148	$ (469,200)	$ (26,010)	$ 512,938
19,000	$ 47.75	17,100	$ 37.14	$ 1,542,466	$ (478,584)	$ (26,530)	$ 1,037,352
19,000	$ 48.71	17,100	$ 37.89	$ 1,573,315	$ (488,156)	$ (27,061)	$ 1,058,099
19,000	$ 49.68	17,100	$ 38.64	$ 1,604,781	$ (497,919)	$ (27,602)	$ 1,079,261
19,000	$ 50.68	17,100	$ 39.42	$ 1,636,877	$ (507,877)	$ (28,154)	$ 1,100,846
19,000	$ 51.69	17,100	$ 40.20	$ 1,669,615	$ (518,035)	$ (28,717)	$ 1,122,863
19,000	$ 52.72	17,100	$ 41.01	$ 1,703,007	$ (528,395)	$ (29,291)	$ 1,145,320
19,000	$ 53.78	17,100	$ 41.83	$ 1,737,067	$ (538,963)	$ (29,877)	$ 1,168,226
19,000	$ 54.85	17,100	$ 42.66	$ 1,771,808	$ (549,743)	$ (30,475)	$ 1,191,591
19,000	$ 55.95	17,100	$ 43.52	$ 1,807,245	$ (560,737)	$ (31,084)	$ 1,215,423
19,000	$ 57.07	17,100	$ 44.39	$ 1,843,389	$ (571,952)	$ (31,706)	$ 1,239,731
19,000	$ 58.21	17,100	$ 45.28	$ 1,880,257	$ (583,391)	$ (32,340)	$ 1,264,526
19,000	$ 59.38	17,100	$ 46.18	$ 1,917,862	$ (595,059)	$ (32,987)	$ 1,289,816
19,000	$ 60.56	17,100	$ 47.11	$ 1,956,220	$ (606,960)	$ (33,647)	$ 1,315,613
19,000	$ 61.78	17,100	$ 48.05	$ 1,995,344	$ (619,099)	$ (34,320)	$ 1,341,925
19,000	$ 63.01	17,100	$ 49.01	$ 2,035,251	$ (631,481)	$ (35,006)	$ 1,368,763
19,000	$ 64.27	17,100	$ 49.99	$ 2,075,956	$ (644,111)	$ (35,706)	$ 1,396,139

Annual Subsidy Required
O (F-N)
$ 1,949,860
$ 1,924,860
$ 1,891,170
$ 1,386,922
$ 862,508
$ 841,761
$ 820,599
$ 799,014
$ 776,997
$ 754,540
$ 731,634
$ 708,269
$ 684,437
$ 660,129
$ 635,334
$ 610,044
$ 584,247
$ 557,935
$ 531,096
$ 503,721
$ 18,215,078

Overall Financials		
Total Construction Cost	$	107,066,000
Total Overall Cost (20 yrs.)	$	139,599,698
Less Net Office Rents	$	(19,782,121)
Net Overall Cost (20 yrs.)	$	119,817,578
Composite Cost/Sq. Ft.	$	828
Composite Cost/Sq. Ft.	$	1,080

Revenue Requirements		
Additional Revenue Req'	$	18,215,078
Annual Revenue Req'	$	910,754
Value of One Cent (2022)	$	711,438
Increase in Property Tax	$	0.0128

Risk Assessment	
Risk	Moderate-High

Reasons:
- Dependent upon Office Rental Market
- Dependent upon Retail Rental Market
- Private Office Ownership Transferred to IDB
- City Appropriation required to backup
- Rents alone cannot pay for full debt service
- Additional Revenues Necessary to offset
- Increase in taxes necessary
- 32 years to payback

Notes

[1] Assumption of Total Leasable sq. ft. comes from City Hall Development Mixed-Use Economic Feasibility Analysis - City of Franklin Tennessee. Gibbs Planning Group. June 28th, 2022. Page 10.

[2] Assumption of Rental Rate comes from "Figure 13. Economic Return Summary Base Case" City Hall Development Mixed-Use Economic Feasibility Analysis - City of Franklin Tennessee. Gibbs Planning Group. June 28th, 2022. Page 10.

[3] Assumption of Total Leasable sq. ft. comes from City Hall Development Mixed-Use Economic Feasibility Analysis - City of Franklin Tennessee. Gibbs Planning Group. June 28th, 2022. Page 10.

[4] Assumption of Rental Rate comes from "Figure 13. Economic Return Summary Base Case" City Hall Development Mixed-Use Economic Feasibility Analysis - City of Franklin Tennessee. Gibbs Planning Group. June 28th, 2022. Page 10.

[5] Assumption of Operating Costs comes from "Figure 12: Annual Operating Expenses Upon Stabilization" City Hall Development Mixed-Use Economic Feasibility Analysis - City of Franklin Tennessee. Gibbs Planning Group. June 28th, 2022. Page 9.

[6] Assumption of Annual IDB (Industrial Development Board) Operating Costs comes form City of Franklin, Tennessee staff best estimates to reconstitute IDB and provide minimal overhead management of property manager, private counsel, auditing and accounting services.

[7] Taxable vs. Tax Exempt Spread is based on highest taxable bracket of 37%. (In other words, the taxable rate is assumed to be 37% higher than the tax-exempt rate).

New City Hall - Financial & Risk Capacity Scenarios | Scenario 3a

Payback Summary: The chart below shows the estimated time it would take for the City to recoup its initial investment. Because a subsidy to service the annual debt service is necessary for the 20 years the debt will be issued for, the IDB will be unable to begin paying the City back until year 21. This will take another 12 years to fully repay the City the over $18 million necessary over the debt servicing period. The City should fully recoup the investment in year 32.

Payback

	Gross Expenses	Gross Revenues	Subsidy Amount	Cumulative	
1	$ 1,949,860	$ -	$ 1,949,860	$ 1,949,860	
2	$ 1,924,860	$ -	$ 1,924,860	$ 3,874,720	
3	$ 2,385,360	$ 494,190	$ 1,891,170	$ 5,765,890	Rents begin to come in to IDB
4	$ 2,395,070	$ 1,008,148	$ 1,386,922	$ 7,152,812	
5	$ 2,404,974	$ 1,542,466	$ 862,508	$ 8,015,320	Rents maximize to 95% occupancy as recommended by Gibbs Planning Group (within 5 years)
6	$ 2,415,076	$ 1,573,315	$ 841,761	$ 8,857,082	Cumulative City Investment Increasing
7	$ 2,425,381	$ 1,604,781	$ 820,599	$ 9,677,681	
8	$ 2,435,891	$ 1,636,877	$ 799,014	$ 10,476,695	
9	$ 2,446,612	$ 1,669,615	$ 776,997	$ 11,253,692	
10	$ 2,457,547	$ 1,703,007	$ 754,540	$ 12,008,232	
11	$ 2,468,701	$ 1,737,067	$ 731,634	$ 12,739,866	
12	$ 2,480,077	$ 1,771,808	$ 708,269	$ 13,448,135	
13	$ 2,491,682	$ 1,807,245	$ 684,437	$ 14,132,572	
14	$ 2,503,518	$ 1,843,389	$ 660,129	$ 14,792,700	
15	$ 2,515,591	$ 1,880,257	$ 635,334	$ 15,428,034	
16	$ 2,527,906	$ 1,917,862	$ 610,044	$ 16,038,078	
17	$ 2,540,467	$ 1,956,220	$ 584,247	$ 16,622,325	
18	$ 2,553,279	$ 1,995,344	$ 557,935	$ 17,180,260	
19	$ 2,566,347	$ 2,035,251	$ 531,096	$ 17,711,357	
20	$ 2,579,677	$ 2,075,956	$ 503,721	$ 18,215,078	Maximum City Investment
21	$ 693,414	$ 2,117,475	$ (1,424,061)	$ 16,791,016	Cumulative City Investment Decreasing
22	$ 707,282	$ 2,159,825	$ (1,452,543)	$ 15,338,474	
23	$ 721,427	$ 2,203,021	$ (1,481,594)	$ 13,856,880	
24	$ 735,856	$ 2,247,081	$ (1,511,225)	$ 12,345,655	
25	$ 750,573	$ 2,292,023	$ (1,541,450)	$ 10,804,205	
26	$ 765,585	$ 2,337,864	$ (1,572,279)	$ 9,231,926	
27	$ 780,896	$ 2,384,621	$ (1,603,725)	$ 7,628,201	
28	$ 796,514	$ 2,432,313	$ (1,635,799)	$ 5,992,402	
29	$ 812,444	$ 2,480,959	$ (1,668,515)	$ 4,323,887	
30	$ 828,693	$ 2,530,579	$ (1,701,885)	$ 2,622,002	
31	$ 845,267	$ 2,581,190	$ (1,735,923)	$ 886,079	
Payback to City occurs in Year 32 32	**$ 862,173**	**$ 2,632,814**	**$ (1,770,641)**	**$ (884,562)**	**City Repaid**

New City Hall - Financial & Risk Capacity Scenarios

Scenario 3b

Building Summary	
Assumed Square Footage	129,250
Purpose:	Municipal Office/ Private Office / Private Retail

Financing Summary	
Municipal Purpose Building	
Assumed Square Footage	91,250
Controlling Agency	City of Franklin
Funding Stream	Property Tax Levy
Total Cost	$ 84,000,000
Cash	$ 15,000,000
Debt	$ 69,000,000
Principal	$ 69,000,000
Interest Rate	4.50%
Bond Rating	AAA
Debt Type	Tax-Exempt
Term	20
Cost per Sq. Ft. Const	$ 921
Cost per Sq. Ft. Fin.	$ 1,113

Private Office/Retail Building	
Assumed Square Footage	38,000
Controlling Agency	Franklin IDB
Funding Stream	Rents/ City Subsidy
Total Cost	$ 34,980,822
Cash	$ -
Debt	$ 34,980,822
Principal	$ 34,980,822
Interest Rate [7]	6.17%
Bond Rating	TBD
Debt Type	Taxable
Term	20
Cost per Sq. Ft. Const	$ 921
Cost per Sq. Ft. Fin.	$ 1,516

Overall Financials	
Total Construction Cost	$ 118,980,822
Total Overall Cost (20 yrs.)	$ 159,227,282
Less Net Office Rents	$ (19,782,121)
Net Overall Cost (20 yrs.)	$ 139,445,162
Composite Cost/Sq. Ft.	$ 921
Composite Cost/Sq. Ft.	$ 1,232

Revenue Requirements	
Additional Revenue Req'	**$ 37,842,662**
Annual Revenue Req'	**$ 1,892,133**
Value of One Cent (2022)	**$ 711,438**
Increase in Property Tax	$ 0.0266

Risk Assessment	
Risk	Moderate-High

Reasons:
- Dependent upon Office Rental Market
- Dependent upon Retail Rental Market
- Private Office Ownership Transferred to IDB
- City Appropriation required to backup
- Rents alone cannot pay for full debt service
- Additional Revenues Necessary to offset
- Increase in taxes necessary
- 42 years to payback

City of Franklin Financing - Municipal Office				Level Payments		$ 5,080,125
Year	Principal	Interest	Total P& I	Annual Principal	Annual Interest	Annual P & I
1	$ 69,000,000	$ 3,105,000	$ 72,105,000	$ 1,975,125	$ 3,105,000	$ 5,080,125
2	$ 65,550,000	$ 2,949,750	$ 68,499,750	$ 2,130,375	$ 2,949,750	$ 5,080,125
3	$ 62,100,000	$ 2,794,500	$ 64,894,500	$ 2,285,625	$ 2,794,500	$ 5,080,125
4	$ 58,650,000	$ 2,639,250	$ 61,289,250	$ 2,440,875	$ 2,639,250	$ 5,080,125
5	$ 55,200,000	$ 2,484,000	$ 57,684,000	$ 2,596,125	$ 2,484,000	$ 5,080,125
6	$ 51,750,000	$ 2,328,750	$ 54,078,750	$ 2,751,375	$ 2,328,750	$ 5,080,125
7	$ 48,300,000	$ 2,173,500	$ 50,473,500	$ 2,906,625	$ 2,173,500	$ 5,080,125
8	$ 44,850,000	$ 2,018,250	$ 46,868,250	$ 3,061,875	$ 2,018,250	$ 5,080,125
9	$ 41,400,000	$ 1,863,000	$ 43,263,000	$ 3,217,125	$ 1,863,000	$ 5,080,125
10	$ 37,950,000	$ 1,707,750	$ 39,657,750	$ 3,372,375	$ 1,707,750	$ 5,080,125
11	$ 34,500,000	$ 1,552,500	$ 36,052,500	$ 3,527,625	$ 1,552,500	$ 5,080,125
12	$ 31,050,000	$ 1,397,250	$ 32,447,250	$ 3,682,875	$ 1,397,250	$ 5,080,125
13	$ 27,600,000	$ 1,242,000	$ 28,842,000	$ 3,838,125	$ 1,242,000	$ 5,080,125
14	$ 24,150,000	$ 1,086,750	$ 25,236,750	$ 3,993,375	$ 1,086,750	$ 5,080,125
15	$ 20,700,000	$ 931,500	$ 21,631,500	$ 4,148,625	$ 931,500	$ 5,080,125
16	$ 17,250,000	$ 776,250	$ 18,026,250	$ 4,303,875	$ 776,250	$ 5,080,125
17	$ 13,800,000	$ 621,000	$ 14,421,000	$ 4,459,125	$ 621,000	$ 5,080,125
18	$ 10,350,000	$ 465,750	$ 10,815,750	$ 4,614,375	$ 465,750	$ 5,080,125
19	$ 6,900,000	$ 310,500	$ 7,210,500	$ 4,769,625	$ 310,500	$ 5,080,125
20	$ 3,450,000	$ 155,250	$ 3,605,250	$ 4,924,875	$ 155,250	$ 5,080,125
	$ 69,000,000	$ 32,602,500	$ 101,602,500	$ 69,000,000	$ 32,602,500	$ 101,602,500

City of Franklin Financing - Both		
Municipal (Property Tax)	IDB (Sales Tax)	Total City Contrib.
$ 5,080,125	$ 2,931,239	$ 8,011,364
$ 5,080,125	$ 2,906,239	$ 7,986,364
$ 5,080,125	$ 2,872,549	$ 7,952,674
$ 5,080,125	$ 2,368,302	$ 7,448,427
$ 5,080,125	$ 1,843,887	$ 6,924,012
$ 5,080,125	$ 1,823,140	$ 6,903,265
$ 5,080,125	$ 1,801,978	$ 6,882,103
$ 5,080,125	$ 1,780,393	$ 6,860,518
$ 5,080,125	$ 1,758,376	$ 6,838,501
$ 5,080,125	$ 1,735,919	$ 6,816,044
$ 5,080,125	$ 1,713,013	$ 6,793,138
$ 5,080,125	$ 1,689,648	$ 6,769,773
$ 5,080,125	$ 1,665,816	$ 6,745,941
$ 5,080,125	$ 1,641,508	$ 6,721,633
$ 5,080,125	$ 1,616,713	$ 6,696,838
$ 5,080,125	$ 1,591,423	$ 6,671,548
$ 5,080,125	$ 1,565,626	$ 6,645,751
$ 5,080,125	$ 1,539,314	$ 6,619,439
$ 5,080,125	$ 1,512,476	$ 6,592,601
$ 5,080,125	$ 1,485,100	$ 6,565,225
$ 101,602,500	$ 37,842,662	$ 139,445,162

Synopsis: Partial City Hall Building/Full Garage/Mixed-Use Office/Retail Building

Scenario 3b is the most complicated of the City Hall Financial Scenarios. It starts with Scenario 1 - a 91,250 sq. ft. government use City Hall costing $101,602,500, funded through Tax-Exempt bonds with the full G.O. credit of the City of Franklin behind it. Bonds are issued for 20 years.

But it also includes a 38,000 sq. ft. mixed-use development at the corner of 3rd & Church. (The difference, between this and scenario 3a is using the more conservative $921/sq. ft. estimate for the commercial building as well as the government office building.) This building - which has 36,100 leasable sq. footage (19,000 sq. ft. for office and 17,100 sq. ft. for retail) - would not legally be able to be financed directly by the City of Franklin. Instead a third-party conduit would have to issue the debt to build the building. This scenario assumes a mechanism the City has used before and is used by other cities in the State of Tennessee - the Industrial Development Board (IDB). Franklin has used its IDB once before - to issue and service the debt for the TIF district in Cool Springs around the Nissan headquarters (2005). And since it is for a for-profit purpose, the bonds issued would not be eligible for tax exemption and thus cost more. We estimate the 38,000 square foot taxable building costing slightly more than $57.6 million with an interest rate of 6.17%. There is no way to estimate what rating these bonds would receive at this time.

All assumptions made for this mixed-use structure - from size of building, to rental rates, to operational costs, have been taken directly from the Gibbs Planning Group report: City Hall Development Mixed-Use Economic Feasibility Analysis - City of Franklin Tennessee, dated June 28, 2022 and presented at the Board of Mayor and Alderman meeting of July 13, 2022. Additional costs have been made to account for the minimum staffing of the IDB.

With all of those assumptions taken together, this is the riskiest of scenarios from both a financial and legal standpoint for the City of Franklin. Annual subsidy from the City of Franklin to service the IDB bonds ***AFTER*** rents are accounted for would range from $1.5 to $2.9 years, cumulatively resulting in a taxpayer contribution of $37.8 million. To avoid state constitutional concerns on the use of property tax revenues, the City may avoid property tax support of the for-profit building. As a result, sales taxes are shown herein and would be redistributed to service the IDB debt. It is estimated the payback on this investment of Sales Tax would take approximately 43 years.

Industrial Development Board Bonds				Level Payments		$ 2,881,239
	A	B	C (A x B)	D	E	F (D+E)
Year	Principal	Interest	Total P& I	Annual Principal	Annual Interest	Annual P & I
1	$ 34,980,822	$ 2,156,568	$ 37,137,390	$ 724,671	$ 2,156,568	$ 2,881,239
2	$ 33,231,781	$ 2,048,739	$ 35,280,520	$ 832,500	$ 2,048,739	$ 2,881,239
3	$ 31,482,740	$ 1,940,911	$ 33,423,651	$ 940,328	$ 1,940,911	$ 2,881,239
4	$ 29,733,699	$ 1,833,083	$ 31,566,781	$ 1,048,157	$ 1,833,083	$ 2,881,239
5	$ 27,984,658	$ 1,725,254	$ 29,709,912	$ 1,155,985	$ 1,725,254	$ 2,881,239
6	$ 26,235,616	$ 1,617,426	$ 27,853,042	$ 1,263,813	$ 1,617,426	$ 2,881,239
7	$ 24,486,575	$ 1,509,597	$ 25,996,173	$ 1,371,642	$ 1,509,597	$ 2,881,239
8	$ 22,737,534	$ 1,401,769	$ 24,139,303	$ 1,479,470	$ 1,401,769	$ 2,881,239
9	$ 20,988,493	$ 1,293,941	$ 22,282,434	$ 1,587,299	$ 1,293,941	$ 2,881,239
10	$ 19,239,452	$ 1,186,112	$ 20,425,564	$ 1,695,127	$ 1,186,112	$ 2,881,239
11	$ 17,490,411	$ 1,078,284	$ 18,568,695	$ 1,802,955	$ 1,078,284	$ 2,881,239
12	$ 15,741,370	$ 970,455	$ 16,711,825	$ 1,910,784	$ 970,455	$ 2,881,239
13	$ 13,992,329	$ 862,627	$ 14,854,956	$ 2,018,612	$ 862,627	$ 2,881,239
14	$ 12,243,288	$ 754,799	$ 12,998,086	$ 2,126,440	$ 754,799	$ 2,881,239
15	$ 10,494,247	$ 646,970	$ 11,141,217	$ 2,234,269	$ 646,970	$ 2,881,239
16	$ 8,745,205	$ 539,142	$ 9,284,347	$ 2,342,097	$ 539,142	$ 2,881,239
17	$ 6,996,164	$ 431,314	$ 7,427,478	$ 2,449,926	$ 431,314	$ 2,881,239
18	$ 5,247,123	$ 323,485	$ 5,570,608	$ 2,557,754	$ 323,485	$ 2,881,239
19	$ 3,498,082	$ 215,657	$ 3,713,739	$ 2,665,582	$ 215,657	$ 2,881,239
20	$ 1,749,041	$ 107,828	$ 1,856,869	$ 2,773,411	$ 107,828	$ 2,881,239
	$ 34,980,822	$ 22,643,961	$ 57,624,782	$ 34,980,822	$ 22,643,961	$ 57,624,782

Offsetting Revenue Potential								Annual Subsidy Required
G	H	I	J	K ((G x H)+(I x J))	L	M	N (K+L+M)	O (F-N)
Office Sq. Footage [1]	Rental Rate [2]	Retail Sq. Footage [3]	Rental Rate [4]	Total Rental Income (Gross)	Less Operating Cost [5]	Less Annual IDB Cost [6]	Net Rental Income	
-	$ 45.00	-	$ 35.00	$ -	$ -	$ (50,000)	$ (50,000)	$ 2,931,239
-	$ 45.00	-	$ 35.00	$ -	$ -	$ (25,000)	$ (25,000)	$ 2,906,239
6,333	$ 45.90	5,700	$ 35.70	$ 494,190	$ (460,000)	$ (25,500)	$ 8,690	$ 2,872,549
12,667	$ 46.82	11,400	$ 36.41	$ 1,008,148	$ (469,200)	$ (26,010)	$ 512,938	$ 2,368,302
19,000	$ 47.75	17,100	$ 37.14	$ 1,542,466	$ (478,584)	$ (26,530)	$ 1,037,352	$ 1,843,887
19,000	$ 48.71	17,100	$ 37.89	$ 1,573,315	$ (488,156)	$ (27,061)	$ 1,058,099	$ 1,823,140
19,000	$ 49.68	17,100	$ 38.64	$ 1,604,781	$ (497,919)	$ (27,602)	$ 1,079,261	$ 1,801,978
19,000	$ 50.68	17,100	$ 39.42	$ 1,636,877	$ (507,877)	$ (28,154)	$ 1,100,846	$ 1,780,393
19,000	$ 51.69	17,100	$ 40.20	$ 1,669,615	$ (518,035)	$ (28,717)	$ 1,122,863	$ 1,758,376
19,000	$ 52.72	17,100	$ 41.01	$ 1,703,007	$ (528,395)	$ (29,291)	$ 1,145,320	$ 1,735,919
19,000	$ 53.78	17,100	$ 41.83	$ 1,737,067	$ (538,963)	$ (29,877)	$ 1,168,226	$ 1,713,013
19,000	$ 54.85	17,100	$ 42.66	$ 1,771,808	$ (549,743)	$ (30,475)	$ 1,191,591	$ 1,689,648
19,000	$ 55.95	17,100	$ 43.52	$ 1,807,245	$ (560,737)	$ (31,084)	$ 1,215,423	$ 1,665,816
19,000	$ 57.07	17,100	$ 44.39	$ 1,843,389	$ (571,952)	$ (31,706)	$ 1,239,731	$ 1,641,508
19,000	$ 58.21	17,100	$ 45.28	$ 1,880,257	$ (583,391)	$ (32,340)	$ 1,264,526	$ 1,616,713
19,000	$ 59.38	17,100	$ 46.18	$ 1,917,862	$ (595,059)	$ (32,987)	$ 1,289,816	$ 1,591,423
19,000	$ 60.56	17,100	$ 47.11	$ 1,956,220	$ (606,960)	$ (33,647)	$ 1,315,613	$ 1,565,626
19,000	$ 61.78	17,100	$ 48.05	$ 1,995,344	$ (619,099)	$ (34,320)	$ 1,341,925	$ 1,539,314
19,000	$ 63.01	17,100	$ 49.01	$ 2,035,251	$ (631,481)	$ (35,006)	$ 1,368,763	$ 1,512,476
19,000	$ 64.27	17,100	$ 49.99	$ 2,075,956	$ (644,111)	$ (35,706)	$ 1,396,139	$ 1,485,100
								$ 37,842,662

Notes

[1] Assumption of Total Leasable sq. ft. comes from City Hall Development Mixed-Use Economic Feasibility Analysis - City of Franklin Tennessee. Gibbs Planning Group. June 28th, 2022. Page 10.

[2] Assumption of Rental Rate comes from "Figure 13. Economic Return Summary Base Case" City Hall Development Mixed-Use Economic Feasibility Analysis - City of Franklin Tennessee. Gibbs Planning Group. June 28th, 2022. Page 10.

[3] Assumption of Total Leasable sq. ft. comes from City Hall Development Mixed-Use Economic Feasibility Analysis - City of Franklin Tennessee. Gibbs Planning Group. June 28th, 2022. Page 10.

[4] Assumption of Rental Rate comes from "Figure 13. Economic Return Summary Base Case" City Hall Development Mixed-Use Economic Feasibility Analysis - City of Franklin Tennessee. Gibbs Planning Group. June 28th, 2022. Page 10.

[5] Assumption of Operating Costs comes from "Figure 12: Annual Operating Expenses Upon Stabilization" City Hall Development Mixed-Use Economic Feasibility Analysis - City of Franklin Tennessee. Gibbs Planning Group. June 28th, 2022. Page 9.

[6] Assumption of Annual IDB (Industrial Development Board) Operating Costs comes form City of Franklin, Tennessee staff best estimates to reconstitute IDB and provide minimal overhead management of property manager, private counsel, auditing and accounting services.

[7] Taxable vs. Tax Exempt Spread is based on highest taxable bracket of 37%. (In other words, the taxable rate is assumed to be 37% higher than the tax-exempt rate).

Payback Summary: The chart below shows the estimated time it would take for the City to recoup its initial investment. Because a subsidy to service the annual debt service is necessary for the 20 years the debt will be issued for, the IDB will be unable to begin paying the City back until year 21. This will take another 22 years to fully repay the City the just under $38 million necessary over the debt servicing period. The City should fully recoup the investment in year 42.

Payback

	Gross Expenses	Gross Revenues	Subsidy Amount	Cumulative	
1	$ 2,931,239	$ -	$ 2,931,239	$ 2,931,239	
2	$ 2,906,239	$ -	$ 2,906,239	$ 5,837,478	
3	$ 3,366,739	$ 494,190	$ 2,872,549	$ 8,710,027	Rents begin to come in to IDB
4	$ 3,376,449	$ 1,008,148	$ 2,368,302	$ 11,078,329	
5	$ 3,386,353	$ 1,542,466	$ 1,843,887	$ 12,922,216	Rents maximize to 95% occupancy as recommended by Gibbs Planning Group (within 5 years)
6	$ 3,396,456	$ 1,573,315	$ 1,823,140	$ 14,745,357	
7	$ 3,406,760	$ 1,604,781	$ 1,801,978	$ 16,547,335	
8	$ 3,417,270	$ 1,636,877	$ 1,780,393	$ 18,327,729	
9	$ 3,427,991	$ 1,669,615	$ 1,758,376	$ 20,086,105	
10	$ 3,438,926	$ 1,703,007	$ 1,735,919	$ 21,822,024	
11	$ 3,450,080	$ 1,737,067	$ 1,713,013	$ 23,535,037	
12	$ 3,461,457	$ 1,771,808	$ 1,689,648	$ 25,224,685	
13	$ 3,473,061	$ 1,807,245	$ 1,665,816	$ 26,890,501	
14	$ 3,484,897	$ 1,843,389	$ 1,641,508	$ 28,532,009	
15	$ 3,496,971	$ 1,880,257	$ 1,616,713	$ 30,148,722	
16	$ 3,509,285	$ 1,917,862	$ 1,591,423	$ 31,740,145	
17	$ 3,521,846	$ 1,956,220	$ 1,565,626	$ 33,305,772	
18	$ 3,534,658	$ 1,995,344	$ 1,539,314	$ 34,845,086	
19	$ 3,547,727	$ 2,035,251	$ 1,512,476	$ 36,357,562	
20	$ 3,561,056	$ 2,075,956	$ 1,485,100	$ 37,842,662	Maximum City Investment
21	$ 693,414	$ 2,117,475	$ (1,424,061)	$ 36,418,600	
22	$ 707,282	$ 2,159,825	$ (1,452,543)	$ 34,966,058	
23	$ 721,427	$ 2,203,021	$ (1,481,594)	$ 33,484,464	
24	$ 735,856	$ 2,247,081	$ (1,511,225)	$ 31,973,239	
25	$ 750,573	$ 2,292,023	$ (1,541,450)	$ 30,431,789	
26	$ 765,585	$ 2,337,864	$ (1,572,279)	$ 28,859,510	
27	$ 780,896	$ 2,384,621	$ (1,603,725)	$ 27,255,785	
28	$ 796,514	$ 2,432,313	$ (1,635,799)	$ 25,619,986	
29	$ 812,444	$ 2,480,959	$ (1,668,515)	$ 23,951,471	
30	$ 828,693	$ 2,530,579	$ (1,701,885)	$ 22,249,586	
31	$ 845,267	$ 2,581,190	$ (1,735,923)	$ 20,513,663	
32	$ 862,173	$ 2,632,814	$ (1,770,641)	$ 18,743,022	
33	$ 879,416	$ 2,685,470	$ (1,806,054)	$ 16,936,967	
34	$ 897,004	$ 2,739,180	$ (1,842,175)	$ 15,094,792	
35	$ 914,944	$ 2,793,963	$ (1,879,019)	$ 13,215,773	
36	$ 933,243	$ 2,849,843	$ (1,916,599)	$ 11,299,174	
37	$ 951,908	$ 2,906,839	$ (1,954,931)	$ 9,344,242	
38	$ 970,946	$ 2,964,976	$ (1,994,030)	$ 7,350,213	
39	$ 990,365	$ 3,024,276	$ (2,033,910)	$ 5,316,302	
40	$ 1,010,173	$ 3,084,761	$ (2,074,589)	$ 3,241,713	
41	$ 1,030,376	$ 3,146,457	$ (2,116,080)	$ 1,125,633	
Payback to City occurs in Year 42 42	**$ 1,050,984**	**$ 3,209,386**	**$ (2,158,402)**	**$ (1,032,769)**	**City Repaid**

Cumulative City Investment Increasing

Cumulative City Investment Decreasing

New City Hall - Financial & Risk Capacity Scenarios

Available Cash

This summary estimates available Fund Balance in the General Fund at the end of FY 2022 and as a result the available amount of cash available to spend on capital projects. As a reminder, the City of Franklin's Fund Balance policy for the General Fund sets forth that the any amount of fund balance over 45% of the current year's general fund expenditures (for FY 2023, this amount is estimated to be what is shown in row J - or $20,278,079) is available to dedicated to capital projects. Row A shows the amount of fund balance programmed in to support approved projects in the FY 2022-2031 CIP. The favorable results of FY 2021 and FY 2022 have generated significant amounts of additional cash which can be used to lower borrowing needs.

A	Planned CIP Usage - 1/2022		$	**16,866,103**
B	General Fund Fund Balance	6/30/2021	$	**65,481,510**
C	Conservative Est. Surplus/ (Deficit)	6/30/2022	$	**7,500,000**
D (B+C)	Total Est. Fund Balance (GF)	6/30/2022	$	**72,981,510**
E	Total GF Expenditures	FY 2023	$	**94,896,513**
F (B/E)	Total Est. Fund Balance as % of GF Exp.			**76.9%**
G	Minimum Fund Balance Reserve	33%	$	**31,632,171**
H	Supplemental Reserve	33%-45%	$	**11,071,260**
I (D-G-H)	Available for Capital Projects	Above 45%	$	**30,278,079**
J (G+H+I)	Total GF Fund Balance	6/30/2022	$	**72,981,510**
K (I-A)	**Available Cash for CIP Above Planned Use**		$	**13,411,976**