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

City of Franklin

Meeting Agenda

Budget & Finance Committee

Thursday, September 11, 2014 | **4:00 PM** | **Board Room**

Citizen Comment

Approval of Minutes

1. 14-382

Consideration of Ordinance 2014-32, To Be Entitled: “An Ordinance Amending The City of Franklin Municipal code, Appendix A - Comprehensive Fees and Penalties, Chapter 18 - Water & Sewers For The Purpose of Updating Water and Sanitary Sewer User Rates”. (11/11/14 BOMA 7-0) THIRD AND FINAL READING

Sponsors: Mark Hilty

Attachments: ORD 2014-32 Rate Design 00018344
ORD 2014-32 BOMA Memo Supplemental Information
13 b.pdf

2. 14-390

Consideration of Replacement of Depfa Bank as Credit Provider for the 2007 Building Authority bond issue and Approval of Contract 2014-0271, an Index Rate Agreement with PNC Bank, N.A. (09-23-14 WS)

Sponsors: Russ Truell

Attachments: ws 10.pdf
NASHVILLE-#1081019-v2-PNC_-_2014_City_of_Franklin_-_Index_Rate_Agree
PFM RFP summary letter and recommendation_Franklin 101-A-1 Bonds 9.23.1

3. 14-322

Status of Bond Issue for Projects Paid from Capital Projects Fund

Sponsors: Russ Truell

Attachments: 04 Status of Bond Issue for Capital Projects Paid from Capital Projects Fund.pd

4. 14-391

Discussion of 2014 Preliminary Fiscal Year End Report

Sponsors: Mike Lowe

Attachments: 05 Quarterly Report Jun 2014 - FY 2014.docx

5. 14-137 Consideration of Ordinance 2014-30, 1st Quarter 2015 Budget Amendments

Sponsors: Mike Lowe

Attachments: 2015 Budget Amendments

Ordinance

Other Documents

6. 14-392 Consideration of Resolution 2014-64, fund Balance Policy Update for the General Fund.

Sponsors: Mike Lowe

Attachments: 07 Fund Balance Policy Update for General Fund - Includes Memo and Resolut

7. 14-393 Monthly Reports

Attachments: 08a Local sale tax report - June 2014.pdf

08a Local sales tax chart - print in color.pdf

08b Property Tax Monthly AR report-jls 2014 July.pdf

08c Conference Center report - July 1-14 2014.pdf

08d Construction Activities report - July 2014 alternate.pdf

08d Construction Activities report - July 2014.pdf

08e Transit report - July 2014.pdf

08f Fuel Hedging report - July 2014.pdf

08g Investment report July 2014.pdf

Other Business

Adjournment

ANYONE REQUESTING ACCOMODATIONS DUE TO DISABILITES SHOULD CONTACT A.D.A. COORDINATOR, AT 550-5721 AT LEAST 10 DAYS PRIOR TO THE MEETING, IF POSSIBLE.

ORDINANCE NUMBER 2014-32

TO BE ENTITLED: "AN ORDINANCE AMENDING THE CITY OF FRANKLIN MUNICIPAL CODE, APPENDIX A - COMPREHENSIVE FEES AND PENALTIES, CHAPTER 18 – WATER & SEWERS FOR THE PURPOSE OF UPDATING WATER AND SANITARY SEWER USER RATES."

WHEREAS, the City of Franklin, Tennessee, has completed an independent third-party cost of service study that recommended increases in water and sanitary sewer service rates and fees; and

WHEREAS, the Board of Mayor & Aldermen determined that these increases should be implemented over a five year period, and continuing until the cost of service is substantially offset by the increased water and sanitary sewer service rates and fees; and

WHEREAS, the State of Tennessee requires that rates and fees be charged adequately in order to cover costs of such service.

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF MAYOR AND ALDERMEN OF FRANKLIN, TENNESSEE AS FOLLOWS:

SECTION I: BE IT ORDAINED BY THE BOARD OF MAYOR AND ALDERMEN OF THE CITY OF FRANKLIN, Tennessee, that Title 22, Chapter 18 – Water & Sewers of the Franklin Municipal Code be amended by changing the following tables and fees to read as follows:

CHAPTER 18
Water & Sewers

Sanitary Sewer Rates – Effective January 1, 2015

Residential-inside, per 1,000 gallons		Residential-outside, per 1,000 gallons	
Availability charge (1,000 gallons)	$16.55	Availability charge (1,000 gallons)	$21.63
Next 14,000 gallons	$4.63	Next 14,000 gallons	$7.26
All additional gallons	$3.84	All additional gallons	$6.11
Commercial-inside, per 1,000 gallons		Commercial-outside, per 1,000 gallons	
Availability charge (1,000 gallons)	$41.98	Availability charge (1,000 gallons)	$45.46
Next 14,000 gallons	$5.18	Next 14,000 gallons	$8.09
All additional gallons	$4.19	All additional gallons	$6.20

Sanitary Sewer Rates – Effective January 1, 2016

Residential-inside, per 1,000 gallons		Residential-outside, per 1,000 gallons	
Availability charge (1,000 gallons)	$16.55	Availability charge (1,000 gallons)	$21.63
Next 14,000 gallons	$5.09	Next 14,000 gallons	$7.98
All additional gallons	$4.30	All additional gallons	$6.83
Commercial-inside, per 1,000 gallons		Commercial-outside, per 1,000 gallons	
Availability charge (1,000 gallons)	$41.98	Availability charge (1,000 gallons)	$45.46
Next 14,000 gallons	$5.64	Next 14,000 gallons	$8.81
All additional gallons	$4.65	All additional gallons	$6.92

Water User Rates – Effective January 1, 2015

Residential-inside, per 1,000 gallons		Residential-outside, per 1,000 gallons	
Availability charge (1,000 gallons)	$11.86	Availability charge (1,000 gallons)	$14.30
Next 9,000 gallons	$4.22	Next 9,000 gallons	$6.53
Next 15,000 gallons	$5.15	Next 15,000 gallons	$7.11
All additional gallons	$6.08	All additional gallons	$7.69
Commercial-inside, per 1,000 gallons		Commercial-outside, per 1,000 gallons	
Availability charge (1,000 gallons)	$18.49	Availability charge (1,000 gallons)	$22.21
Next 9,000 gallons	$4.20	Next 9,000 gallons	$6.45
Next 15,000 gallons	$5.13	Next 15,000 gallons	$7.03
All additional gallons	$6.06	All additional gallons	$7.61

Water User Rates – Effective January 1, 2016

Residential-inside, per 1,000 gallons		Residential-outside, per 1,000 gallons	
Availability charge (1,000 gallons)	$11.86	Availability charge (1,000 gallons)	$14.30
Next 9,000 gallons	$4.46	Next 9,000 gallons	$6.90
Next 15,000 gallons	$5.39	Next 15,000 gallons	$7.48
All additional gallons	$6.32	All additional gallons	$8.06
Commercial-inside, per 1,000 gallons		Commercial-outside, per 1,000 gallons	
Availability charge (1,000 gallons)	$18.49	Availability charge (1,000 gallons)	$22.21
Next 9,000 gallons	$4.44	Next 9,000 gallons	$6.82
Next 15,000 gallons	$5.37	Next 15,000 gallons	$7.40
All additional gallons	$6.30	All additional gallons	$7.98

<u>SECTION II</u>: BE IT FURTHER ORDAINED BY THE BOARD OF MAYOR AND ALDERMEN OF THE CITY OF FRANKLIN, Tennessee, that this ordinance shall take effect on January 1, 2015, from and after its passage on third and final reading, the health, safety and welfare of the citizens requiring it.

ATTEST:	**CITY OF FRANKLIN, TENNESSEE:**
By:________________________________	**By: _______________________________**
ERIC S. STUCKEY	**DR. KEN MOORE,**
City Administrator/Recorder	**Mayor**

Approved as to form by:

By: _______________________________
Shauna R. Billingsley
City Attorney

PASSED FIRST READING:

PUBLIC HEARING HELD:

PASSED SECOND READING:

PASSED THIRD READING:

HISTORIC
FRANKLIN
TENNESSEE

MEMORANDUM

September 30, 2014

DATE: September 30, 2014

TO: Board of Mayor and Aldermen

FROM: Eric Stuckey, City Administrator
Russ Truell, Assistant City Administrator
Mark Hilty, Water Management Director

SUBJECT: Supplemental Information Regarding Water and Sanitary Sewer Rate Design.

Purpose

The purpose of this memorandum is to provide requested information to the Board of Mayor and Aldermen (BOMA) regarding the proposed rate adjustments for water and sanitary sewer. The requested information includes:

- Item 1: rate design using Option A as presented to the BOMA on September 23, 2014 for FY 2015 through FY 2019 and
- Item 2: supplemental information related to the surplus revenues during initial years of financial plan.

Item 1

The tables below present customer bill values based on service volumes of 1,000 and 7,000 gallons. The bill values were developed by adjusting volumetric rates as follows:

- Water: Inside of the City Limits - Annual increase of $0.24/1,000 gallons for five years
- Sanitary Sewer: Inside of the City Limits - Annual increase of $0.46/1,000 gallons for five years

	Residential			Commercial		
Description	Sanitary Sewer	Water	Combined	Sanitary Sewer	Water	Combined
2014 INSIDE - 1K	$16.55	$11.86	$28.41	$41.98	$18.49	$60.47
2015 INSIDE - 1K	$16.55	$11.86	$28.41	$41.98	$18.49	$60.47
2016 INSIDE - 1K	$16.55	$11.86	$28.41	$41.98	$18.49	$60.47
2017 INSIDE - 1K	$16.55	$11.86	$28.41	$41.98	$18.49	$60.47
2018 INSIDE - 1K	$16.55	$11.86	$28.41	$41.98	$18.49	$60.47
2019 INSIDE - 1K	$16.55	$11.86	$28.41	$41.98	$18.49	$60.47
2014 INSIDE - 7K	$41.57	$35.74	$77.31	$70.30	$42.25	$112.55
2015 INSIDE - 7K	$44.33	$37.18	$81.51	$73.06	$43.69	$116.75
2016 INSIDE - 7K	$47.09	$38.62	$85.71	$75.82	$45.13	$120.95
2017 INSIDE - 7K	$49.85	$40.06	$89.91	$78.58	$46.57	$125.15
2018 INSIDE - 7K	$52.61	$41.50	$94.11	$81.34	$48.01	$129.35
2019 INSIDE - 7K	$55.37	$42.94	$98.31	$84.10	$49.45	$133.55

The proposed rate adjustment being considered at the October 14, 2014 BOMA meeting is for 2015 and 2016. The combined rate increases for both water and sanitary sewer result in a $4.20/month increase per year based on a 7,000 gallon customer and an increase of $0/month for a 1,000 gallon customer. Future rate increases, consistent with the five year financial plan, will be designed based on BOMA input for years 2017 through 2019 and may differ from the information presented above.

Item 2

Consistent with Resolution 2014-57, the proposed rate design uses a measured five year approach to achieve anticipated revenue requirements through annual rate increases of 3.5% for water and 6.75% for sanitary sewer. A stated concern is that using this methodology will initially result in a surplus of revenue as presented in the following table.

Year	Water	Sanitary Sewer
FY 2015	$685,164	$2,402,331
FY 2016	$790,960	$3,019,571
FY 2017	$221,941	$3,607,980
FY 2018	$155,940	($506,695)
FY 2019	$47,553	$181,807
Totals	1,901,558	8,704,994

Some factors that will impact these projections include:

- Actual revenues and expenditures relative to projected revenues and expenditures,
- Operational cost increases in excess of assumed expense assumptions,
- Actual construction costs of the Water Treatment and Water Reclamation Facilities relative to current opinion of probable costs,
- Cash flow needs throughout construction of Water Treatment and Water Reclamation Facilities (the model assumed no capital requirements until the projects are completed and debt service begins),
- Recommendations and decisions made by the BOMA based on cost of service analyses conducted during five year planning period,
- The use of accrued system development fees to offset capital expenditures,
- The use of surplus funds to offset capital expenditures.

It is understood that the initial years are projected to result in surplus revenues however the City is prepared to make adjustments to rate designs based on the factors above and as implementation of projects proceed.

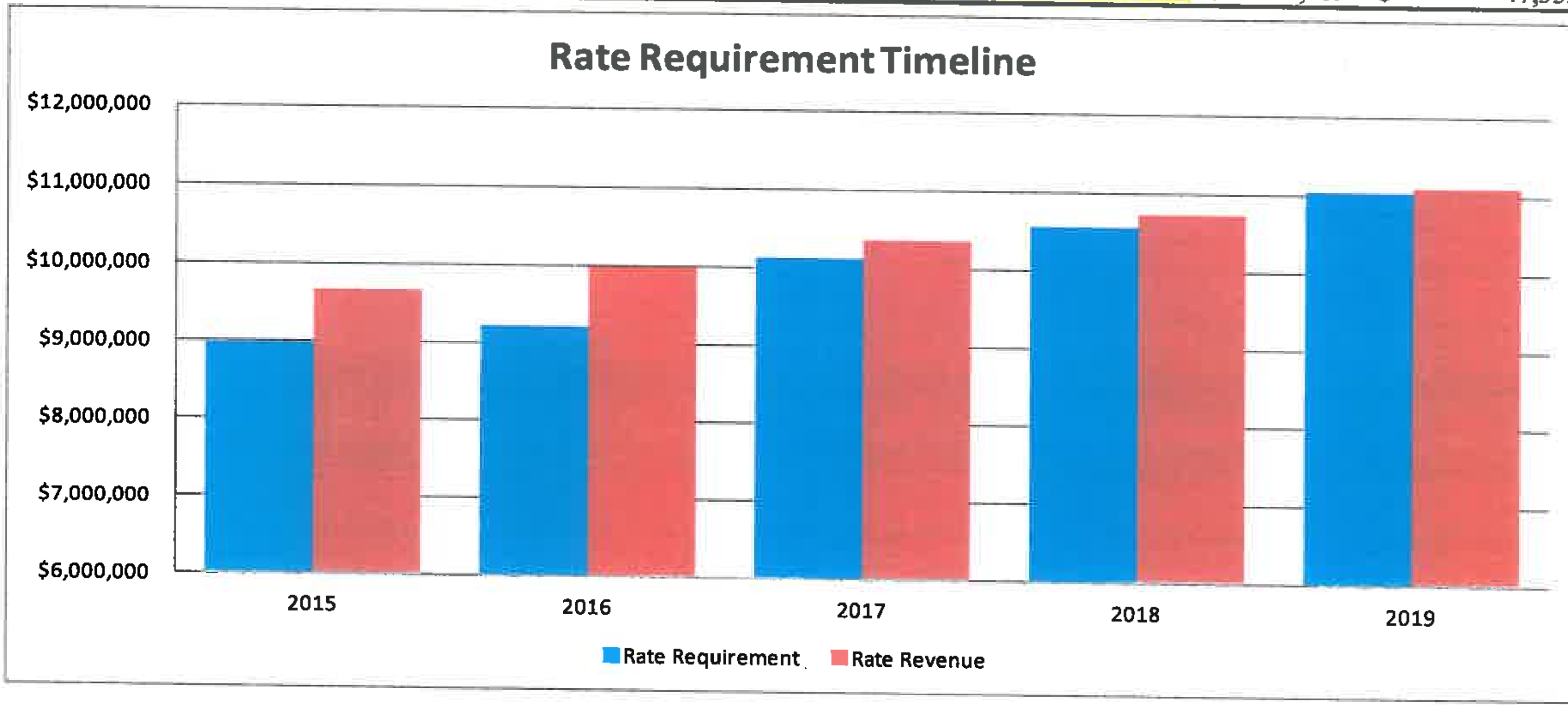
City of Franklin, TN
Water Rate Recommendations

Presented: September 11, 2014

Sarah Chandler/Jim Marshall | Jackson Thornton Utilities Consultants

Water – Adopted Five Year Approach

		Rate Requirement	% Change	$ Change	Rate Revenue	Proposed Rate Change	Additional Revenue	Revenue - Requirement
Actual	2013	$ 9,200,339			$ 9,319,189			
Budget	2015	$ 8,960,197	-2.6%	$ (240,142)	$ 9,645,361	3.50%	$ 326,172	$ 685,164
Budget	2016	$ 9,191,988	2.6%	$ 231,791	$ 9,982,948	3.50%	$ 337,588	$ 790,960
Budget	2017	$ 10,110,411	10.0%	$ 918,423	$ 10,332,352	3.50%	$ 349,403	$ 221,941
Budget	2018	$ 10,538,044	4.2%	$ 427,633	$ 10,693,984	3.50%	$ 361,632	$ 155,940
Budget	2019	$ 11,020,720	4.6%	$ 482,676	$ 11,068,273	3.50%	$ 374,289	$ 47,553



Water Rate Option A – Consumption Only Increase

<u>**Option A**</u>

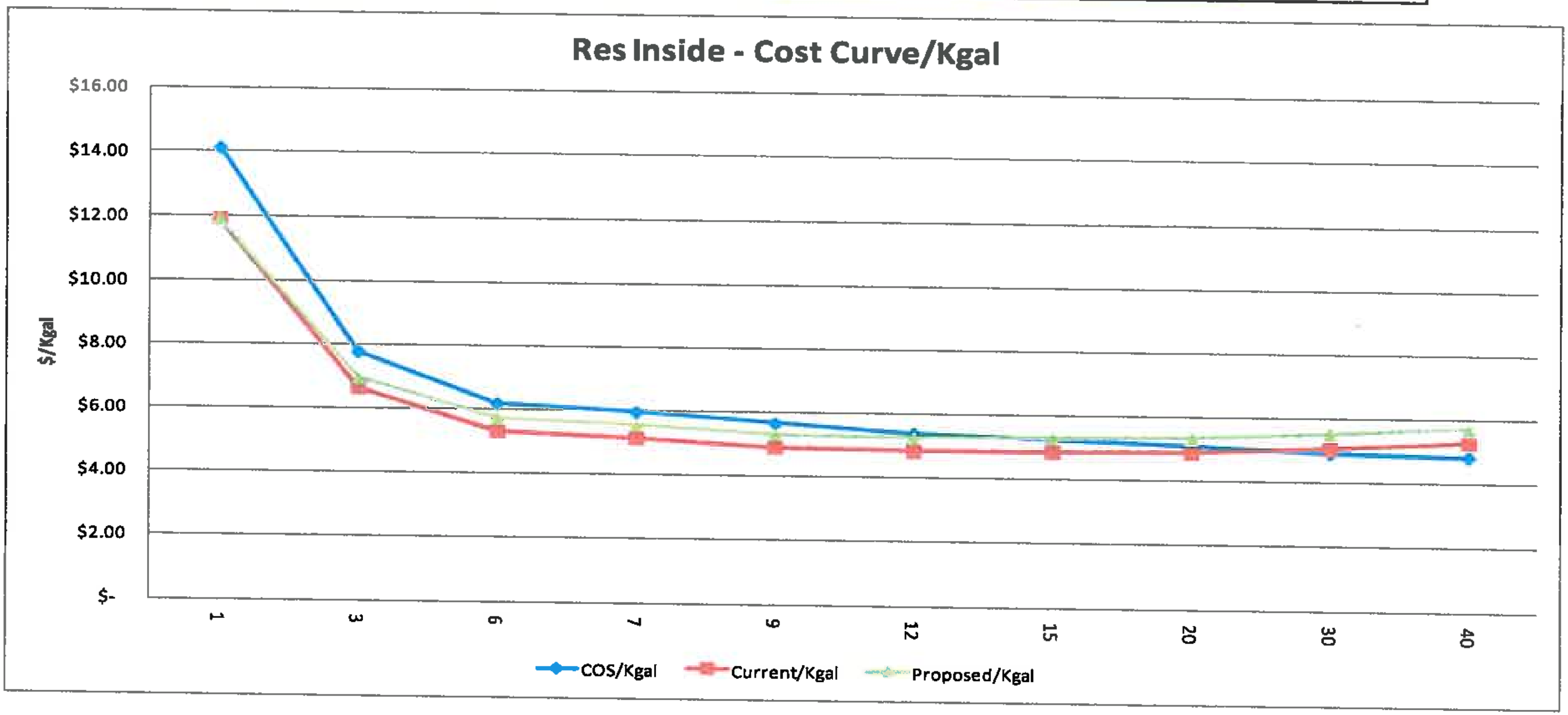
Years One and Two:

- $0.24 Annual increase in Consumption Charge per kGal for Inside Customers
- $0.37 Annual increase in Consumption Charge per kGal for Outside Customers

Option A would generate approximately $711,000 in additional revenue over the two year period.

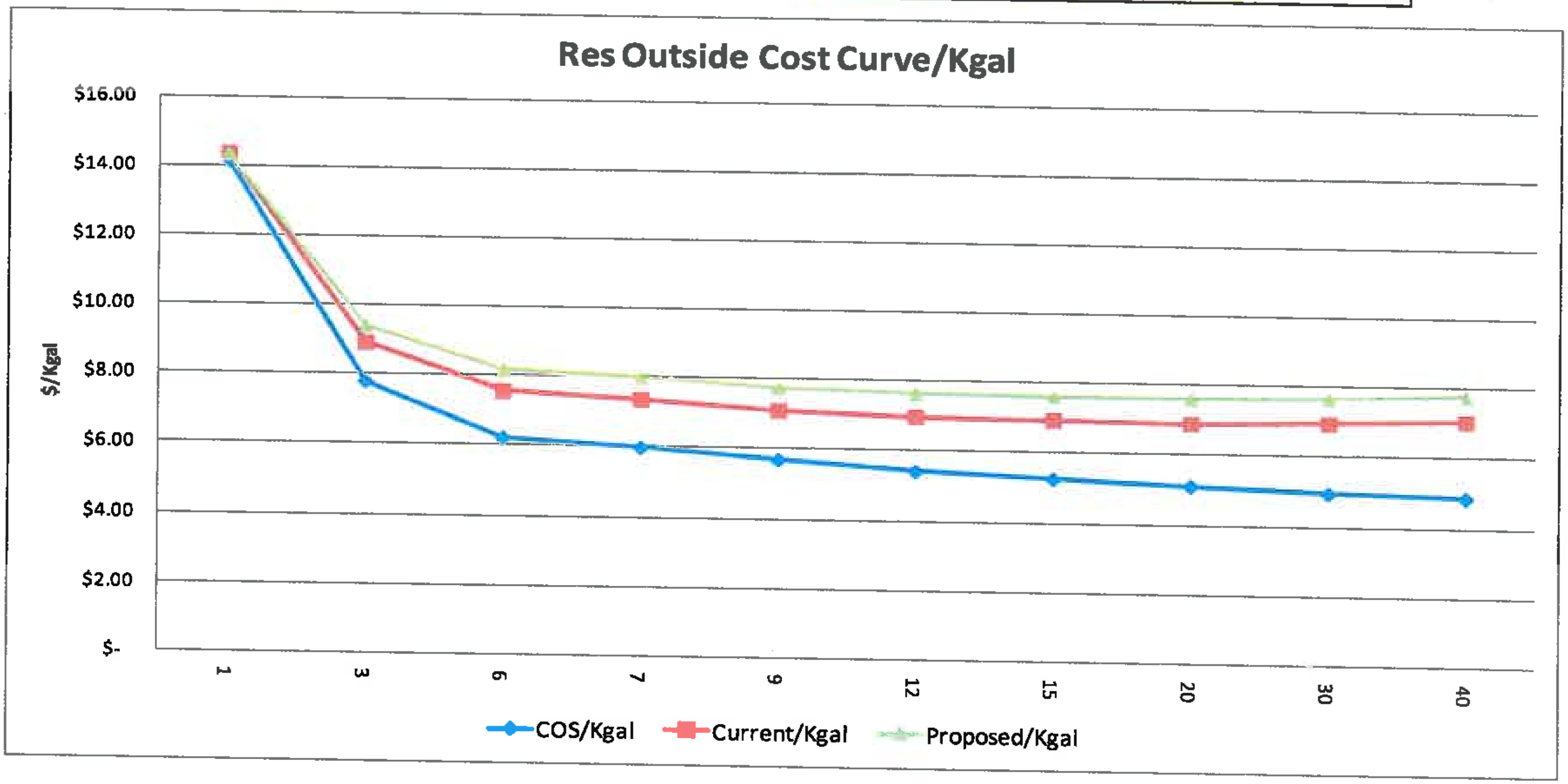
Water – Option A Residential Inside

	Cost of Service	Current	Proposed	Difference
Availability Charge (1,000 Gal)	$ 9.51	$ 11.86	$ 11.86	$ -
Next 9,000 Gallons	$ 4.58	$ 3.98	$ 4.46	$ 0.48
Next 15,000 Gallons		$ 4.91	$ 5.39	$ 0.48
All Additional		$ 5.84	$ 6.32	$ 0.48



Water – Option A Residential Outside

	Cost of Service	Current	Proposed	Difference
Availability Charge (1,000 Gal)	$ 9.50	$ 14.30	$ 14.30	$ -
Next 9,000 Gallons	$ 4.60	$ 6.16	$ 6.90	$ 0.74
Next 15,000 Gallons		$ 6.74	$ 7.48	$ 0.74
All Additional		$ 7.32	$ 8.06	$ 0.74



Water Rate Option B

Option B

Year One:

- $0.16 Increase in Consumption Charge per kGal for Inside Customers
- $0.25 Increase in Consumption Charge per kGal for Outside Customers

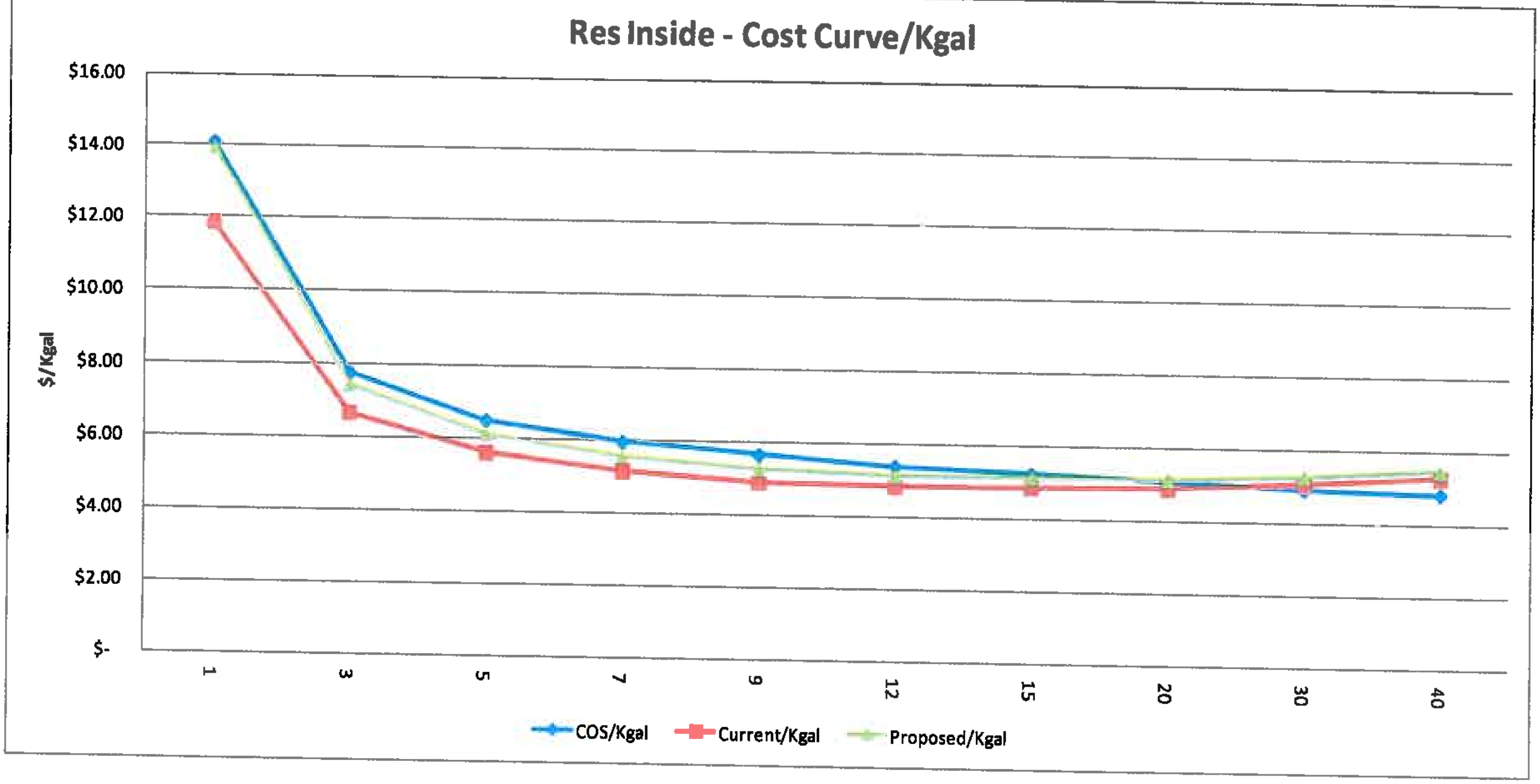
Year Two:

- Eliminate 500 gallons from the amount included in the monthly minimum charge.

Option B would generate approximately $690,000 in additional revenue over the two year period; $237,000 in year one and $453,000 in year two.

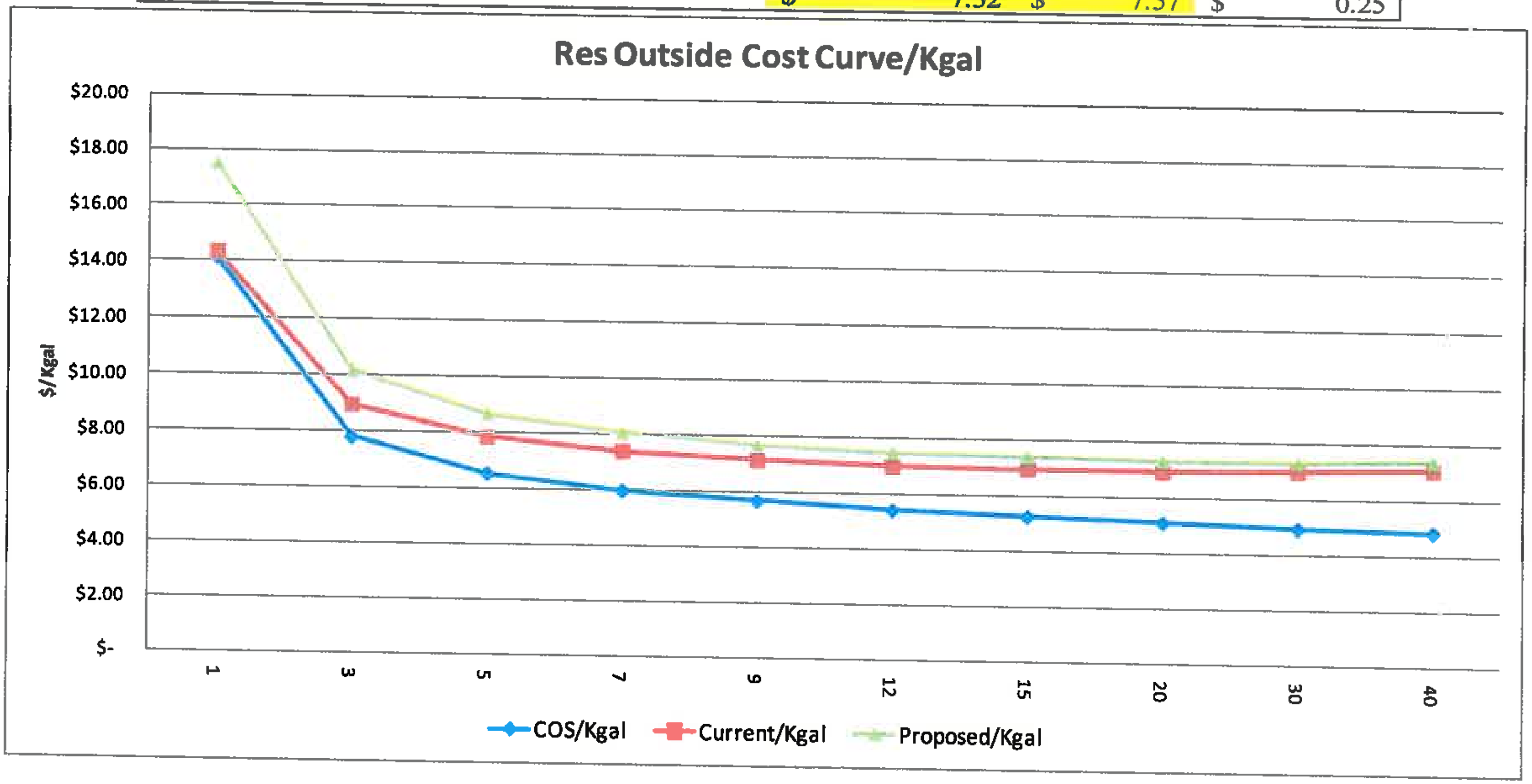
Water – Option B Residential Inside

	Cost of Service	Current	Proposed	Difference
Availability Charge (500 Gal)	$ 9.51	$ 11.86	$ 11.86	$ -
Next 9,500 Gallons	$ 4.58	$ 3.98	$ 4.14	$ 0.16
Next 15,000 Gallons		$ 4.91	$ 5.07	$ 0.16
All Additional		$ 5.84	$ 6.00	$ 0.16



Water – Option B Residential Outside

	Cost of Service	Current	Proposed	Difference
Availability Charge (500 Gal)	$ 9.50	$ 14.30	$ 14.30	$ -
Next 9,500 Gallons	$ 4.60	$ 6.16	$ 6.41	$ 0.25
Next 15,000 Gallons		$ 6.74	$ 6.99	$ 0.25
All Additional		$ 7.32	$ 7.57	$ 0.25



Water – Summary of Rate Options

3.5% Increase in Revenue Generated

	Option A Rate Adjustment	Option A Revenue Generated	Option B* Rate Adjustment	Option B* Revenue Generated
Consumption Charge Adjustment				
Residential In				
Year One	$ 0.24	$ 220,153	$ 0.16	$146,768
Year Two	$ 0.24	$ 220,153		$333,467
Residential Out				
Year One	$ 0.37	$ 60,173	$ 0.25	$ 40,115
Year Two	$ 0.37	$ 60,173		$ 91,859
Comm In				
Year One	$ 0.24	$ 67,170	$ 0.16	$ 44,780
Year Two	$ 0.24	$ 67,170		$ 25,359
Comm Out				
Year One	$ 0.37	$ 8,033	$ 0.25	$ 5,356
Year Two	$ 0.37	$ 8,033		$ 2,506
Total Additional Revenue - Two Years		$ 711,057		$690,209

*Option B Year Two drops 500 gallons from monthly minimum

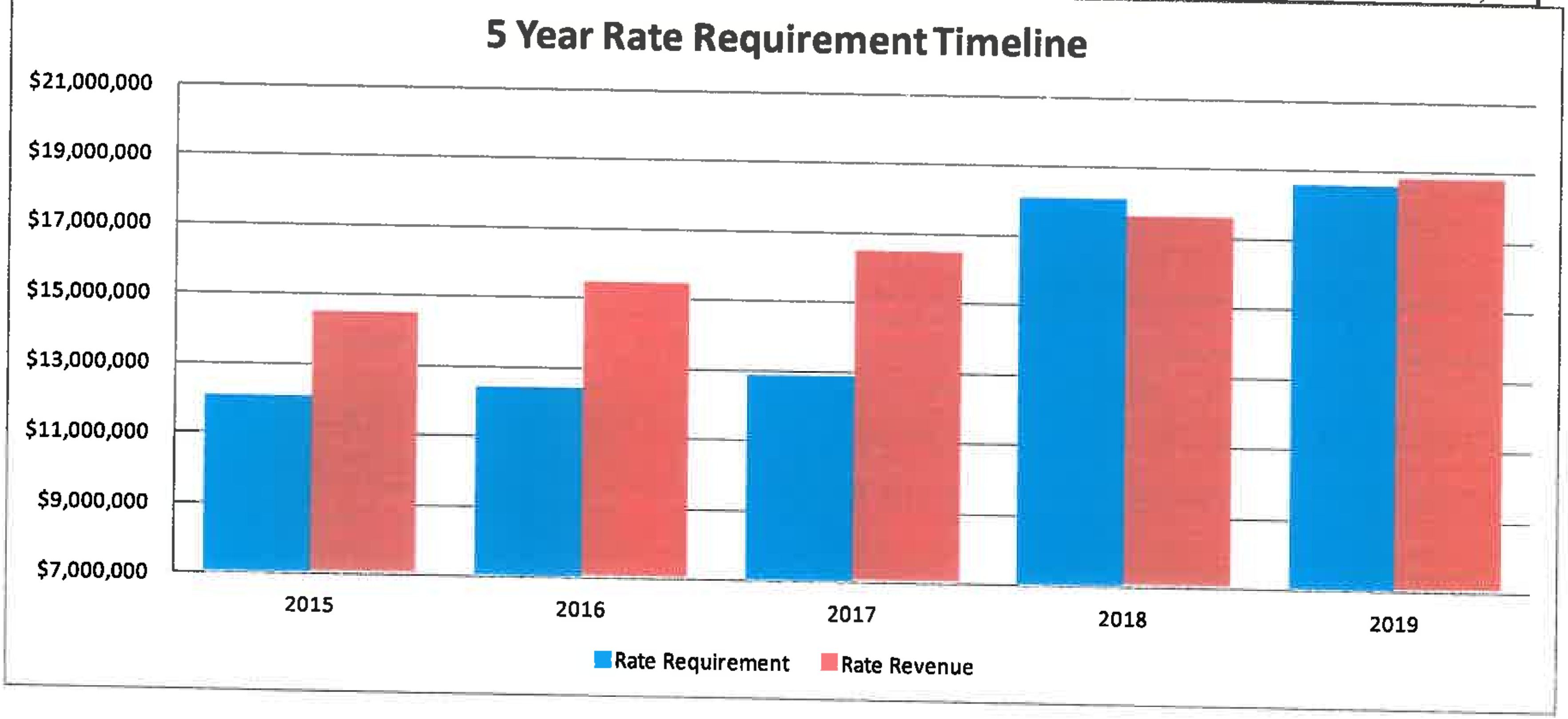
City of Franklin, TN
Sewer Rate Recommendations

Presented: September 11, 2014

Sarah Chandler/Jim Marshall | Jackson Thornton Utilities Consultants

Sewer – Adopted Five Year Approach

		Rate Requirement	% Change	$ Change	Rate Revenue	Proposed Rate Change	Additional Revenue	Revenue - Requirement
Actual	2013	$11,200,848			$ 13,536,361			
Budget	2015	$12,047,735	7.6%	$ 846,887	$ 14,450,065	6.75%	$ 913,704	$ 2,402,331
Budget	2016	$ 12,405,874	3.0%	$ 358,139	$ 15,425,445	6.75%	$ 975,379	$ 3,019,571
Budget	2017	$ 12,858,683	3.6%	$ 452,809	$ 16,466,662	6.75%	$ 1,041,218	$ 3,607,980
Budget	2018	$ 18,084,857	40.6%	$ 5,226,174	$ 17,578,162	6.75%	$ 1,111,500	$ (506,695)
Budget	2019	$ 18,582,881	2.8%	$ 498,024	$ 18,764,688	6.75%	$ 1,186,526	$ 181,807



Sewer Rate Option A – Consumption Only Increase

Option A

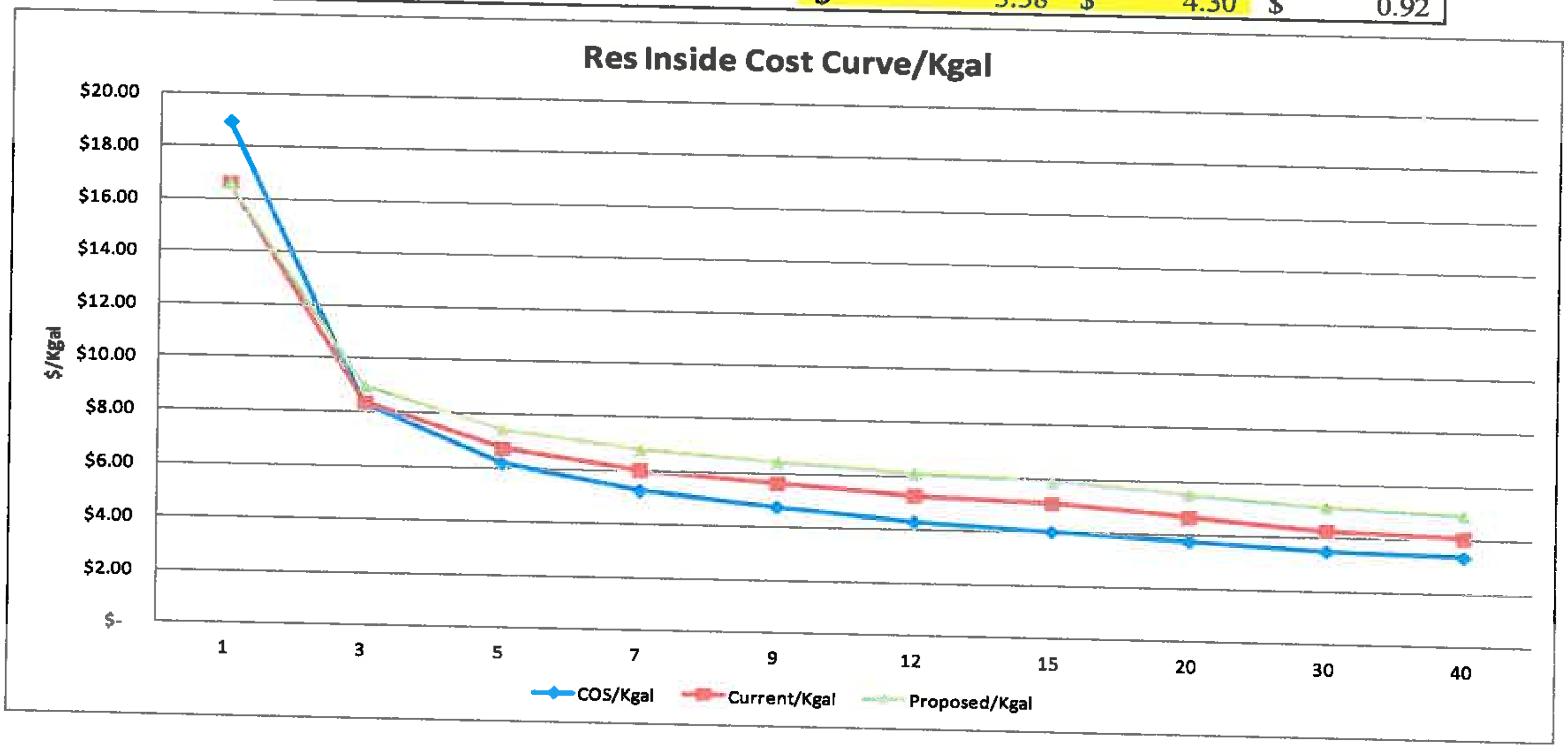
Years One and Two:

- $0.46 Annual increase in Consumption Charge per kGal for Inside Customers
- $0.72 Annual increase in Consumption Charge per kGal for Outside Customers

Option A would generate approximately $1,938,000 in additional revenue over the two year period.

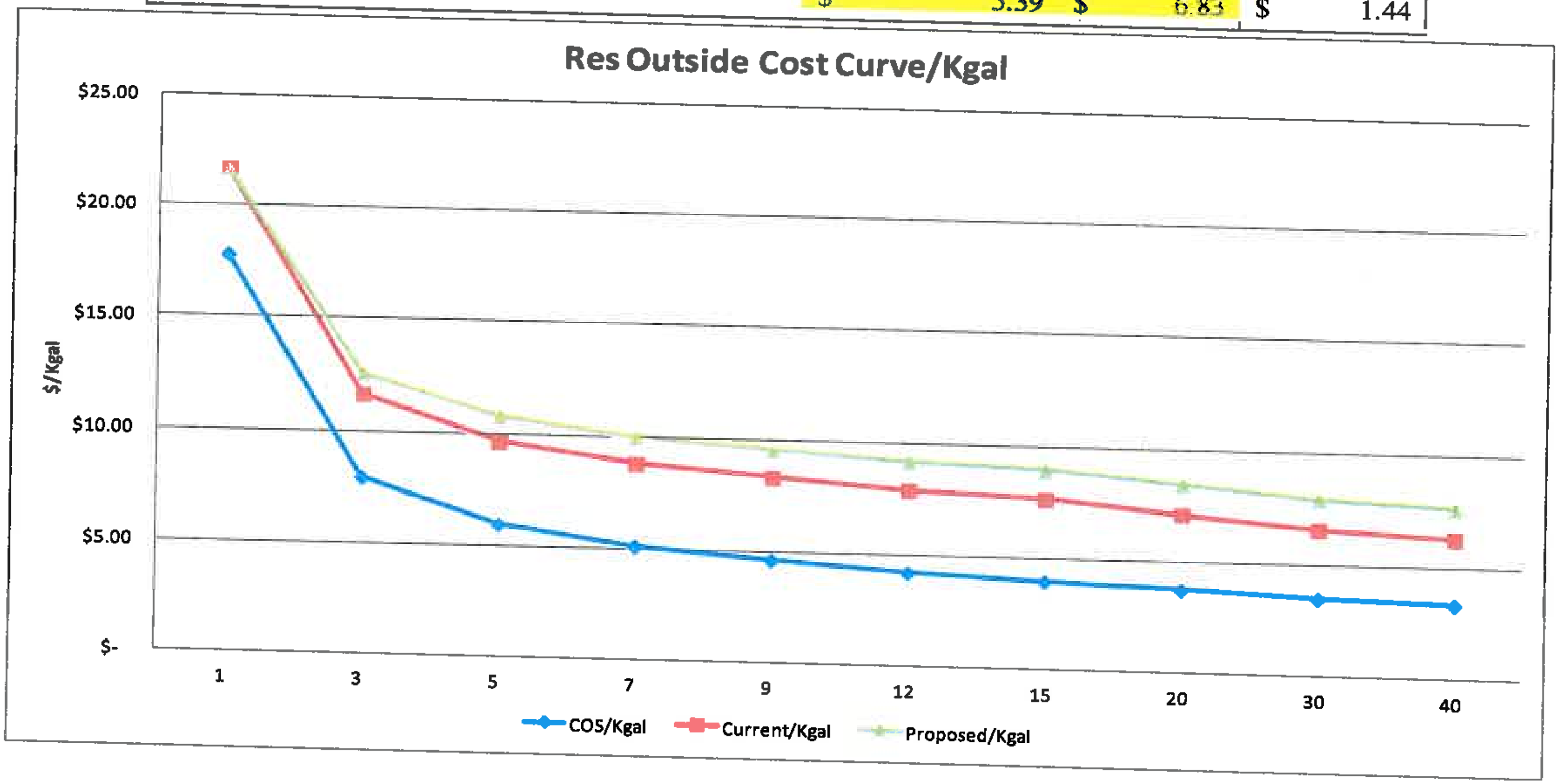
Sewer – Option A Residential Inside

	Cost of Service	Current	Proposed	Difference
Availability Charge (1,000 Gal)	$ 15.96	$ 16.55	$ 16.55	$ -
Next 14,000 Gallons	$ 2.95	$ 4.17	$ 5.09	$ 0.92
All Additional		$ 3.38	$ 4.30	$ 0.92



Sewer – Option A Residential Outside

	Cost of Service	Current	Proposed	Difference
Availability Charge (1,000 Gal)	$ 14.81	$ 21.63	$ 21.63	$ -
Next 14,000 Gallons	$ 2.95	$ 6.54	$ 7.98	$ 1.44
All Additional		$ 5.39	$ 6.83	$ 1.44



Sewer Rate Option B

Option B

Year One:

- $0.46 Increase in Consumption Charge per kGal for Inside Customers
- $0.72 Increase in Consumption Charge per kGal for Outside Customers

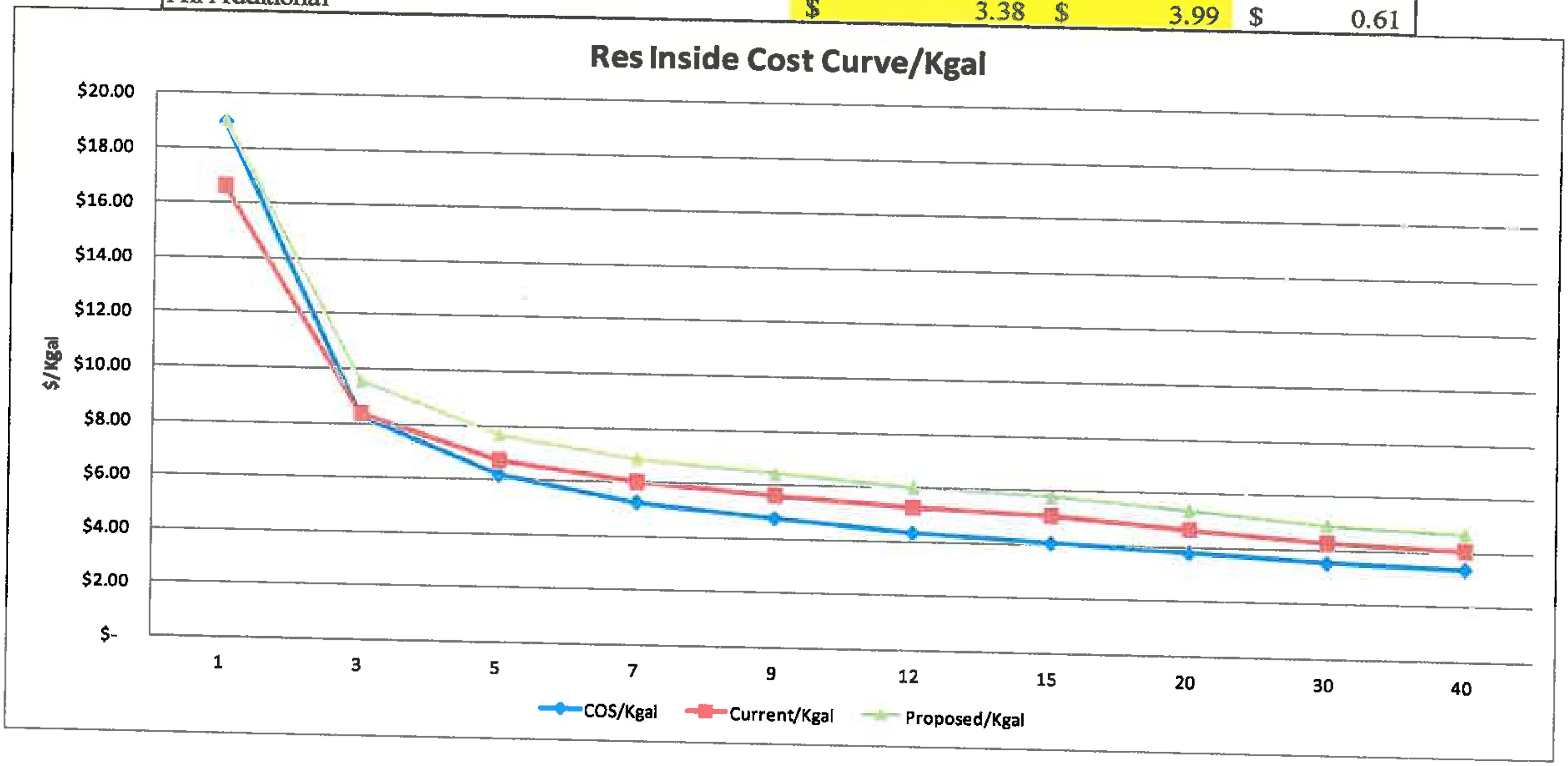
Year Two:

- $0.15 Increase in Consumption Charge per kGal for Inside Customers
- $0.23 Increase in Consumption Charge per kGal for Outside Customers
- Eliminate 500 gallons from the amount included in the monthly minimum charge.

Option B would generate approximately $1,924,000 in additional revenue over the two year period.

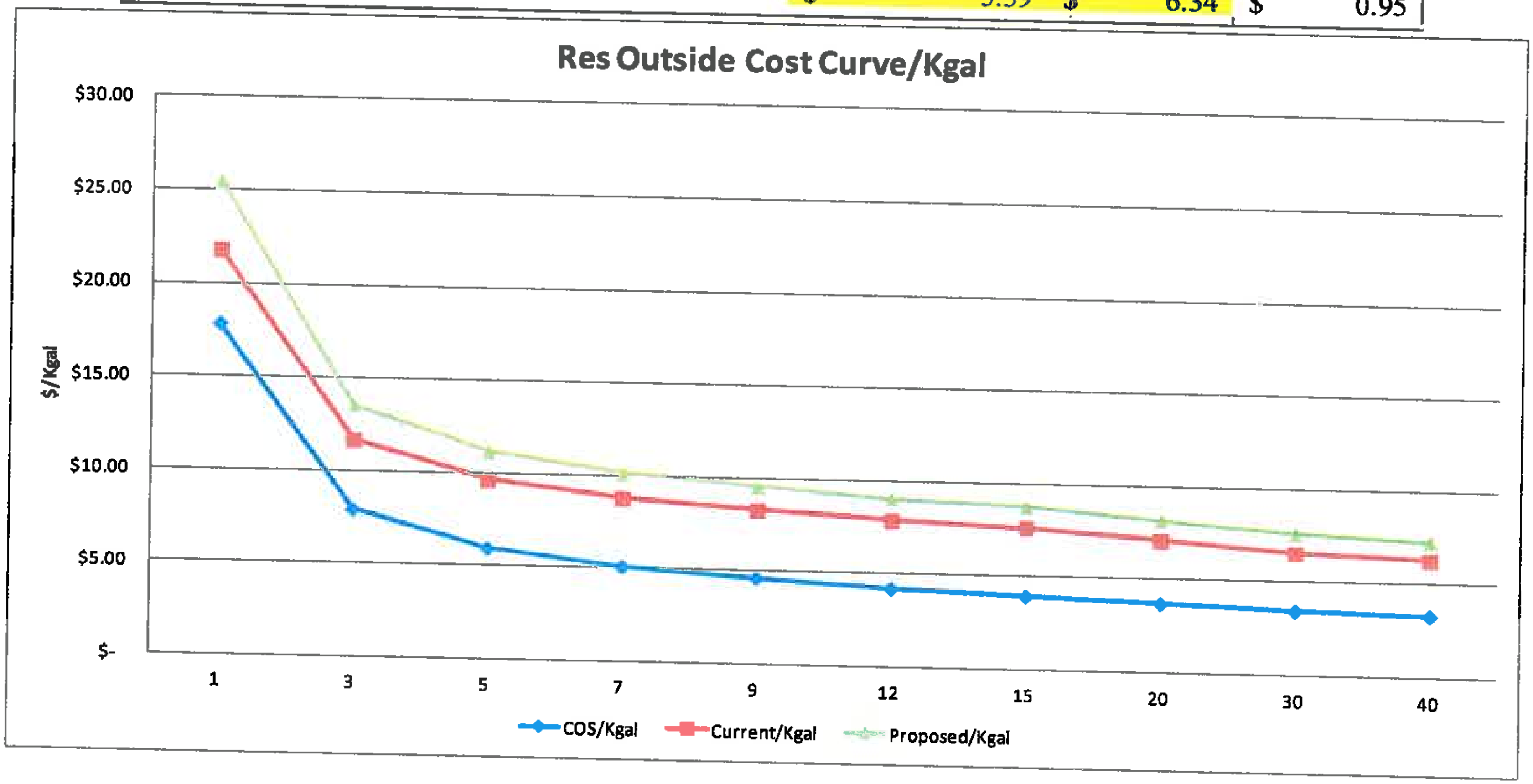
Sewer – Option B Residential Inside

	Cost of Service	Current	Proposed	Difference
Availability Charge (500 Gal)	$ 15.96	$ 16.55	$ 16.55	$ -
Next 14,500 Gallons	$ 2.95	$ 4.17	$ 4.78	$ 0.61
All Additional		$ 3.38	$ 3.99	$ 0.61



Sewer – Option B Residential Outside

	Cost of Service	Current	Proposed	Difference
Availability Charge (500 Gal)	$ 14.81	$ 21.63	$ 21.63	$ -
Next 14,500 Gallons	$ 2.95	$ 6.54	$ 7.49	$ 0.95
All Additional		$ 5.39	$ 6.34	$ 0.95



Sewer – Summary of Rate Options

6.75% Increase in Revenue Generated

	Option A		Option B*	
	Rate Adjustment	Revenue Generated	Rate Adjustment	Revenue Generated
Consumption Charge Adjustment				
Residential In				
Year One	$ 0.46	$ 596,994	$ 0.46	$ 596,994
Year Two	$ 0.46	$ 596,994	$ 0.15	$ 552,004
Residential Out				
Year One	$ 0.72	$ 10,871	$ 0.72	$ 10,871
Year Two	$ 0.72	$ 10,871	$ 0.23	$ 19,684
Comm In				
Year One	$ 0.46	$ 337,070	$ 0.46	$ 337,070
Year Two	$ 0.46	$ 337,070	$ 0.15	$ 25,359
Comm Out				
Year One	$ 0.72	$ 24,038	$ 0.72	$ 24,038
Year Two	$ 0.72	$ 24,038	$ 0.23	$ 3,820
Total Additional Revenue - Two Years		$1,937,947		$1,924,262

*Option B Year Two drops 500 gallons from monthly minimum

HISTORIC
FRANKLIN
TENNESSEE

09-23-14
ITEM #10
WRKS

MEMORANDUM

September 15, 2014

TO: Board of Mayor and Aldermen

FROM: Eric S. Stuckey, City Administrator
Russ Truell, Assistant City Administrator

SUBJECT: Discussion of Replacement for Depfa Bank as Standby Credit Provider

Purpose
The purpose of this agenda item is to keep the Board aware of the process of replacing Depfa Bank as the credit provider for the 2007 Building Authority bond issue.

Background
The Board of Mayor and Aldermen has been presented a series of options regarding the 2007 bond issue. The pending demise of Depfa Bank, announced in May by its ownership, creates a circumstance that requires the City to replace Depfa as credit provider or consider refunding the entire issue.

On behalf of the City, Public Financial Management (PFM) has conducted a procurement process in which financial institutions were allowed to make proposals to substitute for Depfa Bank. After a detailed review of the proposals, PFM is recommending that we consider the proposal from PNC Bank in one of two forms. One form of their proposal offers a Standby Credit Facility, a direct substitution for Depfa, for a three-year period. A second form of their proposal provides, at a slightly higher interest rate, a direct purchase agreement for a period of five years. In the direct purchase arrangement, PNC would buy the bonds for their own account during the term of the agreement. Outright refunding of the issue has been eliminated as a possibility, due to the economics of the interest rate swap.

The next step in the process for replacing Depfa would be for the Board to adopt a resolution at its next meeting, with a closing to follow immediately following approval by the Board. Our bond attorney is drafting the resolution and will have it prepared for review by all parties by September 29.

Financial Impact
It is the opinion of PFM and City staff that, with the exception of transaction costs (legal, financial advisory, etc.), there will be little impact on debt service from the transaction.

Options
Because the term of the direct purchase arrangement is longer and allows transaction costs to be spread over a longer timeframe, and because bank purchase of the bonds gives additional protection from any potential ratings downgrade that might affect remarketing of the bonds under a Standby Credit agreement, the five-year direct purchase option is recommended.

Recommendation
Staff recommends approval of the pending resolution for the Five-Year Direct Purchase agreement with PNC Bank.

PFM
The PFM Group
Public Financial Management, Inc.
PFM Asset Management LLC
PFM Advisors

530 Oak Court Drive
Memphis, TN
38117-3722

901 682-8356
901 682-8386 fax
www.pfm.com

September 11, 2014

Mr. Russell Truell, CFO
City of Franklin
109 Third Avenue South, Suite 111
Franklin, TN 37064

Dear Mr. Truell:

Public Financial Management, Inc. ("PFM"), as Financial Advisor, recently assisted the City of Franklin ("City") with a Request for Proposals ("RFP") process for a liquidity replacement associated with the City's Series 101-A-1 Bonds. It is our pleasure to present this letter summarizing the RFP process and PFM's recommendation to the City.

On August 6, 2014, on behalf of the City, PFM sent out to qualified firms a Request for Proposals (RFP) for replacement of a Standby Bond Purchase Agreement. The RFP was sent to sixteen (16) firms.

#	Firm	Contact	Email
1	Bank of America Merrill Lynch	Tom Boyd	thomas.boyd@baml.com
2	Bank of Tokyo-Mitsubishi UFJ, Ltd.	Nick Boyle	nboyle@us.mufg.jp
3	BB&T	Craig Bechtel John Harris	cbechtel@BBandT.com John.Harris@BBandT.com
4	BMO	Peter Stettler Lyle McCoy	peter.stettler@bmo.com lyle.mccoy@bmo.com
5	BNY Mellon	Diana Castañeda	Diana.Castaneda@bnymellon.com
6	Citi	Sara Zare	sara.zare@citi.com
7	Comerica	T. Davenport J. Selbach	tdavenport@comerica.com jselbach@comerica.com
8	JPMorgan	Rob Porter	robert.c.porter@jpmorgan.com
9	Mizuho	Bran. A. Raskovic James E. Cubbon	bran.raskovic@mizuhocbus.com james.cubbon@mizuhocbus.com
10	MTB	G. Brunner L. Eremita	gbrunner@mtb.com leremita@mtb.com
11	PNC	Jack Sweeney	john.sweeney@pnc.com
12	Raymond James	Rick Dulaney	Richard.Dulaney@RaymondJames.com
13	State Street	Alison Doherty	adoherty@statestreet.com
14	Sumitomo Mitsui Banking Corporation	Kin Wong	KWong@smbc-lf.com
15	US Bank	Cameron Parker	cameron.parker@usbank.com
16	Wells Fargo	Ellie Sternberg	ellie.sternberg@wellsfargo.com

The deadline for firms to respond to the RFP was August 20, 2014. On August 20, 2014, PFM received five (5) proposals. Although most proposals were solely for Standby Bond Purchase Agreements, a number of firms additionally submitted proposals for Direct Purchase options to the City.

Because of inclusion of a Direct Purchase, the City and PFM decided to amend the original RFP and request from firms Proposals for Direct Purchase options as well. The Amendment to the RFP was sent to all the firms that responded to the original RFP and active Direct Purchase providers on September 3, 2014 allowing firms to respond by September 8, 2014. By September 8, 2014, five (5) additional firms responded to the Amended RFP for Direct Purchase.

PFM has reviewed the economics associated with all ten (10) proposals with the City and narrowed down the options to PNC and BB&T. PFM then completed a more detailed review of each of these proposals and recommends either PNC's three (3) year Standby Bond Purchase Agreement or PNC's five (5) year Direct Purchase option to the City. PFM's recommendation is based on the most economical option for the City.

We appreciate the opportunity to serve the City and look forward to moving forward with the City on this financing.

Sincerely,

PUBLIC FINANCIAL MANAGEMENT, INC.

Lauren S. Lowe

Lauren S. Lowe
Director

Contract 2014-0271

INDEX RATE AGREEMENT

between

CITY OF FRANKLIN, TENNESSEE

and

PNC BANK, N.A., as Purchaser

dated as of

November 1, 2014

relating to

$20,000,000
THE PUBLIC BUILDING AUTHORITY OF THE CITY OF FRANKLIN, TENNESSEE
LOCAL GOVERNMENT PUBLIC IMPROVEMENT BOND,
SERIES 101-A-1

INDEX RATE AGREEMENT

THIS INDEX RATE AGREEMENT (the "Agreement") is entered into as of November 1, 2014 by and between the CITY OF FRANKLIN, TENNESSEE, a Tennessee municipal corporation (the "Borrower") and PNC BANK, N.A., a national banking association (the "Bank").

WHEREAS, The Public Building Authority of the City of Franklin, Tennessee (the "Authority") has agreed to issue its Local Government Public Improvement Bonds, Series 101-A-1 (the "Series 101-A-1 Bonds") in the aggregate principal amount of $20,000,000 for the benefit of the Borrower; and

WHEREAS, the Series 101-A-1 Bonds are being issued pursuant to an Indenture of Trust dated as of January 1, 2007, as previously supplemented by a Series 101-A-1 Supplemental Indenture of Trust dated January 1, 2007 (the "Master Indenture"), as supplemented by the Series 101-A-1 Second Supplemental Indenture of Trust, dated as of November 1, 2014 (the "Series 101-A-1 Second Supplemental Indenture," and together with the Master Indenture, the "Indenture") by and between the Authority and Regions Bank, an Alabama banking corporation, as Trustee (including any successor trustee thereunder, the "Trustee"), and the Authority has agreed to lend the proceeds thereof (the "Loan") to the Borrower upon the terms and conditions of an Amended and Restated Loan Agreement (Series 101-A-1) dated as of November 1, 2014 (such Loan Agreement as supplemented or amended from time to time being referred to herein as the "Loan Agreement") for the purpose of refinancing outstanding obligations of the Borrower; and

WHEREAS, the Borrower has agreed in the Loan Agreement to pay the principal and purchase price of and interest on the Loan, the Series 101-A-1 Bonds and all other payments required by the Indenture and the Loan Agreement to be paid by the Borrower to the Authority, the Trustee and others, when and as the same shall become due and payable (together, the "Loan Repayments"), and the Loan Agreement has been assigned by the Authority to the Trustee as security for the Series 101-A-1 Bonds; and

WHEREAS, the Bank has agreed to purchase the Series 101-A-1 Bonds, and as a condition to such purchase, the Bank has required that the Borrower enter into this Agreement regarding the issuance of Series 101-A-1 Bonds and the execution of the Loan Agreement.

NOW, THEREFORE, in consideration of the foregoing and in order to induce the Bank to purchase the Series 101-A-1 Bonds, the Borrower hereby agrees as follows:

ARTICLE I.
REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Bank as of this date as follows:

Section 1.1 **Existence**. The Borrower is a municipal corporation within the meaning of Chapter 10, Title 12, Tennessee Code Annotated (the "Act"), duly created and existing under the laws of the State of Tennessee and possessing general powers of taxation, including the power to levy ad valorem taxes, and has full legal right, power and authority (i) to conduct its business and own its properties, (ii) to enter into this Agreement and the Loan Agreement, and (iii) to carry out and consummate all other transactions contemplated by this Agreement and the Loan Agreement.

Section 1.2 **<u>Authorization and Validity</u>**. With respect to the authorization, execution and delivery of this Agreement, the Borrower has complied and will comply with all applicable laws of the State of Tennessee. The Borrower has duly approved the execution and delivery of this Agreement and has authorized the taking of any and all action as may be required on the part of the Borrower to carry out, give effect to and consummate the transactions contemplated by this Agreement. This Agreement constitutes a legal, valid and binding obligation of the Borrower enforceable in accordance with its terms.

Section 1.3 **<u>No Changes in Financial Condition</u>**. Since [June 30, 2014,] there has been no material change in the condition, financial or otherwise, operations, properties, assets or prospects of the Borrower.

Section 1.4 **<u>Material Litigation</u>**. There is no action, suit, proceedings, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending or, to the knowledge of the Borrower, threatened against the Borrower, nor is there any basis therefor, (i) affecting the creation, organization or existence of the Borrower or the title of its officers to their respective offices, (ii) seeking to prohibit, restrain or enjoin the execution or delivery of this Agreement or the Loan Agreement, (iii) in any way contesting or affecting the validity or enforceability of this Agreement, the Loan Agreement or any agreement or instrument relating to any of the foregoing or used or contemplated for use in the consummation of the transactions contemplated by any of the foregoing, or (iv) materially adversely affecting the Borrower's financial condition or its obligations to make payments under this Agreement or the Loan Agreement.

Section 1.5 **<u>Compliance with Laws and Contracts</u>**. The Borrower is not in any material respect in breach of or in default under any applicable law or administrative regulation of the State of Tennessee or the United States of America or any applicable judgment or decree or any agreement or other instrument to which the Borrower is a party or by which it or any of its properties is bound, and no event has occurred which with the passage of time, the giving of notice or both would constitute such a breach or default; and the execution and delivery of this Agreement and the Loan Agreement and compliance with the respective provisions thereof will not conflict with or constitute a breach of or default under any applicable law or administrative regulation of the State of Tennessee or of the United States of America or any applicable judgment or decree or any agreement or other instrument to which the Borrower is a party or by which it or any of its property is bound.

Section 1.6 **<u>Use of Projects; Cure</u>**. So long as any Series 101-A-1 Bonds are outstanding, the Borrower shall promptly cure any violations under all laws, ordinances, orders, rules, regulations and requirements of duly constituted public authorities, which are or shall become applicable to the Projects (as defined in the Loan Agreement), the repair and alteration thereof, and the use or manner of use of the Projects, whether or not such laws, ordinances, orders, rules, regulations and requirements are foreseen or unforeseen, ordinary or extraordinary, and whether or not they shall involve any change or governmental policy or shall require structural or extraordinary repairs, alterations or additions, irrespective of the cost thereof.

Section 1.7 **Use of Proceeds**. The Borrower will not take or omit to take any action which action or omission will in any way cause the proceeds of the Loan to be applied in a manner contrary to that provided in this Agreement and the Loan Agreement. The Borrower has not taken or omitted to take, and will not take or omit to take, any action, and knows of no action that any other person, firm or corporation has taken or intends to take, which would cause interest on the Series 101-A-1 Bonds to be includable in the gross income of owners thereof for federal income tax purposes.

Section 1.8 **Compliance with Terms and Requirements**. The Borrower covenants and agrees to comply with the terms and requirements applicable to the Borrower in the Loan Agreement.

Section 1.9 **Information True and Correct**. All written information provided to the Bank in this Agreement or in any other document or instrument with respect to this Agreement or the Loan Agreement, was at the time provided, and is now, true, correct and complete, and such information does not omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

Section 1.10 **Rating Change**. The Borrower covenants and agrees to immediately provide the Bank notice of any change in its rating by any Rating Agency (as defined in the Indenture).

ARTICLE II.
PURCHASE OF BOND; CONDITIONS PRECEDENT

On the date hereof, the Borrower shall cause the Authority to issue the Series 101-A-1 Bonds as provided in the Series 101-A-1 Second Supplemental Indenture. This Agreement shall become effective, and the Bank will purchase the Series 101-A-1 Bonds on the date hereof from the Authority, provided that all of the following conditions are met:

Section 2.1 **Opinion of Bond Counsel**. There shall have been delivered to the Bank an opinion (or a signed copy of such opinion together with a satisfactory reliance letter) of Bass, Berry & Sims PLC, Bond Counsel, dated the date of issuance and in form and substance satisfactory to the Bank, to the effect that the Series 101-A-1 Bonds are legal, valid and binding obligations of the Authority and that as of the date of the conversion of the Series 101-A-1 Bonds to the Index Rate Period interest on the Series 101-A-1 Bonds is not includable in gross income for federal income tax purposes under existing statutes, regulations and rulings, and covering such other matters as the Bank may reasonably request.

Section 2.2 **Opinion of Borrower Counsel**. There shall have been delivered to the Bank a signed opinion of counsel to the Borrower addressed to the Bank with respect to the execution and delivery by the Borrower of this Agreement and the legality, validity, binding effect and enforceability thereof, which opinion shall be dated the date of this Agreement, in form and substance satisfactory to the Bank.

Section 2.3 **Borrower Resolution**. There shall have been delivered to the Bank the resolution (the "Borrower Resolution") of the governing body of the Borrower authorizing this Agreement, the Loan Agreement and the transactions contemplated thereby.

Section 2.4 **Authority Resolution**. There shall have delivered to the Bank a copy, certified by a duly authorized officer of the Authority of the resolution of the governing body of the Authority approving the issuance of the Series 101-A-1 Bonds, the execution of the Loan Agreement and the Series 101-A-1 Second Supplemental Indenture.

Section 2.5 **Other Documents**. There shall have been delivered to the Bank the following: (a) the original, authenticated Series 101-A-1 Bond; (b) an executed copy of this Agreement; (c) an executed copy of the Loan Agreement; (d) an executed copy of the Series 101-A-1 Second Supplemental Indenture; and (e) such other information, documents, instruments, approvals (and if requested by the Bank, certified duplicates of executed copies thereof) or opinions as the Bank or its counsel may reasonably request.

Section 2.6 **No Default**. On the date of issuance of the Series 101-A-1 Bonds and the date hereof, there shall exist no default or event of default hereunder or under the Loan Agreement.

Section 2.7 **Representations and Warranties**. On the date of issuance of the Series 101-A-1 Bonds, all representations and warranties of the Borrower contained in the Loan Agreement or otherwise made in writing in connection herewith or with the Loan Agreement shall be true and correct with the same force and effect as though such representations and warranties had been made on and as of such date.

Section 2.8 **General Obligations of Borrower**. The Loan Agreement executed and delivered by the Authority and the Borrower will be, when executed and delivered, a general obligation of the Borrower supported by its full faith and credit, and the Borrower possesses general powers of taxation, including property taxation, which are pledged to the payment of the Borrower's obligations under the Loan Agreement.

ARTICLE III.
COVENANTS

The Borrower covenants that, during the term of this Agreement, it will perform and comply with each of the following covenants or cause the same to be performed or complied with on behalf of the Borrower.

Section 3.1 **Compliance with Laws**. To the extent necessary to maintain its power and authority to execute this Agreement, to perform its obligations hereunder, to execute and deliver the Loan Agreement and to perform its obligations thereunder, the Borrower will comply with all laws, rules and regulations, and with all final orders, writs, judgments, injunctions, decrees or awards to which it may be subject; provided that the Borrower may contest the validity or application thereof and appeal or otherwise seek relief therefrom, and exercise any and all of the rights and remedies which it may have with regard thereto.

Section 3.2 **Insurance**. The Borrower will maintain insurance of such type and in such amounts or in excess of such amounts as are customarily carried by, and insures against such risks as are customarily insured against by, entities of like type, size and character to the Borrower.

Section 3.3 **Financial Statements**. The Borrower shall keep, or cause to be kept, proper books of record and account in which full, true and correct entries will be made reflecting all financial transactions of the Borrower in accordance with generally accepted accounting principles, consistently applied, and will furnish to the Bank a copy of each of the following:

(a) annual audited financial statements of the Borrower for such fiscal year within 180 days of the Borrower's fiscal year end; provided, however, if such audited financial statements are not available within 180 days, the Borrower shall provide the Bank such audited financial statements within 30 days of their release by Borrower; and

(b) Such other information respecting the affairs, condition and/or operations, financial or otherwise, of the Borrower as the Bank may from time to time reasonably request.

As and to the extent that any financial statement or audit report described in Section 3.3(a) has been filed on a timely basis with any nationally recognized municipal securities information repository and the Borrower has provided written notice thereof to the Bank, the requirement of Section 3.3(a) with respect thereto shall be deemed satisfied.

Section 3.4 **Payment of Obligations**. The Borrower shall pay the indebtedness evidenced by the Loan Agreement securing the Series 101-A-1 Bonds according to the tenor thereof, and shall timely pay or perform, as the case may be, all of its other obligations to the Bank.

Section 3.5 **Certain Notices**. The Borrower will give the Bank prompt notice of any action, suit or proceeding known to it at law or in equity or by or before any governmental entity or other agency which, if adversely determined, would materially impair the ability of the Borrower to carry out its obligations under this Agreement or the Loan Agreement. To the extent the Borrower has knowledge of any such events, the Borrower shall promptly give written notice to the Bank of (a) any material dispute which may exist between the Authority, the Borrower or the Trustee, or any other material dispute in connection with any transaction contemplated under this Agreement, (b) any matter or event which may have a material adverse effect on the interests of the Bank under this Agreement or the Loan Agreement, (c) notice of the failure by the Trustee to perform any of its respective obligations under the Indenture, and (d) notice of any adoption by the Authority of any amendment, supplement or modification to the Indenture.

ARTICLE IV.
EVENTS OF DEFAULT

Section 4.1 **Events of Default**. The following events shall be Events of Default hereunder unless waived by the Bank:

(a) the Borrower fails to pay, or cause to be paid, when due (i) any principal of or interest on the Loan Agreement or (ii) any other obligation owed to the Bank hereunder or under the other bond documents to which the Borrower is a party and, with respect to this clause (a)(ii) only, such failure shall continue for five (5) days;

(b) the Borrower shall fail to observe or perform any other covenant or agreement (not set forth in (a) or (c) through (f) of this Section 4.1) contained in this Agreement or the Loan Agreement for 30 days after written notice thereof has been given to it;

(c) [either of Moody's or S&P shall have downgraded its long-term unenhanced rating of any indebtedness of the Borrower to which the full faith, credit and taxing power of the Borrower are pledged ("General Obligation Debt") to below "Baa3" (or its equivalent) or "BBB-" (or its equivalent), respectively, or suspended or withdrawn its rating of the same;]

(d) the Borrower shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall take any corporate action to authorize any of the foregoing;

(e) an involuntary case or other proceeding shall be commenced against Borrower seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of 60 days; or an order for relief shall be entered against Borrower under the federal bankruptcy laws as now or hereafter in effect; or

(f) (i) the Loan Agreement at any time for any reason ceases to be valid and binding on the Borrower in accordance with the terms (other than as a result or any redemption or prepayment in full) thereof or is declared to be invalid or null and void by a court or other governmental agency of appropriate jurisdiction, or the validity or enforceability thereof (or any of the payment terms thereof) is contested by any governmental agency or authority, or (ii) the validity or enforceability of the Loan Agreement with respect to any Series 101-A-1 Bonds is contested by the Borrower or the Borrower denies in writing that it has any or further liability or obligation under the Loan Agreement.

Provided, however, to the extent that any event described in (a), (b), (c) or (f) above has occurred such event shall constitute an Event of Default under this Agreement only to the extent and at the time that Bank, in its sole and absolute discretion, declares such event to constitute an Event of Default and gives notice to the Authority, the Borrower and the Administrator in writing that an Event of Default under this Section has occurred.

Section 4.2 **Remedies**.

(a) If an Event of Default occurs and is continuing, the Bank may, in its sole discretion, then, and in any such event, the Bank may, in its sole discretion, but shall not be obligated to exercise all of its rights and remedies under the Loan Agreement.

(b) No remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement and the Loan Agreement. No delay or omission to exercise any right or power accruing upon any default, omission or failure of performance hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to exercise any remedy reserved to the Bank in this Agreement, the Loan Agreement or the Indenture it shall not be necessary to give any notice, other than such notice as may be herein expressly required. In the event any provision contained in this Agreement, the Loan Agreement or the Indenture should be breached by any party and thereafter duly waived by the other party so empowered to act, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. No waiver, amendment, release or modification of this Agreement shall be established by conduct, custom or course of dealing, but solely by an instrument in writing duly executed by the parties thereunto duly authorized by this Agreement.

ARTICLE V.
MISCELLANEOUS

Section 5.1 **Amendments and Waivers**. (a) No amendment or waiver of any provision of this Agreement nor consent to any departure by the Borrower therefrom shall in any event be effective unless the same shall be in writing and signed by the Bank accompanied, in the case of material amendments, by an opinion of Bond Counsel in form and substance satisfactory to Bank.

(b) In the event any agreement, covenant or condition contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 5.2 **No Waiver: Remedies**. No failure or delay by the Bank in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

Section 5.3 **Severability**. Any provision of this Agreement that is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

Section 5.4 **<u>Binding Effect; Successors and Assigns; Participations</u>**. This Agreement shall be binding upon and inure to the benefit of the Borrower, the Bank and their respective assigns, except that the Borrower shall not have the right to assign its rights hereunder or an interest herein without the prior written consent of the Bank.

Section 5.5 **<u>Survival of Representations and Warranties</u>**. All representations and warranties contained herein or made in writing by the Borrower in connection herewith shall survive the execution and delivery of this Agreement, regardless of any investigation made by the Bank or on its behalf.

Section 5.6 **<u>Governing Law</u>**. This Agreement shall be governed by, and construed and interpreted in accordance with, the law of the State of Tennessee.

Section 5.7 **<u>Headings</u>**. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement or any other purpose.

Section 5.8 **<u>Execution in Counterparts</u>**. This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute but one and the same agreement.

Section 5.9 **<u>Waiver of Jury Trial</u>**. THE BORROWER, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, AND THE BANK HEREBY IRREVOCABLY WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY RELATED DOCUMENT TO WHICH IT IS A PARTY OR ANY INSTRUMENT OR DOCUMENT DELIVERED THEREUNDER.

Section 5.10 **<u>Notices</u>**. All notices, requests and other communications to any party hereunder shall be in writing (including bank wire, telex, facsimile transmission or similar writing) and shall be given to such party, addressed to it, at its address, telephone number or telex number set forth below, or at such other address, telephone number or telex number as such party may hereafter specify for the purpose by notice to the other party. Each such notice, request or communication shall be effective when mailed or faxed, be effective when deposited in the mail or confirmed by fax, respectively. Notwithstanding the other provisions of this Section 5.10 the Bank may accept oral notices, provided that Bank shall incur no liability to the Borrower in acting on any such communication that the Bank believes in good faith to have been given by a person authorized to give such notice on behalf of the Borrower.

The Authority:

The Public Building Authority of the City of Franklin, Tennessee
109 Third Avenue South
Franklin, Tennessee 37064
Attention: Assistant City Administrator for
Finance and Administration/Chief Financial Officer

The Bank:

PNC Bank, N.A.
101 South Fifth Street
Louisville, Kentucky 40202
Attention: James Ritter, Assistant Vice President

The Borrower:

City of Franklin, Tennessee
109 Third Avenue South
Franklin, Tennessee 37064
Attention: City Administrator/Recorder

The Administrator

Farragut Building
530 South Gay Street, Suite 800
Knoxville, Tennessee 37902
Attention: Joseph K. Ayres

Section 5.11 **No Oral Agreements**. THIS AGREEMENT, TOGETHER WITH THE AGREEMENTS, DOCUMENTS AND INSTRUMENTS EXECUTED IN CONNECTION HEREWITH, REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.

Section 5.12 **Indemnification**. To the extent permitted by applicable law, the Borrower will defend, indemnify and hold harmless the Bank of and from any and all liability, loss or damage which the Bank may incur by reason of this Agreement, and of and from any and all claims and demands whatsoever which may be asserted against the Bank by reason of any alleged obligation or undertaking to be performed or discharged by the Bank under this Agreement. To the extent permitted by applicable law, should the Bank incur any liability, loss or damage by reason of this Agreement, or in the defense of any claims or demands with respect thereto, the Borrower will immediately, upon the demand of the Bank, reimburse the Bank for the amount thereof, including all costs and expenses and reasonable attorneys' fees incurred by the Bank in connection therewith; provided, however, that nothing contained in this paragraph shall obligate the Borrower to indemnify the Bank against loss or damage occasioned by the Bank's own gross negligence or intentionally wrongful act.

Section 5.13 **Continuous Obligations; Obligations Absolute**. This Agreement is a continuing obligation and shall (a) be binding upon the Borrower, its respective permitted successors and permitted assigns, and (b) inure to the benefit of and be enforceable by the Bank and its successors, transferees and assigns; provided, the Borrower may not assign all or any part of this Agreement without the prior written consent of the Bank. The obligations of the Borrower under this Agreement shall be paid or performed strictly in conformance with the terms of this Agreement under all circumstances whatsoever, and shall be absolute, irrevocably, and unconditional.

Section 5.14 Costs, Expenses and Taxes. The Borrower agrees to pay on demand all reasonable out-of-pocket expenses of the Bank, including reasonable fees and disbursements of special counsel for the Bank, in connection with the preparation, execution and delivery of this Agreement, any related document, any waiver or consent hereunder or to the extent permitted by applicable law under any related document or any amendment hereof or of any related document or any Default or alleged Default hereunder, including those in connection with collection and other enforcement proceedings resulting therefrom. In addition, the Borrower agrees to pay any and all stamp and other taxes and fees payable or determined to be payable in connection with the execution, delivery, filing and recording of this Agreement and such other documents and agrees to save the Bank harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omitting to pay such taxes and fees.

(signature page follows)

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

CITY OF FRANKLIN, TENNESSEE

By:____
Mayor

ATTEST:

By:___________________________________
Title: Secretary

PNC BANK, N.A.

By:____

Name:______________________________________

Title:_______________________________________

The PFM Group
Public Financial Management, Inc.
PFM Asset Management LLC
PFM Advisors

530 Oak Court Drive
Memphis, TN
38117-3722

901 682-8356
901 682-8386 fax
www.pfm.com

September 23, 2014

Mr. Russell Truell, CFO
City of Franklin
109 Third Avenue South, Suite 111
Franklin, TN 37064

Dear Mr. Truell:

Public Financial Management, Inc. ("PFM"), as Financial Advisor, recently assisted the City of Franklin ("City") with a Request for Proposals ("RFP") process for a liquidity replacement associated with the City's Series 101-A-1 Bonds. It is our pleasure to present this letter summarizing the RFP process and PFM's recommendation to the City.

On August 6, 2014, on behalf of the City, PFM sent out to qualified firms a Request for Proposals (RFP) for replacement of a Standby Bond Purchase Agreement. The RFP was sent to sixteen (16) firms.

#	Firm	Contact	Email
1	Bank of America Merrill Lynch	Tom Boyd	thomas.boyd@baml.com
2	Bank of Tokyo-Mitsubishi UFJ, Ltd.	Nick Boyle	nboyle@us.mufg.jp
3	BB&T	Craig Bechtel John Harris	cbechtel@BBandT.com John.Harris@BBandT.com
4	BMO	Peter Stettler Lyle McCoy	peter.stettler@bmo.com lyle.mccoy@bmo.com
5	BNY Mellon	Diana Castañeda	Diana.Castaneda@bnymellon.com
6	Citi	Sara Zare	sara.zare@citi.com
7	Comerica	T. Davenport J. Selbach	tdavenport@comerica.com jselbach@comerica.com
8	JPMorgan	Rob Porter	robert.c.porter@jpmorgan.com
9	Mizuho	Bran. A. Raskovic James E. Cubbon	bran.raskovic@mizuhocbus.com james.cubbon@mizuhocbus.com
10	MTB	G. Brunner L. Eremita	gbrunner@mtb.com leremita@mtb.com
11	PNC	Jack Sweeney	john.sweeney@pnc.com
12	Raymond James	Rick Dulaney	Richard.Dulaney@RaymondJames.com
13	State Street	Alison Doherty	adoherty@statestreet.com
14	Sumitomo Mitsui Banking Corporation	Kin Wong	KWong@smbc-lf.com
15	US Bank	Cameron Parker	cameron.parker@usbank.com
16	Wells Fargo	Ellie Sternberg	ellie.sternberg@wellsfargo.com

The deadline for firms to respond to the RFP was August 20, 2014. On August 20, 2014, PFM received five (5) proposals. Although most proposals were solely for Standby Bond Purchase

Agreements, a number of firms additionally submitted proposals for Direct Purchase options to the City.

Because of inclusion of a Direct Purchase option, the City and PFM decided to amend the original RFP and request from firms Proposals for Direct Purchase options as well. The Amendment to the RFP was sent to all the firms that responded to the original RFP and active Direct Purchase providers on September 3, 2014 allowing firms to respond by September 8, 2014. By September 8, 2014, five (5) additional firms responded to the Amended RFP for Direct Purchase. Most of the proposals received through the RFP and the Amended RFP included multiple options related to the term of the Direct Purchase option (3, 5, 7 and 10 years).

PFM has reviewed the economics associated with all ten (10) proposals and the individual options included by each firm with the City. After a detailed review, PFM and the City narrowed the potential providers to PNC, BB&T and SunTrust. PNC was selected based the economics associated with their three (3) year Standby Bond Purchase Agreement, five (5) year Direct Purchase and seven (7) seven year Direct Purchase. BB&T and SunTrust were the only firms to propose options for 10 years and therefore; PFM evaluated both of these proposals and the associated economics. Of the 10 year proposals, SunTrust was the most economical. A brief comparison of BB&T and SunTrust is included below:

	BB&T (10 Yr Option)	SunTrust (10 Yr Option)
Interest Rate Calculation	78% of 1-Month LIBOR + 1.11%	67% of (1 Month LIBOR + 1.32%)
Indicative Rate based on current market	1.231%	0.998%

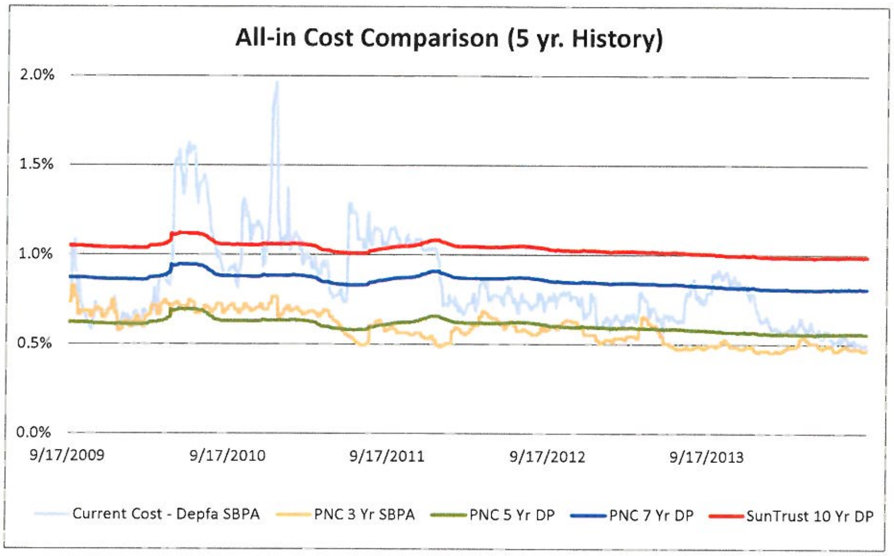
PFM compared the all-in-cost based on current market conditions for each of the options identified through the RFP process:

- PNC 3 year Standby Bond Purchase Agreement (SBPA)
- PNC 5 year Direct Purchase
- PNC 7 year Direct Purchase
- SunTrust 10 year Direct Purchase

A brief comparison of the all-in-cost (annual) based on current market conditions is included below:

	Current Cost - Depfa SBPA	PNC 3 Yr SBPA	PNC 5 Yr DP	PNC 7 Yr DP	SunTrust (10 Yr Option)
Variable Interest Rate Calculation	VRDB Market (resets daily)	VRBD Market (resets daily)	70% of 1 Month LIBOR + 0.45%	70% of 1 Month LIBOR + 0.70%	67% of (1 Month LIBOR + 1.32%)
Remarketing	0.125%	0.125%	--	--	--
SBPA	0.160%	0.300%	--	--	--
Variable Rate	0.190%	0.040%	0.558%	0.808%	0.998%
All-in-cost based on current market	0.475%	0.465%	0.558%	0.808%	0.998%

PFM also compared these options on a historical basis. The graphic below provides for a comparison of the annual interest rate cost associated with each option over the last five (5) years:



After reviewing this information with the City, PFM recommends PNC's five (5) year Direct Purchase option to the City. While the five (5) year Direct Purchase may be slightly more expensive than the three (3) year SBPA, PFM's recommendation is based also on the City's ability to secure a longer term option for the Series 101-A-1 Bonds at a manageable cost.

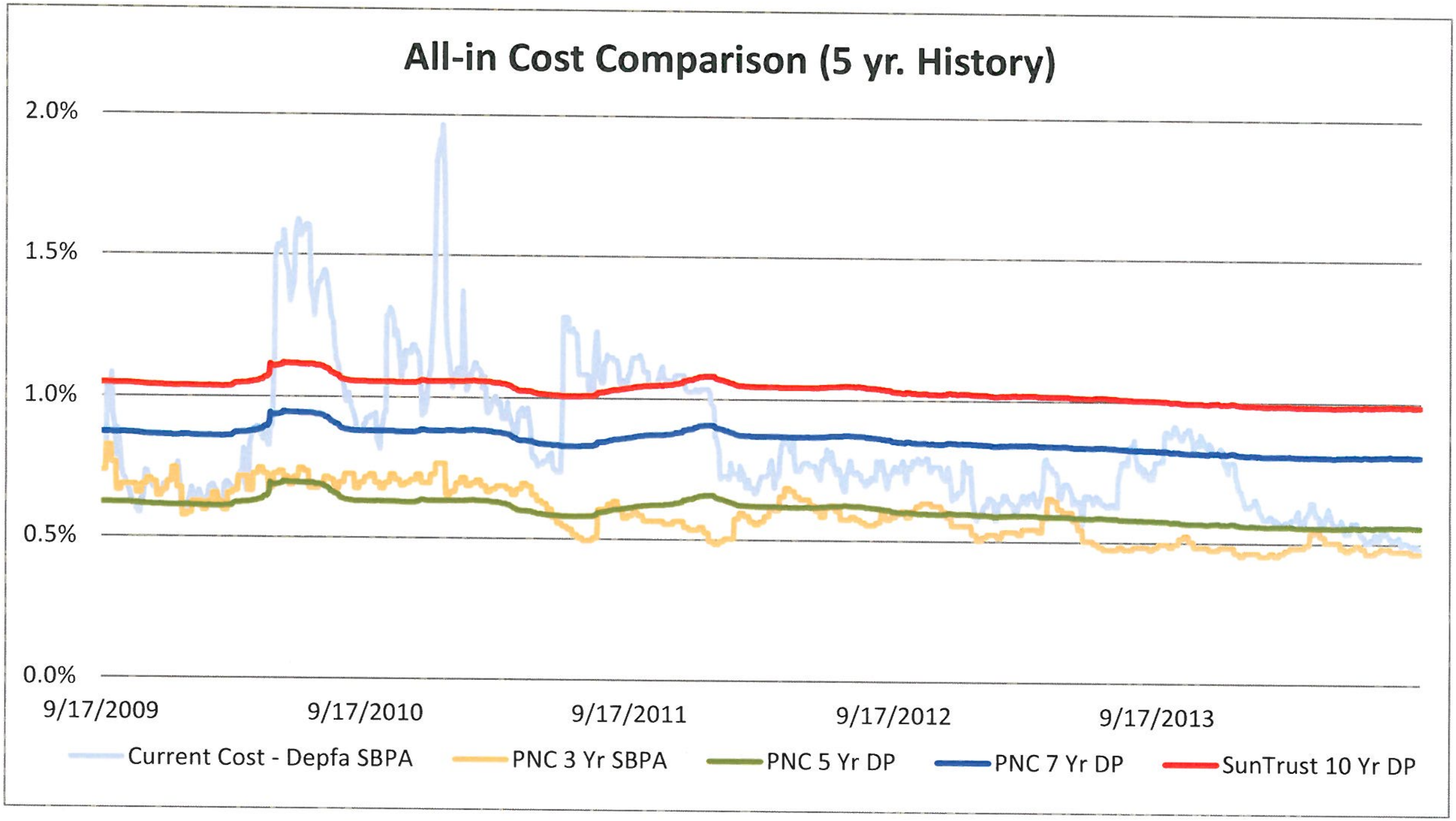
We appreciate the opportunity to serve the City and look forward to moving forward with the City on this financing. Please contact me with any questions.

Sincerely,

PUBLIC FINANCIAL MANAGEMENT, INC.

Lauren S. Lowe

Lauren S. Lowe
Director


All-in Cost Comparison (5 yr. History)
2.0%
1.5%
1.0%
0.5%
0.0%
9/17/2009
9/17/2010
9/17/2011
9/17/2012
9/17/2013
Current Cost - Depfa SBPA
PNC 3 Yr SBPA
PNC 5 Yr DP
PNC 7 Yr DP
SunTrust 10 Yr DP

RESOLUTION 2012-30

A RESOLUTION DECLARING THE INTENT OF THE CITY OF FRANKLIN TO REIMBURSE ITSELF FOR CERTAIN EXPENDITURES RELATING TO PUBLIC WORKS PROJECTS WITH THE PROCEEDS OF BONDS OR OTHER DEBT OBLIGATIONS TO BE ISSUED BY THE CITY OF FRANKLIN IN AN APPROXIMATE AMOUNT OF $20,000,000.

WHEREAS, it is the intention of the Board of Mayor and Aldermen of the City of Franklin, Tennessee (the "Municipality") to provide funds for: (i) design, construction and improvements to, streets and roads and acquisition of rights-of-way in connection therewith; (ii) design, construction and improvements to sidewalks, signalization, and signage; (iii) design, construction and improvements to a public works facility, fire stations and parks and acquisition of equipment and vehicles in connection with the foregoing: (iv) acquisition of all property real and personal, appurtenant thereto, or connected with any of the foregoing; (v) payment of legal, fiscal, administrative, architectural and engineering costs incident to any of the foregoing (collectively, the "Projects"); and (vi) payment of costs incident to the issuance and sale of such obligations; and

WHEREAS, it is the intention of the Board of Mayor and Aldermen of the Municipality to pay all or a portion of the costs associated with said activities by the sale of bonds, in one or more emissions, or other debt obligations of the Municipality; and

WHEREAS, it is anticipated that it will be necessary to make expenditures in payment of said costs prior to the issuance of said bonds or debt obligations; and

WHEREAS, the Board of Mayor and Aldermen of the Municipality wishes to state its intentions with respect to reimbursements for said expenditures in accordance with the requirements of final regulations applicable thereto promulgated by the United States Department of the Treasury.

NOW, THEREFORE, BE IT RESOLVED by the Board of Mayor and Aldermen of the City of Franklin, Tennessee, as follows:

Section 1. It is reasonably expected that the Municipality will reimburse itself for certain expenditures, in an amount not to exceed $20,000,000 made by the Municipality in connection with the activities hereinabove described. The Municipality intends to reimburse all such expenditures by issuing its general obligation bonds or other debt obligations. The expenditures made prior to the issuance of said general obligation bonds or other debt obligations are expected to be paid from the Municipality's General Fund and reimbursement shall be made to said fund. Debt service on the general obligation bonds or other debt obligations is expected to be paid from unlimited ad valorem taxes to be levied on all taxable property within the corporate limits of the Municipality.

Section 2. The approximate principal amount of bonds or other debt obligations expected to be issued to finance the activities hereinabove described is $20,000,000.

Section 3. This resolution shall be placed in the minutes of the Board of Mayor and Aldermen and shall be made available for inspection by the general public at the office of the Recorder.

Section 4. It is the Municipality's reasonable expectation that it will reimburse the original expenditures from the proceeds of bonds or other debt obligations.

Section 5. This resolution constitutes a declaration of official intent under Treas. Reg. §1.150-2.

Section 6. All resolutions or parts of resolutions in conflict herewith are hereby repealed, and this resolution shall be in immediate effect from and after its adoption.

Adopted and approved this 22nd day of May, 2012.

____

Dr. Ken Moore, Mayor

ATTEST:

____

Eric Stuckey,
City Administrator and Recorder

10799237.1

Resolution 2014-24

A RESOLUTION DECLARING THE INTENT OF THE CITY OF FRANKLIN TO REIMBURSE ITSELF FOR CERTAIN EXPENDITURES RELATING TO PUBLIC WORKS PROJECTS WITH THE PROCEEDS OF BONDS OR OTHER DEBT OBLIGATIONS TO BE ISSUED BY THE CITY OF FRANKLIN, TENNESSEE IN AN APPROXIMATE AMOUNT OF $5,000,000.

WHEREAS, it is the intention of the Board of Mayor and Aldermen (the ''Governing Body' ') of the City of Franklin, Tennessee (the ''Municipality' ') to provide funds for the (i) construction of and improvements to roads and sidewalks; (ii) acquisition of land and site development for and the design, construction, renovation, repair and equipping of a fire station; and (iii) payment of legal, fiscal, administrative, architectural and engineering costs incident thereto (the "Projects"); and

WHEREAS, it is the intention of the Governing Body to pay all or a portion of the costs of the Projects by the sale of general obligation bonds (the ''Bonds' ') or other debt obligations of the Municipality; and

WHEREAS, it is anticipated that it will be necessary to make expenditures in payment of costs of the Projects prior to the issuance of the Bonds or other debt obligations of the Municipality; and

WHEREAS, the Governing Body wishes to state its intentions with respect to reimbursements for said expenditures in accordance with the requirements of final regulations applicable thereto promulgated by the United States Department of the Treasury.

NOW, THEREFORE, BE IT RESOLVED by the Board of Mayor and Aldermen of the City of Franklin, Tennessee, as follows:

Section 1. It is reasonably expected that the Municipality will reimburse itself for certain expenditures in an amount not to exceed $5,000,000 made by the Municipality in connection with the Projects. The Municipality intends to reimburse all such expenditures through issuance of the Bonds or other debt obligations of the Municipality. The expenditures made prior to the issuance of the Bonds or other debt obligations of the Municipality are expected to be paid from the Municipality's General Fund and reimbursement shall be made to said fund. Debt service on the Bonds or other debt obligations issued for the purposes herein is expected to be paid from unlimited ad valorem taxes to be levied on all taxable property within the corporate limits of the Municipality.

Section 2. The approximate principal amount of the Bonds, or other debt obligations of the Municipality, are expected to be issued to finance the Projects is $5,000,000.

Section 3. This resolution shall be placed in the minutes of the Governing Body and shall be made available for inspection by the general public at the office of the City Recorder.

Section 4. It is the Municipality's reasonable expectation that it will reimburse the original expenditures for the Project, or a portion thereof, from the proceeds of the Bonds or other debt obligations of the Municipality.

Section 5. This resolution constitutes a declaration of official intent under Treas. Reg. §1.150-2.

Section 6. All resolutions or parts of resolutions in conflict herewith are hereby repealed, and this resolution shall be in immediate effect from and after its adoption.

Adopted and approved this 25th day of March, 2014.

____
Mayor

ATTEST:

____
City Administrator/Recorder

12910912.1

JUNE 30, 2014

City of Franklin

Quarterly Report

Inside This Report

Page

Quarter Ended June 30, 2014

This quarterly report format has been developed for emphasis on significant items within each fund.

In each fund, certain revenues and expenditures have been highlighted. If in future reports additional information or comparison is desired, we will incorporate it into subsequent reports.

Executive Summary

Preliminary results (unaudited) show the General Fund with a year-end surplus of $4 million.

The primary factors include:

- $2.2 million from In Lieu of Park Land revenue (The 1st quarter amendments in 2015 propose moving this revenue source to its own fund).
- $1 million additional received from the Hall income tax from the State. (Received $2 million compared to budget of $1 million).
- Capital costs, primarily for the Traffic Operations Center, were not incurred.

Road Impact Fees, Facilities Taxes, and Hotel/Motel Taxes show increases in collections compared to the previous year.

The Capital Projects Fund has incurred costs for various road projects that are anticipated to be covered by future bond proceeds.

Preliminary results (unaudited) show the General Fund with a surplus of $4 million.

Summary of All Funds

Fund	Beg Fund Balance	Revenue	Expenditures	End Fund Balance	Increase / (Decrease)	Primary Factor	Page Reference for Additional Information
General	$28,890,118	$56,969,090	$52,941,250	$32,917,958	13.9%	$2.2 million of the increase is In Lieu of Park Land revenue.	3
Street Aid	$0	$2,494,155	$2,198,896	$295,259	---	Gasoline taxes were slightly higher than last year, but less than budget.	4
Sanitation & Envir. Services.	$0	$7,465,413	$7,217,238	$248,175	---	Disposal fee revenue was on target with budget projections.	5
Road Impact	($854,829)	$4,082,685	$3,227,856	$0	100.0%	The fund is at breakeven at year-end after a transfer from the General Fund of $60,933.	6
Facilities Tax	$3,147,824	$3,855,445	$749,658	$6,253,611	98.7%	Strong collections and delay of construction on Fire Station 8 increased the fund balance.	7
Stormwater	$5,615,101	$2,340,963	$2,411,951	$5,544,113	-1.3%	The fund balance decreased slightly due to increased stormwater projects.	8
Drug	$121,781	$171,821	$128,166	$165,436	35.8%	Drug fine collections were almost 49% higher than last year.	9
Hotel/Motel	$1,124,507	$3,242,135	$2,395,594	$1,971,048	75.3%	Revenue includes $476,000 of grant proceeds that were received in the current year.	10
Transit	$0	$2,069,958	$1,608,652	$461,306	---	Grant revenue was 4% higher than last year.	11
CDBG	$23,545	$198,920	$198,747	$23,718	0.7%	All grant revenue has been received to cover grant expenditures.	12
Debt Service	$84,729	$11,106,968	$10,996,579	$195,118	130.3%	Balance is primarily from remaining property tax allocated to the debt service fund.	13
Capital Projects	$382,419	$21,217,978	$40,474,954	($18,874,557)	-5035.6%	Future bond proceeds are anticipated to offset deficit.	14

Fund	Beg Fund Balance	Revenue	Expenditures	Surplus / (Deficit)	Increase / (Decrease)	Primary Factor	Page Reference for Additional Information
Water & Wastewater Operations	---	$23,242,960	$19,655,985	$3,586,975	18.2%	Customer service revenue has exceeded last year by 4%.	16
Water & Wastewater Dev. Fees	---	$4,581,571	$1,167,094	$3,414,477	292.6%	Access and tap fee collections have exceeded last year by $1 million.	17

Note: As an enterprise fund (which is similar to a private business), Water & Wastewater does not have a fund balance.

General Fund

	Current YTD Actuals	Prior YTD Actual	Percent Current YTD to Prior YTD	Budget	Percent Current YTD to Budget
Revenues					
Local Sales Tax	$27,254,742	$25,995,733	104.8%	$27,580,000	98.8%
State Shared Taxes	10,356,309	9,587,552	108.0%	9,487,000	109.2%
Property Taxes	6,250,893	6,498,834	96.2%	6,090,528	102.6%
Alcohol Taxes	3,373,144	3,323,303	101.5%	3,473,000	97.1%
Grants	630,877	1,353,927	46.6%	2,476,767	25.5%
Franchise Fees	2,449,724	2,174,803	112.6%	2,275,000	107.7%
Building Permits & Fees	2,088,775	1,592,735	131.1%	1,655,200	126.2%
Court Fines & Fees	649,848	738,783	88.0%	1,013,500	64.1%
In Lieu of Tax (Local)	325,018	339,808	95.6%	351,962	92.3%
Interest Income	188,895	166,679	113.3%	225,000	84.0%
Other Revenues	3,400,864	905,211	375.7%	2,499,001	136.1%
Total Revenues	***56,969,090***	***52,677,369***	***108.1%***	***57,126,958***	***99.7%***
Expenditures:					
Salaries & Wages	26,683,462	25,449,996	104.8%	27,032,118	98.7%
Employee Benefits	10,273,877	10,897,481	94.3%	11,291,396	91.0%
Utilities	2,136,829	2,042,307	104.6%	2,166,904	98.6%
Contractual Services	1,856,849	1,975,720	94.0%	2,492,768	74.5%
Repair & Maintenance Services	1,896,579	1,527,931	124.1%	1,504,772	126.0%
Debt Service & Lease Payments	941,915	847,219	111.2%	1,179,073	79.9%
Reimbursement from Other Funds	(2,355,000)	(2,297,740)	102.5%	(2,355,000)	100.0%
Transfers To Other Funds	2,852,228	1,715,965	166.2%	2,997,683	95.1%
Capital (>$25,000)	1,446,833	1,486,040	97.4%	3,403,435	42.5%
Other Expenditures	7,207,678	6,153,664	117.1%	7,413,809	97.2%
Total Expenditures	***52,941,250***	***49,798,582***	***106.3%***	***57,126,958***	***92.7%***
Total Unallocated Funds	***4,027,840***	***2,878,787***	***139.9%***	***0***	***0.0%***

Local Sales Tax			
Month of Sale	FY 2014	FY 2013	Increase / (Decrease)
July	2,113,374	2,003,719	5.5%
August	2,115,836	2,101,518	0.7%
September	2,178,174	2,065,402	5.5%
October	2,117,978	2,026,866	4.5%
November	2,419,578	2,176,371	11.2%
December	3,097,595	3,012,759	2.8%
January	1,926,687	1,948,752	-1.1%
February	1,973,541	1,856,748	6.3%
March	2,421,918	2,265,006	6.9%
April	2,201,566	2,168,372	1.5%
May	2,323,975	2,109,923	10.1%
June	2,364,520	2,260,297	4.6%
	27,254,742	25,995,733	4.8%

Local Sales Taxes have exceeded last year by 4.8%.

Street Aid Fund

	Current YTD Actuals	Prior YTD Actual	Percent Current YTD to Prior YTD	Budget	Percent Current YTD to Budget
Revenues					
Beginning Fund Balance	$0	$16,563	0.0%	$0	0.0%
State Shared Taxes	1,754,190	1,736,341	101.0%	1,802,500	97.3%
Interest Income	0	20	0.0%	50	0.0%
Transfer From General Fund	739,965	573,132	129.1%	790,135	93.7%
Total Revenues	***2,494,155***	***2,326,056***	***107.2%***	***2,592,685***	***96.2%***
Expenditures:					
Contractual Services	0	1,400	0.0%	0	0.0%
Repair & Maintenance Services	2,197,808	2,313,507	95.0%	2,292,685	95.9%
Capital (>$25,000)	0	10,062	0.0%	0	0.0%
Other Expenditures	1,088	1,088	100.0%	0	0.0%
Total Expenditures	***2,198,896***	***2,326,056***	***94.5%***	***2,292,685***	***95.9%***
Total Unallocated Funds	***295,259***	***0***	***0.0%***	***300,000***	***98.4%***

Gasoline Tax			
Month	FY 2014	FY 2013	Increase / (Decrease)
July	140,316	141,133	-0.6%
August	148,269	142,941	3.7%
September	139,679	155,040	-9.9%
October	150,134	149,148	0.7%
November	154,350	132,034	16.9%
December	137,583	150,729	-8.7%
January	135,038	135,308	-0.2%
February	133,103	120,616	10.4%
March	139,670	154,184	-9.4%
April	152,108	141,453	7.5%
May	159,085	152,386	4.4%
June	164,855	161,369	2.2%
	1,754,190	1,736,341	1.0%

Gasoline taxes received from the State in 2014 are slightly more (1%) than last year.

Sanitation & Environmental Services Fund

	Current YTD Actuals	Prior YTD Actual	Percent Current YTD to Prior YTD	Budget	Percent Current YTD to Budget
Revenues					
Grants	$71,500	$0	0.0%	$405,000	17.7%
Sanitation Disposal	4,460,658	4,417,799	101.0%	4,473,800	99.7%
Tipping Fees	1,487,082	2,314,116	64.3%	2,373,100	62.7%
Transfer From General Fund	1,208,148	728,482	165.8%	1,208,148	100.0%
Other Revenues	238,024	188,328	126.4%	181,700	131.0%
Total Revenues	***7,465,413***	***7,648,725***	***97.6%***	***8,641,748***	***86.4%***
Expenditures:					
Salaries & Wages	1,972,329	1,902,389	103.7%	1,956,196	100.8%
Employee Benefits	1,053,766	987,714	106.7%	880,021	119.7%
Utilities	62,625	1,316,466	4.8%	1,040,750	6.0%
Contractual Services	8,967	18,113	49.5%	0	0.0%
Repair & Maintenance Services	449,322	428,620	104.8%	245,000	183.4%
Debt Service & Lease Payments	209,991	(3,228)	(6,506.3%)	375,963	55.9%
Transfers To Other Funds	570,537	561,628	101.6%	569,819	100.1%
Capital (>$25,000)	91,113	61,550	148.0%	475,000	19.2%
Other Expenditures	2,798,588	2,375,472	117.8%	2,398,999	116.7%
Total Expenditures	***7,217,238***	***7,648,725***	***94.4%***	***7,941,748***	***90.9%***
Total Unallocated Funds	***248,175***	***0***	***0.0%***	***700,000***	***35.5%***

Disposal Fees			
Month	FY 2014	FY 2013	Increase / (Decrease)
July	341,316	366,256	-6.8%
August	372,028	362,302	2.7%
September	373,314	364,893	2.3%
October	371,404	361,127	2.8%
November	374,451	367,000	2.0%
December	374,412	367,922	1.8%
January	374,323	364,855	2.6%
February	374,774	364,298	2.9%
March	373,600	373,844	-0.1%
April	375,429	375,564	0.0%
May	376,006	375,095	0.2%
June	379,599	374,643	1.3%
	4,460,658	4,417,799	1.0%

Disposal Fees are slightly more (1%) than 2013.

Road Impact Fund

	Current YTD Actuals	Prior YTD Actual	Percent Current YTD to Prior YTD	Budget	Percent Current YTD to Budget
Revenues					
Beginning Fund Balance	($854,829)	($1,240,129)	68.9%	($854,829)	100.0%
Road Impact Fees	4,725,902	3,488,544	135.5%	3,513,048	134.5%
Road Impact Credits	(704,150)	(182,469)	385.9%	0	0.0%
Transfer From General Fund	60,933	0	0.0%	100,000	60.9%
Other Revenues	0	(30,000)	0.0%	0	0.0%
Total Revenues	***3,227,856***	***2,035,946***	***158.5%***	***2,758,219***	***117.0%***
Expenditures:					
Contractual Services	0	25,468	0.0%	0	0.0%
Transfers To Other Funds	3,227,856	2,865,306	112.7%	3,513,048	91.9%
Total Expenditures	***3,227,856***	***2,890,774***	***111.7%***	***3,513,048***	***91.9%***
Total Unallocated Funds	***0***	***(854,829)***	***0.0%***	***(754,829)***	***0.0%***

Road Impact Fees

Month	FY 2014	FY 2013	Increase / (Decrease)
July	153,724	101,547	51.4%
August	888,987	243,928	264.4%
September	205,408	115,034	78.6%
October	264,184	155,759	69.6%
November	360,104	475,078	-24.2%
December	351,901	309,281	13.8%
January	295,934	170,291	73.8%
February	76,244	123,224	-38.1%
March	386,184	155,557	148.3%
April	122,560	138,340	-11.4%
May	165,892	375,885	-55.9%
June	1,454,780	1,124,620	29.4%
	4,725,902	3,488,544	35.5%

Strong collections in the current year removed most of the deficit from last year in this fund. The remaining deficit was removed with a year-end transfer from the General Fund of $60,933.

Facilities Tax Fund

	Current YTD Actuals	Prior YTD Actual	Percent Current YTD to Prior YTD	Budget	Percent Current YTD to Budget
Revenues					
Beginning Fund Balance	$3,147,824	$1,562,647	201.4%	$3,147,824	100.0%
Interest Income	6,662	7,262	91.7%	5,000	133.2%
Facilities Taxes	3,848,783	2,617,339	147.0%	2,000,000	192.4%
Total Revenues	***7,003,269***	***4,187,248***	***167.3%***	***5,152,824***	***135.9%***
Expenditures:					
Contractual Services	1,600	0	0.0%	30,000	5.3%
Repair & Maintenance Services	33,900	0	0.0%	0	0.0%
Capital (>$25,000)	694,855	1,034,992	67.1%	2,042,205	34.0%
Other Expenditures	19,302	4,432	435.5%	162,545	11.9%
Total Expenditures	***749,658***	***1,039,424***	***72.1%***	***2,234,750***	***33.5%***
Total Unallocated Funds	***6,253,611***	***3,147,824***	***198.7%***	***2,918,074***	***214.3%***

Facilities Tax			
Month	FY 2014	FY 2013	Increase / (Decrease)
July	188,335	129,034	46.0%
August	282,956	156,599	80.7%
September	172,873	171,951	0.5%
October	1,182,887	158,433	646.6%
November	234,251	282,226	-17.0%
December	188,891	263,070	-28.2%
January	189,243	154,265	22.7%
February	70,242	124,139	-43.4%
March	216,615	192,990	12.2%
April	160,708	192,337	-16.4%
May	309,052	313,792	-1.5%
June	652,730	478,503	36.4%
	3,848,783	2,617,339	47.0%

Collections are 47% higher than last year.

Stormwater Fund

	Current YTD Actuals	Prior YTD Actual	Percent Current YTD to Prior YTD	Budget	Percent Current YTD to Budget
Revenues					
Beginning Fund Balance	$5,615,101	$5,858,322	95.8%	$5,615,101	100.0%
Grants	3,691	0	0.0%	0	0.0%
Building Permits & Fees	15,385	0	0.0%	0	0.0%
Interest Income	8,929	20,719	43.1%	24,000	37.2%
Stormwater Fees	2,277,908	2,225,948	102.3%	2,250,000	101.2%
Customer Service	(4,776)	0	0.0%	0	0.0%
Other Revenues	39,825	137,229	29.0%	29,500	135.0%
Total Revenues	***7,956,064***	***8,242,217***	***96.5%***	***7,918,601***	***100.5%***
Expenditures:					
Salaries & Wages	634,338	594,355	106.7%	642,042	98.8%
Employee Benefits	314,451	308,746	101.8%	316,684	99.3%
Utilities	47,998	44,832	107.1%	46,268	103.7%
Contractual Services	404,903	155,882	259.8%	397,270	101.9%
Repair & Maintenance Services	70,606	39,114	180.5%	49,810	141.8%
Debt Service & Lease Payments	0	9,821	0.0%	0	0.0%
Capital (>$25,000)	516,800	1,109,705	46.6%	2,030,000	25.5%
Other Expenditures	422,855	364,663	116.0%	567,577	74.5%
Total Expenditures	***2,411,951***	***2,627,117***	***91.8%***	***4,049,651***	***59.6%***
Total Unallocated Funds	***5,544,113***	***5,615,101***	***98.7%***	***3,868,950***	***143.3%***

Stormwater Fees

Month	FY 2014	FY 2013	Increase / (Decrease)
July	184,352	178,788	3.1%
August	189,734	175,497	8.1%
September	189,576	188,552	0.5%
October	188,589	186,878	0.9%
November	194,472	188,227	3.3%
December	186,833	186,539	0.2%
January	191,499	185,420	3.3%
February	189,805	192,547	-1.4%
March	187,693	188,409	-0.4%
April	191,257	176,260	8.5%
May	190,737	188,300	1.3%
June	193,361	190,531	1.5%
	2,277,908	2,225,948	2.3%

Stormwater fees are over 2% higher than last year. The Stormwater fund balance has decreased slightly in FY 2014 due to budgeted stormwater projects.

Drug Fund

	Current YTD Actuals	Prior YTD Actual	Percent Current YTD to Prior YTD	Budget	Percent Current YTD to Budget
Revenues					
Beginning Fund Balance	$121,781	$144,788	84.1%	$121,781	100.0%
Interest Income	1,127	1,840	61.3%	4,480	25.2%
Drug Fines Received	82,013	55,078	148.9%	62,090	132.1%
Other Revenues	88,680	29,441	301.2%	108,230	81.9%
Total Revenues	***293,602***	***231,146***	***127.0%***	***296,581***	***99.0%***
Expenditures:					
Other Expenditures	128,166	109,365	117.2%	138,098	92.8%
Total Expenditures	***128,166***	***109,365***	***117.2%***	***138,098***	***92.8%***
Total Unallocated Funds	***165,436***	***121,781***	***135.8%***	***158,483***	***104.4%***

Drug Fines			
Month	FY 2014	FY 2013	Increase / (Decrease)
July	5,814	4,111	41.4%
August	5,077	5,314	-4.5%
September	4,754	2,064	130.3%
October	5,095	2,936	73.5%
November	6,347	5,412	17.3%
December	6,344	3,351	89.3%
January	6,998	3,250	115.3%
February	9,298	5,587	66.4%
March	9,957	5,479	81.7%
April	6,502	9,213	-29.4%
May	7,517	5,602	34.2%
June	8,310	2,759	201.2%
	82,013	55,078	48.9%

Drug Fines are almost 49% higher than last year.

Hotel/Motel Tax Fund

	Current YTD Actuals	Prior YTD Actual	Percent Current YTD to Prior YTD	Budget	Percent Current YTD to Budget
Revenues					
Beginning Fund Balance	$1,124,507	$2,103,083	53.5%	$1,124,507	100.0%
Grants	476,000	60,000	793.3%	0	0.0%
Interest Income	1,333	6,973	19.1%	20,000	6.7%
Hotel/Motel Taxes	2,764,802	2,403,775	115.0%	2,473,200	111.8%
Total Revenues	***4,366,641***	***4,573,831***	***95.5%***	***3,617,707***	***120.7%***
Expenditures:					
Utilities	0	20,254	0.0%	0	0.0%
Contractual Services	9,500	40,498	23.5%	112,000	8.5%
Repair & Maintenance Services	4,785	125	3,828.1%	0	0.0%
Transfers To Other Funds	1,116,929	1,597,424	69.9%	1,155,322	96.7%
Capital (>$25,000)	744,413	1,537,249	48.4%	320,500	232.3%
Other Expenditures	519,967	253,775	204.9%	812,757	64.0%
Total Expenditures	***2,395,594***	***3,449,324***	***69.5%***	***2,400,579***	***99.8%***
Total Unallocated Funds	***1,971,048***	***1,124,507***	***175.3%***	***1,217,128***	***161.9%***

Hotel/Motel Taxes

Month	FY 2014	FY 2013	Increase / (Decrease)
July	220,564	211,075	4.5%
August	202,941	175,021	16.0%
September	219,382	195,057	12.5%
October	242,061	223,821	8.1%
November	223,360	165,524	34.9%
December	175,183	153,893	13.8%
January	184,875	152,698	21.1%
February	214,823	185,118	16.0%
March	274,024	244,633	12.0%
April	260,989	222,217	17.4%
May	249,496	225,392	10.7%
June	297,104	249,326	19.2%
	2,764,802	2,403,775	15.0%

Hotel/Motel Taxes are 15% higher than last year.

Transit Fund

	Current YTD Actuals	Prior YTD Actual	Percent Current YTD to Prior YTD	Budget	Percent Current YTD to Budget
Revenues					
Grants	$1,110,942	$914,175	121.5%	$1,066,601	104.2%
Interest Income	11,820	11,897	99.4%	8,400	140.7%
Transit Fares	94,314	87,069	108.3%	88,000	107.2%
Transfer From General Fund	843,182	414,350	203.5%	899,400	93.7%
Other Revenues	9,700	9,700	100.0%	17,200	56.4%
Total Revenues	***2,069,958***	***1,437,192***	***144.0%***	***2,079,601***	***99.5%***
Expenditures:					
Capital (>$25,000)	55,415	55,415	100.0%	120,000	46.2%
Other Expenditures	1,553,237	1,381,777	112.4%	1,559,601	99.6%
Total Expenditures	***1,608,652***	***1,437,192***	***111.9%***	***1,679,601***	***95.8%***
Total Unallocated Funds	***461,306***	***0***	***0.0%***	***400,000***	***115.3%***

Transit Fares

Month	FY 2014	FY 2013	Increase / (Decrease)
July	5,771	4,115	40.2%
August	6,629	5,371	23.4%
September	7,969	6,364	25.2%
October	6,531	7,986	-18.2%
November	19,364	17,384	11.4%
December	6,822	6,825	0.0%
January	6,419	7,017	-8.5%
February	8,106	5,069	59.9%
March	5,168	6,476	-20.2%
April	9,463	7,396	27.9%
May	4,636	6,256	-25.9%
June	7,436	6,810	9.2%
	94,314	87,069	8.3%

Fares are over 8% higher in FY 2014.

CDBG Fund

	Current YTD Actuals	Prior YTD Actual	Percent Current YTD to Prior YTD	Budget	Percent Current YTD to Budget
Revenues					
Beginning Fund Balance	$23,545	($6,582)	(357.7%)	$23,545	100.0%
Grants	198,747	192,385	103.3%	203,240	97.8%
Interest Income	173	201	86.0%	75	230.3%
Total Revenues	***222,465***	***186,004***	***119.6%***	***226,860***	***98.1%***
Expenditures:					
Contractual Services	110,371	162,459	67.9%	200,000	55.2%
Repair & Maintenance Services	65,901	0	0.0%	0	0.0%
Other Expenditures	22,475	0	0.0%	3,240	693.7%
Total Expenditures	***198,747***	***162,459***	***122.3%***	***203,240***	***97.8%***
Total Unallocated Funds	***23,717***	***23,545***	***100.7%***	***23,620***	***100.4%***

The fund provides community development assistance to low and moderate income families. The City receives grant reimbursements for eligible expenditures.

Debt Service Fund

	Current YTD Actuals	Prior YTD Actual	Percent Current YTD to Prior YTD	Budget	Percent Current YTD to Budget
Revenues					
Beginning Fund Balance	$84,729	$318,138	26.6%	$84,729	100.0%
Property Taxes	5,357,261	4,779,633	112.1%	5,459,048	98.1%
Interest Income	2,205	4,329	50.9%	5,000	44.1%
Rebate on BAB/RZEDB Bonds	832,180	904,052	92.0%	825,401	100.8%
Transfer from Sanitation Fund	570,537	561,628	101.6%	569,819	100.1%
Transfer from Road Impact Fund	3,227,856	2,865,306	112.7%	3,513,048	91.9%
Transfer from Hotel/Motel Tax Fund	1,116,929	1,597,424	69.9%	1,155,322	96.7%
Other Revenues	0	22,500,000	0.0%	0	0.0%
Total Revenues	***11,191,697***	***33,530,509***	***33.4%***	***11,612,367***	***96.4%***
Expenditures:					
Debt Service & Lease Payments	10,996,579	33,445,780	32.9%	11,565,711	95.1%
Total Expenditures	***10,996,579***	***33,445,780***	***32.9%***	***11,565,711***	***95.1%***
Total Unallocated Funds	***195,118***	***84,729***	***230.3%***	***46,656***	***418.2%***

	BOND INFORMATION					**2014 DEBT SERVICE**		
	Bond Issue	**Description**	**Maturing**	**Original Amount**	**Amount Outstanding - Beg of Fiscal Year**	**2014 Principal**	**2014 Interest**	**Total 2014 Principal + Interest)**
1	2002 TN Municipal Bond Fund	Used to construct the Century Court Public Works facilities	2017	$5,000,000	$1,672,000	$397,000	$4,037	$401,037
2	2003 TN Municipal Bond Fund	Used to construct the Century Court Public Works facilities	2018	$2,000,000	$815,000	$153,000	$1,977	$154,977
3	2004 Refunding	Used to retire bonds previously issued in 2000 for 2nd Ave Parking Garage and in 1998 for road projects	2015	$7,770,000	$1,375,000	$945,000	$32,125	$977,125
4	2005 TN Bond Fund	Used for WI-FI communications project	2017	$4,500,000	$2,050,000	$470,000	$4,953	$474,953
5	2005 Lawrenceburg PBA	Used for 1/2 of purchase price of Battlefield Park property ($2.5m) and r.o.w. for McEwen ($2m)	2021	$4,500,000	$2,715,000	$300,000	$90,283	$390,283
6	2007 Franklin Building Authority	Used for several projects including public safety building, parks, and road projects	2037	$20,000,000	$20,000,000	$0	$689,648	$689,648
7	2009A&B	Used for several projects including public safety building, parks, and road projects	2029	$44,000,000	$38,685,000	$1,940,000	$1,761,425	$3,701,425
8	2010 New Bonds	To be used for Hillsboro Rd (arterial), 3rd Ave N Ext (collector), and Columbia Ave Streetscape (hotel/motel portion)	2030	$15,725,000	$15,725,000	$0	$795,729	$795,729
9	2010 New Bonds	Used to refund 2005 TN Loans and Harlinsdale bonds	2024	$16,590,000	$14,240,000	$1,115,000	$455,663	$1,570,663
10	2012 Refunding	Used to refund 2009 TMBF bonds)	2027	$22,500,000	$21,710,000	$1,350,000	$462,423	$1,812,423
11	2013A Public Improvement	To finance the Public Works Facility and other street projects	2034	$7,405,000	$0	$0	$0	$0
12	2013B Pension Obligation	Used to fund the unfunded portion of the pension obligations	2024	$10,000,000	$0	$0	$0	$0
	Government Funds Totals			**$159,990,000**	**$118,987,000**	**$6,670,000**	**$4,298,263**	**$10,968,263**
	Plus Debt Fees							$28,316
								$10,996,579

Capital Projects Fund

	Current YTD Actuals	Prior YTD Actual	Percent Current YTD to Prior YTD	Budget	Percent Current YTD to Budget
Revenues					
Beginning Fund Balance	$382,419	$9,266,486	4.1%	$0	0.0%
Grants	0	386,156	0.0%	0	0.0%
Interest Income	(807)	19,894	(4.1%)	0	0.0%
Facilities Taxes	1,026,933	838,523	122.5%	0	0.0%
Other Revenues	20,191,851	2,870,156	703.5%	0	0.0%
Total Revenues	***21,600,397***	***13,381,215***	***161.4%***	***0***	***0.0%***
Expenditures:					
Employee Benefits	9,975,815	0	0.0%	0	0.0%
Utilities	51,296	0	0.0%	0	0.0%
Contractual Services	201,855	256,197	78.8%	0	0.0%
Repair & Maintenance Services	57,356	6,350	903.2%	0	0.0%
Debt Service & Lease Payments	175,718	0	0.0%	0	0.0%
Capital (>$25,000)	28,878,760	11,649,051	247.9%	0	0.0%
Other Expenditures	1,134,153	1,087,197	104.3%	0	0.0%
Total Expenditures	***40,474,954***	***12,998,796***	***311.4%***	***0***	***0.0%***
Total Unallocated Funds	***(18,874,557)***	***382,419***	***(4,935.6%)***	***0***	***0.0%***

Future bond proceeds are anticipated to cover the deficit from project expenditures listed below.

Please note: Stormwater, Water/Sewer, and Hotel/Motel (for streetscape portions) will bear a portion of costs on the Hillsboro and 3rd Avenue projects.

Project	Amount
Hillsboro	$8,191,535
Carothers	$4,384,512
3rd Ave N Ext	$2,198,235
McEwen Dr @ Wilson	$1,214,853
Carlisle	$1,197,503
McEwen Connector	$980,896
Public Works	$500,272
McEwen (Phase5,East Ext)	$72,434
3rd & 4th Streetscape	$52,766
Other	$81,551
	$18,874,557

Water/Sewer Operations

	Current YTD Actuals	Prior YTD Actual	Percent Current YTD to Prior YTD	Budget	Percent Current YTD to Budget
Revenues					
Grants	$0	($240,667)	0.0%	$0	0.0%
Interest Income	28,869	56,691	50.9%	32,100	89.9%
Customer Service	22,831,171	21,876,630	104.4%	23,146,524	98.6%
Other Revenues	382,921	3,779,283	10.1%	222,000	172.5%
Total Revenues	***23,242,960***	***25,471,938***	***91.2%***	***23,400,624***	***99.3%***
Expenditures:					
Salaries & Wages	3,252,871	3,128,550	104.0%	3,699,728	87.9%
Employee Benefits	1,351,187	1,493,975	90.4%	1,528,644	88.4%
Utilities	1,544,875	1,596,684	96.8%	1,675,848	92.2%
Contractual Services	252,553	239,255	105.6%	212,000	119.1%
Repair & Maintenance Services	465,756	480,683	96.9%	359,300	129.6%
Debt Service & Lease Payments	579,395	659,252	87.9%	1,624,050	35.7%
Capital (>$25,000)	3,800,521	0	0.0%	4,664,450	81.5%
Other Expenditures	8,408,827	13,191,526	63.7%	7,680,360	109.5%
Total Expenditures	***19,655,985***	***20,789,924***	***94.5%***	***21,444,380***	***91.7%***
Total Unallocated Funds	***3,586,975***	***4,682,013***	***76.6%***	***1,956,244***	***183.4%***

Customer Service			
Month	FY 2014	FY 2013	Increase / (Decrease)
July	2,100,827	2,352,421	-10.7%
August	2,013,446	2,111,759	-4.7%
September	2,159,652	1,977,479	9.2%
October	1,981,523	1,865,746	6.2%
November	1,718,401	1,678,212	2.4%
December	1,701,226	1,589,681	7.0%
January	1,711,477	1,585,493	7.9%
February	1,757,909	1,514,665	16.1%
March	1,630,411	1,636,751	-0.4%
April	1,845,144	1,696,025	8.8%
May	2,011,880	1,807,685	11.3%
June	2,199,274	2,060,713	6.7%
	22,831,171	21,876,630	4.4%

Customer service revenues (water, sewer, reclaimed) are slightly higher (4%) than last year.

Water/Sewer Development Fees

	Current YTD Actuals	Prior YTD Actual	Percent Current YTD to Prior YTD	Budget	Percent Current YTD to Budget
Revenues					
Interest Income	$51,444	$75,887	67.8%	$0	0.0%
Special Assessments	18,657	20,787	89.8%	0	0.0%
Other Revenues	4,511,471	3,461,741	130.3%	0	0.0%
Total Revenues	***4,581,571***	***3,558,415***	***128.8%***	***0***	***0.0%***
Expenditures:					
Contractual Services	5,284	10,538	50.1%	0	0.0%
Repair & Maintenance Services	5,800	0	0.0%	0	0.0%
Debt Service & Lease Payments	1,098,895	1,311,843	83.8%	0	0.0%
Capital (>$25,000)	23,139	0	0.0%	0	0.0%
Other Expenditures	33,976	62,248	54.6%	0	0.0%
Total Expenditures	***1,167,094***	***1,384,628***	***84.3%***	***0***	***0.0%***
Total Unallocated Funds	***3,414,477***	***2,173,787***	***157.1%***	***0***	***0.0%***

The fund includes access and tap fee revenue received by the Water and Sewer.

On the Horizon

Finance Committee	September 11, 2014 (to include preliminary year-end report)

September

Su	Mo	Tu	We	Th	Fr	Sa
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

October

Su	Mo	Tu	We	Th	Fr	Sa
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

November

Su	Mo	Tu	We	Th	Fr	Sa
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

HISTORIC FRANKLIN TENNESSEE

MEMORANDUM

DATE: September 4, 2014

TO: Board of Mayor and Aldermen

FROM: Eric Stuckey, City Administrator
Russell Truell, Assistant City Administrator
Mike Lowe, Comptroller

SUBJECT: Consideration of Resolution 2014-64, Update Fund Balance Policy of the General Fund

Purpose

The purpose of this memo is to provide information to the Franklin Board of Mayor and Aldermen (BOMA) concerning an update to the Fund Balance Policy for the General Fund.

Background

There are two (2) changes proposed to the Fund Balance Policy of the General Fund:

1. The primary change is to incorporate a capital funding initiative that was first proposed during the 2015 budget presentation and discussed at the Budget and Finance Committee in July. This initiative would provide reserves above 45% of General Fund budgeted expenditures to be available for capital projects. At the time, the amount was estimated at $5.7 million.
2. Also, terminology is added to bring the policy in compliance with Governmental Accounting Standards Board (GASB) Statement 54 pertaining to fund balance reporting.

The proposed changes are highlighted in the updated policy attached (capital funding initiative in yellow; terminology in gray).

Financial Impact

No impact to fund balances in the General Fund upon adoption of the policy update. However, fund balance reserves in the General Fund would be reduced upon utilization of the funds for capital projects.

Based on the 2014 ending budgeted expenditures of $57,126,958, 45% of this amount is $25,707,131. Preliminary year-end results show the fund balance for the General Fund to be in excess of $32 million. (Please note: Staff is recommending in the 2015 1st quarter amendments that collections for In Lieu of Park Land funds of $2.2 million be transferred from the fund balance in the General Fund to its own fund which would reduce the fund balance above 45%).

Options

Approve or disapprove the proposed policy update.

Recommendation

Staff recommends approval of this update.

RESOLUTION 2014-64

A RESOLUTION OF THE BOARD OF MAYOR AND ALDERMEN TO UPDATE THE FUND BALANCE POLICY OF THE GENERAL FUND TO INCORPORATE A CAPITAL FUNDING INITIATIVE AND ADD TERMINOLOGY FROM GASB STATEMENT 54 ON FUND BALANCE REPORTING.

WHEREAS, the City of Franklin, by action of the Board of Mayor and Aldermen on May 12, 2009, adopted a fund balance policy for emergency, contingency, cash flow stabilization, and various insurance reserve funds of the General Fund, and

WHEREAS, on August 28, 2012, the Board of Mayor and Aldermen adopted Resolution 2012-44, an addendum to the policy for use and replacement of these funds, and

WHEREAS, the Board of Mayor and Aldermen wishes to continue this policy and its addendum, and

WHEREAS, the Board of Mayor and Aldermen wishes to update the policy to incorporate a capital funding initiative, and

WHEREAS, the Board of Mayor and Aldermen wishes to also update the policy to add terminology from Governmental Accounting Standards Board (GASB) Statement 54 on fund balance reporting.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Mayor and Aldermen for the City of Franklin as follows:

Section 1. That this Fund Balance Policy update is hereby adopted to incorporate a capital funding initiative.

Section 2. That the Resolution shall be effective upon adoption.

IT IS SO RESOLVED AND DONE on this ________day of ________, 2014.

ATTEST:

By: ____________________________

Eric Stuckey
City Administrator

CITY OF FRANKLIN, TENNESSEE

By: ____________________________

Ken Moore, M.D.
Mayor

CITY OF FRANKLIN

T E N N E S S E E

General Fund
Fund Balance Policy

Policy Adopted by Board of Mayor & Aldermen, May 12, 2009

Addendum Adopted by Board of Mayor & Aldermen, August 28, 2012

Policy Update Adopted by Board of Mayor & Aldermen, ___________________

City of Franklin
General Fund
Fund Balance Policy

Objectives for Establishing the Fund Balance Policy

The Fund Balance Policy is intended to provide guidelines during the preparation of and deliberations on the annual budget to ensure that sufficient reserves are maintained for unanticipated expenditures or revenue shortfalls and to preserve flexibility throughout the fiscal year to make adjustments in funding for programs approved in connection with the annual budget. The Fund Balance Policy should be established based upon a long-term perspective recognizing that stated thresholds are considered minimum balances. The objective of establishing and maintaining a Fund Balance Policy is for the City to be in a strong fiscal position that will be better able to weather negative economic trends. Factors for maintaining sufficient Fund Balance include the ability to:

- Maintain covenants of third party agreements;
- Provide funds for enacted Ordinances and Resolutions of the Board of Mayor and Aldermen;
- Mitigate State budget actions that may reduce City revenue;
- Absorb liability settlements;
- Mitigate economic downturns that the City may face in the future;
- Front-fund or completely fund, if necessary, disaster costs or costs associated with emergencies.
- Fund the City's expenditures and debt service payments during the first few months of the year before traditional revenues are realized;
- Fund non-recurring expenses identified as necessary by the Board of Mayor and Alderman
- Fund one-time capital expenses identified as necessary by the Board of Mayor and Alderman

The Fund Balance will consist of three funds: the Reserve Fund, the Designated Fund, and the Undesignated/Unreserved Fund:

- **The Reserve Fund** consists of funds that are mandated by a third party through laws, regulations, and other legal requirements to be used for a specific purpose. There is no minimum percentage requirement for this account. *(For the purposes of compliance with Governmental Accounting Standards Board Statement No. 54, all non-spendable and restricted components of fund balance are included within the Reserve Fund).*
- **The Designated Fund** consists of funds set aside by the Board of Mayor and Aldermen by ordinances or resolutions for specific purposes. There is no minimum percentage requirement for this account. *(For the purposes of compliance with Governmental Accounting Standards Board Statement No. 54, all committed, and some assigned components of fund balance are included within the Designated Fund).*

- **The Undesignated/Unreserved Fund** consists of three accounts: the Capital Funding Account, the Financial Stabilization Account, and the Surplus Account.
    - **The Capital Funding Account** as set forth in this policy will consist of amounts in excess of 45% of General Fund budgeted expenditures.
    - **The Financial Stabilization Account** as set forth in this policy will consist of 33% of General Fund budgeted expenditures.
    - **The Supplemental Reserve Account** should be used for new programs or positions desired outside of the current and established budget or for one-time capital investments upon approval by the Board of Mayor and Alderman. There is no minimum percentage requirement for this account. All additional net revenues, after establishing that all other components of the General Fund Balance are sufficient, may flow into this account.

  (For the purposes of compliance with Governmental Accounting Standards Board Statement No. 54, some assigned and all unassigned components of fund balance are included within the Undesignated/Unreserved Fund).

General Fund Replenishment Priorities (Priority order):

1. Appropriate funds deposited into the Reserve Fund Account to meet all third party mandated requirements.
2. Funds set aside by the Board of Mayor and Aldermen by ordinances or resolutions for specific purposes.
3. Thirty-three [33%] percent of the General Fund budgeted expenditures should be maintained in the Financial Stabilization Fund Account of the Undesignated/Unreserved Fund.
4. Funds in excess of forty-five [45%] percent of General Fund budgeted expenditures would be maintained in the Capital Funding Account of the Undesignated/Unreserved Fund.
5. All remaining funds other than those identified in 1 through 4 above shall flow to the Supplemental Reserve Account of the Undesignated/Unreserved Fund.

Objectives for Establishing the Funding Levels of the Financial Stabilization Account of the Undesignated/Unreserved Fund

Maintaining a Financial Stabilization Account is not only a prudent fiscal management tool, but also an important factor in the analysis of financial stability. Governments should maintain a prudent level of financial resources to protect against service reductions or tax increases because of temporary revenue shortfalls or unanticipated one-time expenditures. A financial reserve may be used to address unanticipated revenue shortfalls or unforeseen expenditures, providing resources to avoid deficit spending and helping to maintain liquidity when budgeted overages become inevitable.

Maintaining a Financial Stabilization Account is among the most effective practices a government can apply to maintain a favorable credit rating. Fund balance reserve policy/cash flow reserves are among the most frequently implemented best financial management practices for governmental issuers. The accumulation of prudent reserves in more favorable economic times could be a resource to sustain the City in inevitable economic downturns or unforeseen/emergency expenditures. Such reserves assist the City in maintaining a stable credit outlook.

Financial Stabilization Fund Subaccounts

The Financial Stabilization Fund Account shall include six subaccounts: the Contingency Subaccount, the Emergency Subaccount, the Cash Flow Stabilization Subaccount, the Debt Service Subaccount and the Property/Casualty/Health Insurance Subaccount and the Other Post-Employment Benefits (OPEB) Subaccount.

A. Contingency Subaccount

The Contingency Subaccount is intended for unanticipated expenses or revenue shortfalls impacting programs <u>already</u> <u>approved</u> in conjunction with the current year's budget. The Contingency Subaccount shall not be used to fund new programs or positions added outside of the current year budget.
Funds in the Contingency Subaccount may be used towards expenses outside of the budget only as follows:

1. Prior year budget for a specific item that lapsed before the purchase.
2. A change in legislation creating an unfunded mandate.
3. Large unexpected retirement payouts
4. A technical correction of the original budget.

B. Emergency Subaccount

The Emergency Subaccount is intended for unforeseen urgent events. To utilize funds from the Emergency Subaccount, a finding by the Mayor, with confirmation by the Board of Alderman, of "urgent economic necessity" will be required, as well as a determination that no other viable sources of funds are available. A finding of urgent economic necessity would be based on a significant event, for example, a natural disaster or catastrophe.

C. Cash Flow Stabilization Subaccount

The Cash Flow Stabilization Subaccount is intended to provide reserves to mitigate deficiencies caused by the timing of cash inflows and cash outflows.

D. Debt Service Subaccount

The Debt Service Subaccount is intended to provide reserve funds for shortfalls in budgeted revenues intended for general obligation debt service payments or unexpected and unbudgeted expenditures related to general obligation debt service as well as any unbudgeted expenses related to the service and maintenance of the City's debt liabilities.

E. **Property/Casualty/Health Insurance Subaccount**
The City maintains insurance for property and employee/ retiree health insurance. This subaccount shall be established to meet the unanticipated Property/Casualty/Health Insurance claims of the city.

F. **Other Post Employment Benefits Obligation (OPEB) Subaccount**

The City records a liability related to the Other Post Employment Benefits Obligation (OPEB). This subaccount shall be established to meet the level of unfunded liability as determined by the City administrators. If a Trust Fund is later established pursuant to the OPEB liability, the OPEB Subaccount can be extinguished from the Financial Stabilization Fund Account.

Sizing of Financial Stabilization Fund Account and Subaccounts

The Financial Stabilization Fund Account shall be thirty-three [33%] percent of the General Fund budgeted expenditures. The amount placed in each of the subaccounts shall be determined as follows:

1. Contingency Subaccount shall be set at a minimum of five (5) percent of the General Fund budgeted expenditures.
2. Emergency Subaccount shall be set at a minimum of five (5) percent of the General Fund budgeted expenditures.
3. Cash Flow Stabilization Subaccount shall be set at a minimum of fourteen (14) percent of the General Fund budgeted expenditures.
4. Debt Service Subaccount shall be set at a minimum of three (3) percent of the General Fund budgeted expenditures.
5. The Property/Casualty/Health Insurance Subaccount shall be set at a minimum of four (4) percent of the General Fund budgeted expenditures.
6. The Other Post Employment Benefits Obligation (OPEB) Subaccount shall be set at a minimum of two (2) percent of the General Fund budgeted expenditures. If a Trust Fund is later established pursuant to the OPEB liability, the OPEB Subaccount can be extinguished from the Financial Stabilization Fund Account.

Use of Financial Stabilization Fund Account

The Financial Stabilization Account reserves should only be used to provide a short-term solution to maintaining services until projected revenue growth or necessary expenditure reductions are achieved to balance the budget. The City must evaluate the length and severity of the economic conditions and their impact on future revenue projections to determine the extent of expenditure reductions or revenue increases that are required to achieve structural balance.

Restoration of the Financial Stabilization Account and Subaccounts

In fiscal years where it becomes necessary for the City to draw monies from the Financial Stabilization subaccounts wherein the subaccount(s) drops below the level stated above, the City will develop a plan to replenish these accounts to the required levels from net revenue surpluses in the subsequent year(s) until the balance is restored to the required level.

Transfer of Additional Financial Stabilization Fund Account Funds

Any funds in addition to the established minimum requirement at the end of each fiscal year shall be deposited into the Supplemental Reserve Account of the Undesignated/Unreserved Fund provided the financial requirements of the subaccounts are met and additional funds are not required.

Use of the Capital Funding Account

The Capital Funding Account would be used to provide additional capital funding for projects included in the City's Capital Improvement Plan (CIP). These funds would typically be transferred from the General Fund to a capital projects fund where project payments would be made.

Restoration of the Capital Funding Account

The Capital Funding Account would exist only as funds are available and is not subject to formal restoration.

Fund Balance Policy Adoption

The City's Fund Balance Policy shall be adopted by resolution by the Board of Mayor and Aldermen. The policy shall be reviewed by the approving authority and the same authority must approve any modifications. It is recommended that the policy be reviewed every four years, preferably during a non-election year and 6 months following the budget process. This policy will be managed and monitored by the Finance Department and report on the current and projected level of the reserve funds in conjunction with the budget process. If necessary, the Finance Director will present recommendations for any amendments, deletions, additions, improvements or clarification.

General Fund
Fund Balance Policy Addendum
Order of Use of Funds

Stabilization Funds

Maintaining a Financial Stabilization Account is a necessity for sound financial management and fiscal accountability. The City's governing body has the authority to establish a Financial Stabilization Account that will be a Committed Fund Balance.

A Financial Stabilization Account is established for the purpose of providing funds for an urgent event that affects the safety of the general public (e.g. flood, tornado, etc.) or financial stability.

Authority to Commit Funds

The Board of Mayor and Aldermen has the authority to set aside funds for a specific purpose. Any funds set aside as Committed Fund Balance requires the passage of a resolution by a simple majority vote. The passage of a resolution must take place prior to June 30th of the applicable fiscal year. If the actual amount of the commitment is not available by June 30th, the resolution must state the process or formula necessary to calculate the actual amount as soon as information is available.

Default Order of Use of Funds

By default, when both restricted (by outside parties) and unrestricted funds are available for expenditure, restricted funds should be spent first unless legal requirements disallow it. When committed (by the Board), assigned (usually by management) and unassigned funds are available for expenditure, committed funds should be spent first, assigned funds second, and unassigned funds last.

Potential Use of Funds Resolution

The recognition of an urgent event must be established by the Board of Mayor and Aldermen or their designee (e.g. City Administrator). If established by the Board's designee, the specific urgent event must be reported to the governing body at their next meeting.

Potential urgent events are:

1. Disaster (flood, tornado, etc.) that funds must be expended prior to any potential reimbursement.
2. Health claims or other specific expenditures included within the stabilization fund exceeding a specified threshold. This would allow the stabilization funds in the General Fund to be used in cases when the specific expenditures exceed 10% of budgeted amount, or a specific amount such as $100,000.

If due to an urgent event, funds are needed from the stabilization fund in excess of funds currently budgeted:

1. Anticipated funds in excess of budgeted funds will be temporarily deducted from the Stabilization fund.
2. After actual expenditures used are determined, a budget amendment will be submitted to the City's governing body to amend the budget for the excess funds used if unassigned funds are available.
3. In the event that unassigned funds are not available, the Board will replenish the Financial Stabilization Account balance to the established minimum level within four years in equal increments unless otherwise provided.

HISTORIC
FRANKLIN
TENNESSEE

MEMORANDUM

MEMORANDUM

August 15, 2014

TO: Eric Stuckey, City Administrator

FROM: Russ Truell, ACA/CFO

RE: Local Sales Tax Report

The local sales tax remittance from the State of Tennessee for August was $2,364,520 compared to $2,260,297 for the same month in 2013, an increase of $104,223, or 4.6%. [The August remittance is for sales tax collected during the month of June, representing the twelfth month of the fiscal year on an accrual basis.] During the same period, the State of Tennessee sales tax collections were up 3.1% from the prior year.

Year-to-date, the City has received $27.25 million compared to $25.99 million in the previous year, a difference of $1,259,010 or 4.8%. The State of Tennessee sales tax collections, year-to-date, are $7.27 billion compared to $7.02 billion in the prior year, a difference of $248.1 million or 3.5%.

For budget comparisons, the City anticipated collections of $27.5 million through twelve months of the fiscal year. Through June, the City is $ 171,427 or 0.5%, below budgeted collections. As a further comparison, the June collection of $2.36 million compares to $1.92 million in 2008, $1.80 million in 2009, $1.96 million in 2010, $2.04 million in 2011 and $2.16 million in 2012.

N0005001

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TENNESSEE DEPARTMENT OF REVENUE

COUNTY EXECUTIVE/MAYOR
WILLIAMSON COUNTY
1320 W MAIN ST STE 125
FRANKLIN TN 37064-3700

August 10, 2014

Month of:	JULY
Tot. Collections:	$8,173,756.86
Cost of Admin:	$91,954.76
Net Collections:	$8,081,802.10

The Department of Revenue has collected and allocated the above total during the month indicated from Local Option Sales Tax as follows:

COUNTY/CITY NAME	TOTAL COLLECTIONS	LESS ADMIN. COSTS	NET COLLECTIONS
WILLIAMSON COUNTY	$285,058.10	$3,206.90	$281,851.20
FRANKLIN	$4,831,159.27	$54,350.54	$4,776,808.73
FAIRVIEW	$206,869.93	$2,327.29	$204,542.64
BRENTWOOD	$2,364,228.92	$26,597.58	$2,337,631.34
SPRING HILL	$308,014.36	$3,465.16	$304,549.20
THOMPSON STATION	$111,759.21	$1,257.29	$110,501.92
NOLENSVILLE	$66,667.07	$750.00	$65,917.07

Note that we have deducted 1.125% state cost of administration leaving the net collections. The Department of Finance and Administration has been notified to issue a payment to the Trustee of your county in the amount of the net collections.

Please be aware that normal Local Option Sales Tax collections may fluctuate. This could be due to additional collections on assessments or reductions as a result of taxpayer refunds or returned checks. Should your collection amount increase significantly, it might be the result of an audit assessment.

For additional information regarding the allocation you may call the Division of Fiscal Services at (615) 741-1028 between 8:00 a.m. and 4:30 p.m., Monday through Friday, holidays excepted. If you need information concerning other matters, please see the back of this notice for our local offices and phone numbers.

c: County Trustee; City Mayor
Director of Accounts: County, F & A

4776808.73 ÷ 2 = 2388404.37
F) X 1% 23884.05

2,364,520.32

STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
STATE CAPITOL
NASHVILLE, TENNESSEE 37243-0285

LARRY B. MARTIN
COMMISSIONER

FOR IMMEDIATE RELEASE
FRIDAY, AUGUST 14, 2014

CONTACT: DAVID THURMAN
615-741-4806

JULY REVENUES

NASHVILLE – Tennessee revenue collections recorded positive growth in July, but still came in less than the state budgeted. Finance and Administration Commissioner Larry Martin today announced a net positive growth of 2.39% over July collections of one year ago. Overall July revenues were $941.8 million, which is $3.2 million less than budgeted.

"We've recorded positive sales tax collection growth every month in this fiscal year, but the economic recovery is slow," Martin said. "We'll begin to close out the fiscal year next month, when we report sales tax collections for August, which will reflect spending that occurred in July.

"Although July is a relatively small month for corporate taxes, we saw slight growth over prior year collections. We'll continue to closely examine corporate collections as we transition into a new fiscal year."

On an accrual basis, July is the twelfth month in the 2013-2014 fiscal year.

The general fund was over collected by $1.2 million, and the four other funds were under collected by $4.4 million.

Sales tax collections were $1.3 million more than the estimate for July. The July growth rate was 3.17%. For twelve months revenues are under collected by $14.2 million. The year-to-date growth rate for twelve months was positive 3.53%.

Franchise and excise taxes combined were $2.2 million below the budgeted estimate of $70.7 million. The growth rate for July was positive 2.92%. For twelve months revenues are under collected by $280.5 million and the year-to-date growth rate was negative 8.42%.

Inheritance and estate tax collections were $2.0 million above the July estimate. For twelve months collections are $21.9 million above the budgeted estimate.

Privilege tax collections were $0.7 million below the July budgeted estimate. For twelve months collections are $23.7 million less than the budgeted estimate, and the year-to date growth rate was positive 1.64%.

Business tax collections were $0.6 million less than the July estimate. Year-to-date collections for twelve months are $10.8 million below the budgeted estimate.

Tobacco tax collections were $0.6 million above the budgeted estimate of $24.3 million. For twelve months revenues are under collected by $12.7 million.

Gasoline and motor fuel tax collections for July were over collected by $0.1 million. For twelve months revenues are over collected by $4.9 million, and the growth rate is positive 0.78%.

All other taxes for July were under collected by a net of $3.7 million.

Year-to-date collections for twelve months were $293.1 million less than the budgeted estimate. The general fund was under collected by $302.4 million and the four other funds were over collected by $9.3 million.

The budgeted revenue estimates for 2013-2014 are based on the State Funding Board's consensus recommendation of December 19th, 2012 and adopted by the first session of the 108th General Assembly in April 2013. They are available on the state's website at http://www.tn.gov/finance/bud/Revenues.shtml.

The Funding Board met on December 10, 2013 to hear updated revenue projections from the state's various economists. The board met again on December 17 and adopted revised revenue ranges for 2013-2014. The revised ranges assume an under collection from the July 2013 budgeted estimate in the amount of $111.2 million to $134.5 million in total taxes and in the amount of $126.1 million to $145.6 million in general fund taxes for the current fiscal year.

Year-to-date collections for 2013-2014 are subject to final accrual adjustments.

Table 1
Revenue Collections by Fund
July
2013-2014

Fund	2014 Actual	2014 Budgeted	2014 B/(W)	2014 Percent	2013 Actual	2014 B/(W)	2014 Percent
General Fund	$776,437,000	$775,280,000	$1,157,000	0.15%	$751,170,000	$25,267,000	3.36%
Highway Fund	56,462,000	61,135,000	(4,673,000)	-7.64%	59,718,000	(3,256,000)	-5.45%
Sinking Fund	34,697,000	34,691,000	6,000	0.02%	33,952,000	745,000	2.19%
City & County Fund	71,316,000	71,045,000	271,000	0.38%	72,087,000	(771,000)	-1.07%
Earmarked Fund	2,899,000	2,900,000	(1,000)	-0.03%	2,900,000	(1,000)	-0.03%
Total	**$941,811,000**	**$945,051,000**	**($3,240,000)**	**-0.34%**	**$919,827,000**	**$21,984,000**	**2.39%**

Revenue Collections by Tax
July
2013-2014

Tax Source	2014 Actual	2014 Budgeted	2014 B/(W)	2014 Percent	2013 Actual	2014 B/(W)	2014 Percent
Franchise & Excise	$68,476,000	$70,700,000	($2,224,000)	-3.15%	$66,530,000	$1,946,000	2.92%
Income	1,314,000	991,000	323,000	32.59%	1,396,000	(82,000)	-5.87%
Inheritance & Estate	9,529,000	7,578,000	1,951,000	25.75%	10,017,000	(488,000)	-4.87%
Gasoline	54,759,000	53,566,000	1,193,000	2.23%	57,417,000	(2,658,000)	-4.63%
Petroleum Special	5,536,000	5,537,000	(1,000)	-0.02%	5,693,000	(157,000)	-2.76%
Tobacco	24,933,000	24,347,000	586,000	2.41%	25,985,000	(1,052,000)	-4.05%
Beer	1,686,000	1,640,000	46,000	2.80%	1,482,000	204,000	13.77%
Motor Vehicle Registration	20,273,000	21,405,000	(1,132,000)	-5.29%	21,135,000	(862,000)	-4.08%
Motor Vehicle Title	984,000	1,132,000	(148,000)	-13.07%	1,333,000	(349,000)	-26.18%
Mixed Drink	7,006,000	6,550,000	456,000	6.96%	6,327,000	679,000	10.73%
Business	4,082,000	4,661,000	(579,000)	-12.42%	4,589,000	(507,000)	-11.05%
Privilege	25,824,000	26,509,000	(685,000)	-2.58%	21,377,000	4,447,000	20.80%
Gross Receipts	14,420,000	16,446,000	(2,026,000)	-12.32%	14,103,000	317,000	2.25%
TVA - In Lieu of Tax Payments	27,076,000	28,410,000	(1,334,000)	-4.70%	27,297,000	(221,000)	-0.81%
Alcoholic Beverage	5,257,000	5,138,000	119,000	2.32%	4,735,000	522,000	11.02%
Sales and Use	654,992,000	653,700,000	1,292,000	0.20%	634,842,000	20,150,000	3.17%
Motor Vehicle Fuel	15,387,000	16,454,000	(1,067,000)	-6.48%	15,268,000	119,000	0.78%
Severance	185,000	192,000	(7,000)	-3.65%	192,000	(7,000)	-3.65%
Coin-operated Amusement	92,000	95,000	(3,000)	-3.16%	109,000	(17,000)	-15.60%
Unauthorized Substance	0	0	0	NA	0	0	NA
Total	**$941,811,000**	**$945,051,000**	**($3,240,000)**	**-0.34%**	**$919,827,000**	**$21,984,000**	**2.39%**

Table 2
Revenue Collections by Fund
Year-to-Date
August - July
2013-2014

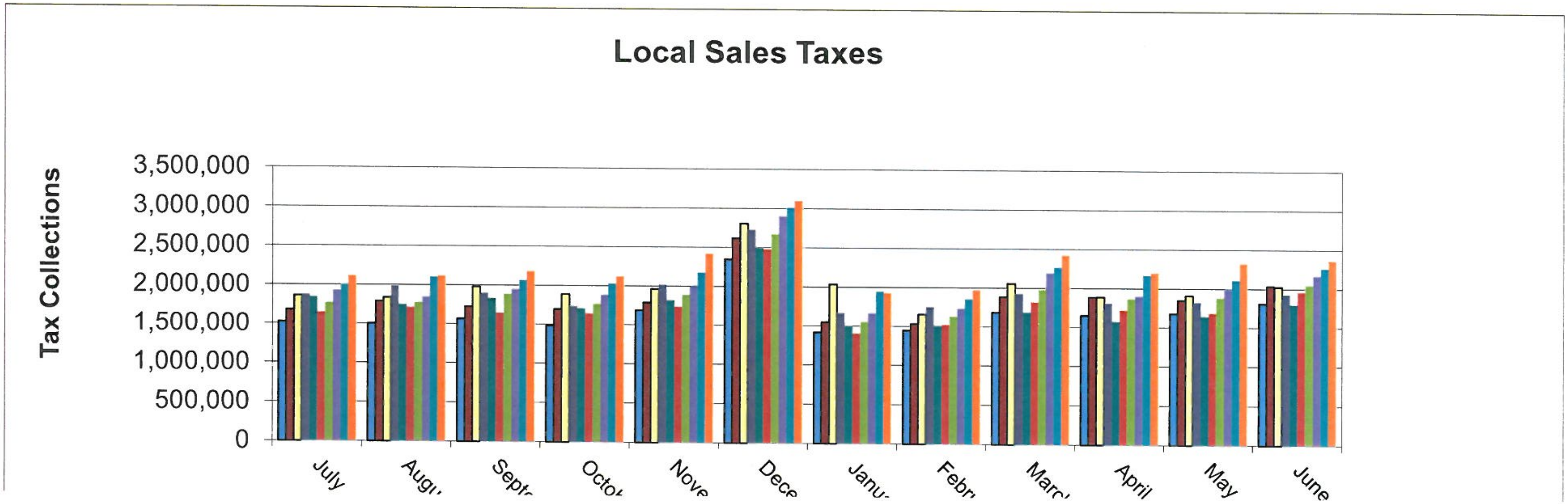
Fund	2013 - 2014 Actual	2013 - 2014 Budgeted	2013 - 2014 B/(W)	2013 - 2014 Percent	2012-2013 Actual	2013-2014 B/(W)	2013-2014 Percent
General Fund	$9,763,386,000	$10,065,800,000	($302,414,000)	-3.00%	$9,751,484,000	$11,902,000	0.12%
Highway Fund	680,398,000	691,300,000	(10,902,000)	-1.58%	687,937,000	(7,539,000)	-1.10%
Sinking Fund	411,831,000	412,200,000	(369,000)	-0.09%	402,046,000	9,785,000	2.43%
City & County Fund	903,481,000	882,900,000	20,581,000	2.33%	885,040,000	18,441,000	2.08%
Earmarked Fund	34,800,000	34,800,000	0	0.00%	34,799,000	1,000	0.00%
Total	**$11,793,896,000**	**$12,087,000,000**	**($293,104,000)**	**-2.42%**	**$11,761,306,000**	**$32,590,000**	**0.28%**

Revenue Collections by Tax
Year-to-Date
August - July
2013-2014

Tax Source	2013 - 2014 Actual	2013 - 2014 Budgeted	2013 - 2014 B/(W)	2013 - 2014 Percent	2012-2013 Actual	2013-2014 B/(W)	2013-2014 Percent
Franchise & Excise	$1,855,396,000	$2,135,900,000	($280,504,000)	-13.13%	$2,026,015,000	($170,619,000)	-8.42%
Income	239,136,000	201,800,000	37,336,000	18.50%	263,236,000	(24,100,000)	-9.16%
Inheritance & Estate	106,853,000	85,000,000	21,853,000	25.71%	117,555,000	(10,702,000)	-9.10%
Gasoline	617,046,000	611,800,000	5,246,000	0.86%	616,298,000	748,000	0.12%
Petroleum Special	63,225,000	63,700,000	(475,000)	-0.75%	62,945,000	280,000	0.44%
Tobacco	260,049,000	272,700,000	(12,651,000)	-4.64%	277,104,000	(17,055,000)	-6.15%
Beer	17,777,000	17,800,000	(23,000)	-0.13%	17,890,000	(113,000)	-0.63%
Motor Vehicle Registration	252,834,000	256,500,000	(3,666,000)	-1.43%	255,594,000	(2,760,000)	-1.08%
Motor Vehicle Title	11,416,000	13,100,000	(1,684,000)	-12.85%	11,914,000	(498,000)	-4.18%
Mixed Drink	76,729,000	72,400,000	4,329,000	5.98%	70,254,000	6,475,000	9.22%
Business	129,836,000	140,600,000	(10,764,000)	-7.66%	136,190,000	(6,354,000)	-4.67%
Privilege	309,320,000	333,000,000	(23,680,000)	-7.11%	304,336,000	4,984,000	1.64%
Gross Receipts	26,674,000	31,500,000	(4,826,000)	-15.32%	25,598,000	1,076,000	4.20%
TVA - In Lieu of Tax Payments	332,104,000	342,700,000	(10,596,000)	-3.09%	337,384,000	(5,280,000)	-1.56%
Alcoholic Beverage	56,030,000	55,100,000	930,000	1.69%	53,269,000	2,761,000	5.18%
Sales and Use	7,274,183,000	7,288,400,000	(14,217,000)	-0.20%	7,025,996,000	248,187,000	3.53%
Motor Vehicle Fuel	162,428,000	162,300,000	128,000	0.08%	156,936,000	5,492,000	3.50%
Severance	2,480,000	2,400,000	80,000	3.33%	2,497,000	(17,000)	-0.68%
Coin-operated Amusement	359,000	300,000	59,000	19.67%	291,000	68,000	23.37%
Unauthorized Substance	21,000	0	21,000	NA	4,000	17,000	NA
Total	**$11,793,896,000**	**$12,087,000,000**	**($293,104,000)**	**-2.42%**	**$11,761,306,000**	**$32,590,000**	**0.28%**

Local Sales Tax Revenue Comparison

Month	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	% over prior yr	$ over prior yr
July	1,520,851	1,676,862	1,857,805	1,876,318	1,842,160	1,646,449	1,769,523	1,925,395	2,003,719	2,113,374	5.5%	109,655
August	1,498,953	1,788,477	1,837,563	1,985,123	1,747,507	1,711,487	1,774,021	1,843,928	2,101,518	2,115,836	0.7%	14,317
September	1,567,311	1,724,983	1,977,557	1,900,808	1,834,296	1,645,241	1,888,809	1,946,970	2,065,402	2,178,174	5.5%	112,771
October	1,484,549	1,695,501	1,887,613	1,734,361	1,707,123	1,639,767	1,767,404	1,881,099	2,026,865	2,117,978	4.5%	91,113
November	1,686,900	1,787,276	1,960,370	2,018,105	1,816,125	1,736,146	1,892,149	1,998,723	2,176,371	2,419,578	11.2%	243,207
December	2,348,329	2,617,849	2,806,905	2,730,286	2,491,017	2,479,640	2,670,491	2,902,675	3,012,759	3,097,595	2.8%	84,836
January	1,415,392	1,544,557	2,034,121	1,664,281	1,502,087	1,401,398	1,552,324	1,664,281	1,948,752	1,926,687	-1.1%	-22,065
February	1,445,409	1,526,301	1,649,397	1,752,131	1,507,868	1,521,898	1,628,745	1,729,002	1,856,748	1,973,541	6.3%	116,793
March	1,682,707	1,880,654	2,054,793	1,925,296	1,688,794	1,819,095	1,979,080	2,191,405	2,265,006	2,421,918	6.9%	156,912
April	1,649,228	1,883,777	1,885,024	1,812,244	1,572,824	1,719,674	1,866,180	1,897,741	2,168,372	2,201,566	1.5%	33,194
May	1,674,495	1,846,229	1,909,074	1,824,127	1,642,271	1,686,756	1,884,275	1,989,477	2,109,923	2,323,975	10.1%	214,052
June	1,812,106	2,033,237	2,025,044	1,926,353	1,800,044	1,961,270	2,047,664	2,168,095	2,260,297	2,364,520	4.6%	104,223
Total	**19,786,230**	**22,005,703**	**23,885,264**	**23,149,433**	**21,152,117**	**20,968,821**	**22,720,667**	**24,138,792**	**25,995,732**	**27,254,742**	**25,995,732**	**1,259,010**
Budgeted												
	Up 8.1%	Up 11.2%	Up 8.5%	Down -3.1%	*Down* -8.6%	*Down* -0.9%	*year to date* 8.4%	*year to date* 6.2%	*year to date* 7.7%	*year to date* 4.8%	*last yr YTD* 25,995,732	*YTD difference*



Salestax fy2014, current data

8/16/2014

CITY of FRANKLIN
PROPERTY TAX COLLECTIONS
As of July 31, 2014

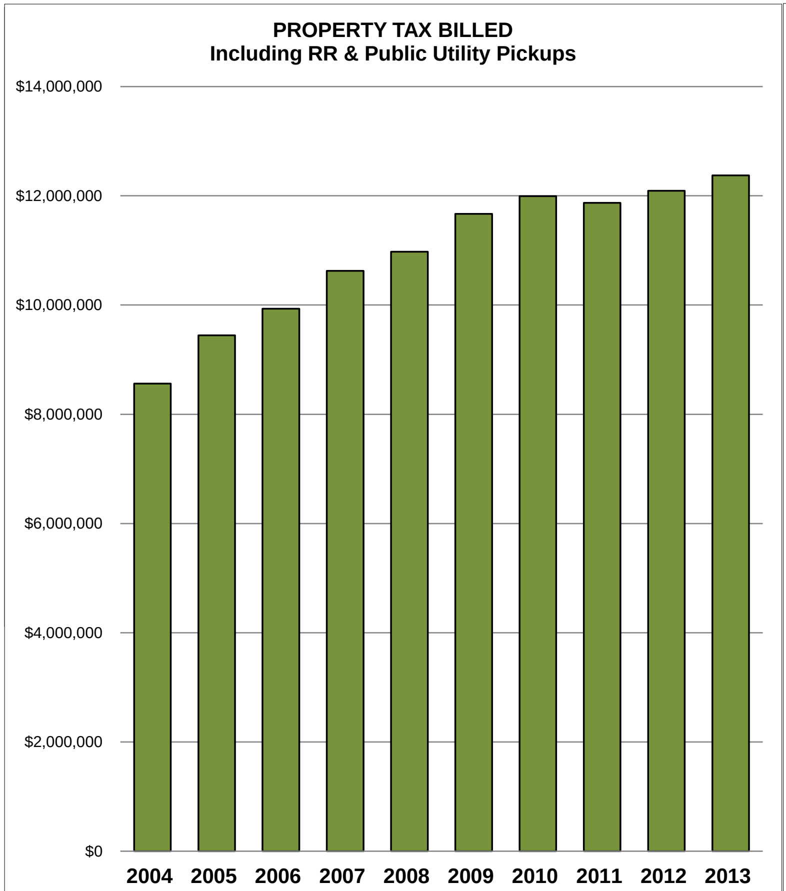
YEAR	Beginning Balance	Corrections (150)	Refunds (600)	Adjustments (400)	Pickups (100)	Cleanup (210)	Ret Checks (700)	Receipts (200)	AR Balance
2013	$12,342,702	$13,495	$0	$8	$241,932	$310,928	($310,928)	($12,428,070)	$170,067
2012	$11,902,186	($28,121)	$122,454	($167)	$219,510	$0	$154	($12,097,499)	$118,518
2011	$11,718,525	($63,341)	$176,380	($120)	$214,887	$0	$1,259	($12,013,772)	$33,819
Prior Years (2004 - 2010)	$59,474,053	($65,044)	$552,079	($16,477)	$1,507,869	($675)	$18,315	($61,443,848)	$26,272

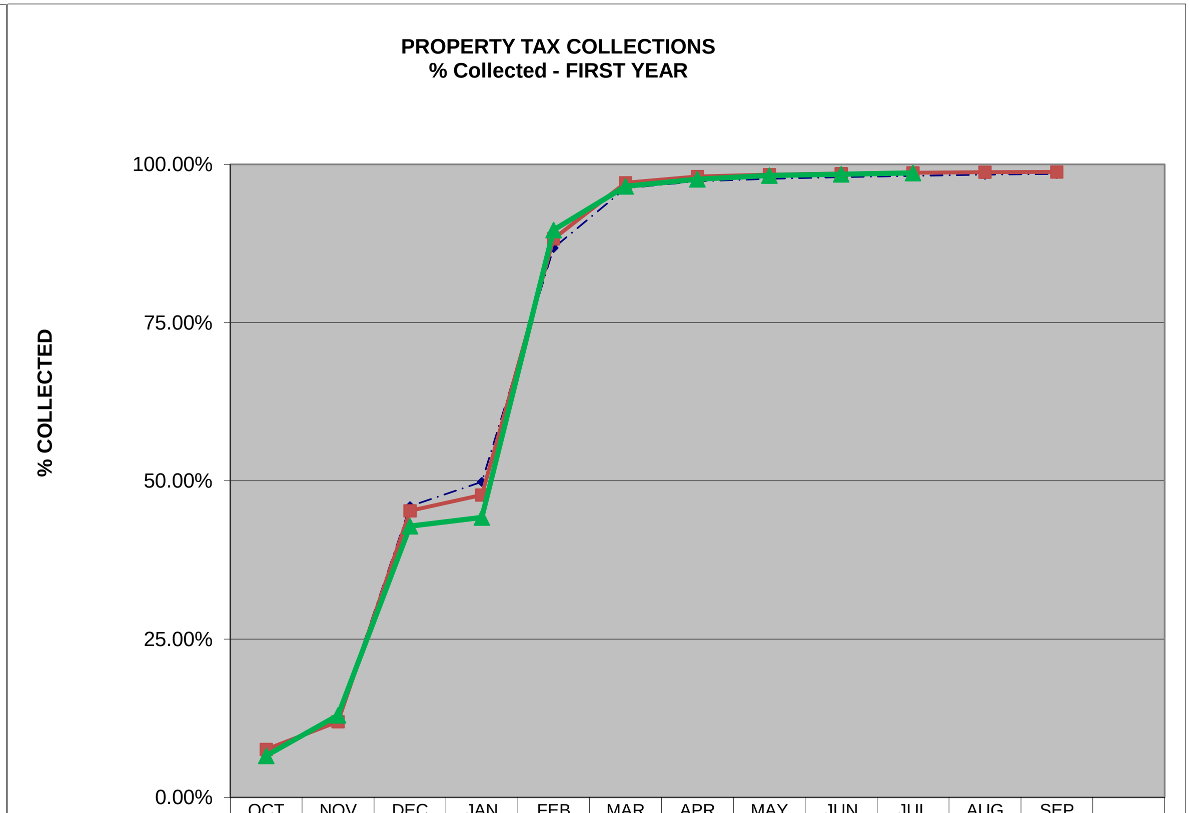
Dec receipts for years 2012 and prior include all mail "postmarked" by Dec 31st. Receipts graphed for Dec. 2013 include payments "received" by Dec 31st.

The Beginning Balance does not include Rail Road nor Public Utility tax totaling approximately $200,000 (typically added in January).

Rollbacks and other adjustments are posted as identified.

Receipts include penalty & interest (bills are issued in October and Penalty/interest apply starting the following March)





	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP
10 Year Avg	6.55%	12.39%	45.98%	49.84%	86.80%	96.24%	97.34%	97.73%	98.00%	98.19%	98.37%	98.49%
2012	7.58%	11.94%	45.26%	47.77%	88.26%	97.11%	98.09%	98.39%	98.53%	98.66%	98.78%	98.81%
2013	6.57%	12.97%	42.85%	44.23%	89.62%	96.53%	97.65%	98.24%	98.44%	98.65%		

COOL SPRINGS
CONFERENCE CENTER

August 15, 2014

Mr. Russ Truell
CFO
City of Franklin, Tennessee
109 Third Avenue South
Franklin, TN 37064

Dear Mr. Truell:

Please find enclosed the Consolidated Profit and Loss Statement for the Cool Springs Conference Center for Stub Period in July 2014.

A summary of the financial and distribution data is as follows:

	Current Month			Year End		
	July 24, 2014					
	Actual	Budget	Last Year	Actual	Budget	Last Year
Gross Revenue	213,747	334,156	371,913	213,747	334,156	371,913
House Profit	(111,325)	(69,731)	(23,682)	(111,325)	(69,731)	(23,682)
Less:						
Fixed Expenses	15,186	18,836	18,526	15,186	18,836	18,526
Net Income	(126,511)	(88,567)	(42,208)	(126,511)	(88,567)	(42,208)
Less:						
FF&E Reserve - 5%	10,687	16,708	18,596	10,687	16,708	18,596
Net Cash Flow	(137,198)	(105,275)	(60,804)	(137,198)	(105,275)	(60,804)

Total Current Balance Due From Owners:	(137,198.35)
Total Due From City of Franklin:	(68,599.18)
Total Due From Williamson County:	(68,599.18)

This financial statement for the Cool Springs Conference Center, subject to routine year end audit and adjustments, is true and correct in all material respects to the best of my knowledge.

This payment should be sent to:

Franklin Marriott Cool Springs
C/O Interstate Hotels and Resorts
1100 Monarch Tower
3424 Peachtree Road NE
Atlanta, GA 30326

Sincerely,

Jim Keller
General Manager

Heidi Krause
Director of Finance

Cool Springs Conference Cen
Statement of Income
Jul 2014
-Final-

Current										Year to Date							
Act vs Bgt	Last Year		Budget		Forecast7		Actual			Actual		Budget		Last Year		Act vs Bgt
(117,343)	367,445	98.8%	328,276	98.2%	328,276	98.2%	210,933	98.7%	Food Revenue	210,933	98.7%	328,276	98.2%	367,445	98.8%	(117,343)
(1,255)	4,467	1.2%	3,180	1.0%	3,180	1.0%	1,925	0.9%	Beverage Revenue	1,925	0.9%	3,180	1.0%	4,467	1.2%	(1,255)
(1,811)	0	0.0%	2,700	0.8%	2,700	0.8%	889	0.4%	Misc Dept Revenue	889	0.4%	2,700	0.8%	0	0.0%	(1,811)
(120,409)	371,913	100.0%	334,156	100.0%	334,156	100.0%	213,747	100.0%	**Total Revenue**	213,747	100.0%	334,156	100.0%	371,913	100.0%	(120,409)
24,123	240,019	65.3%	215,848	65.8%	215,848	65.8%	191,726	90.9%	Food Expense	191,726	90.9%	215,848	65.8%	240,019	65.3%	24,123
569	989	22.1%	685	21.6%	685	21.6%	116	6.0%	Beverage Expense	116	6.0%	685	21.6%	989	22.1%	569
24,692	241,008	64.8%	216,534	64.8%	216,534	64.8%	191,842	89.8%	**Departmental Expense**	191,842	89.8%	216,534	64.8%	241,008	64.8%	24,692
13,873	25,268	6.8%	40,287	12.1%	40,287	12.1%	26,414	12.4%	Administrative and General	26,414	12.4%	40,287	12.1%	25,268	6.8%	13,873
17,790	55,671	15.0%	62,518	18.7%	62,518	18.7%	44,728	20.9%	Sales and Marketing	44,728	20.9%	62,518	18.7%	55,671	15.0%	17,790
7,523	29,065	7.8%	29,092	8.7%	29,092	8.7%	21,569	10.1%	Energy	21,569	10.1%	29,092	8.7%	29,065	7.8%	7,523
9,791	18,493	5.0%	26,041	7.8%	26,041	7.8%	16,249	7.6%	Repairs and Maintenance	16,249	7.6%	26,041	7.8%	18,493	5.0%	9,791
1,626	10,964	2.9%	13,834	4.1%	13,834	4.1%	12,209	5.7%	Franchise Fees	12,209	5.7%	13,834	4.1%	10,964	2.9%	1,626
50,604	139,460	37.5%	171,772	51.4%	171,772	51.4%	121,168	56.7%	**Undistributed Expense**	121,168	56.7%	171,772	51.4%	139,460	37.5%	50,604
(45,113)	(8,556)	-2.3%	(54,150)	-16.2%	(54,150)	-16.2%	(99,263)	-46.4%	**Gross Operating Profit**	(99,263)	-46.4%	(54,150)	-16.2%	(8,556)	-2.3%	(45,113)
0.0%									**Flow %**							**0.0%**
3,519	15,127	4.1%	15,581	4.7%	15,581	4.7%	12,062	5.6%	Management Fees	12,062	5.6%	15,581	4.7%	15,127	4.1%	3,519
(41,594)	(23,682)	-6.4%	(69,731)	-20.9%	(69,731)	-20.9%	(111,325)	-52.1%	**Income before Fixed Expense**	(111,325)	-52.1%	(69,731)	-20.9%	(23,682)	-6.4%	(41,594)
0	3,071	0.8%	2,921	0.9%	2,921	0.9%	2,921	1.4%	Insurance	2,921	1.4%	2,921	0.9%	3,071	0.8%	0
81	108	0.0%	108	0.0%	108	0.0%	27	0.0%	Taxes	27	0.0%	108	0.0%	108	0.0%	81
3,569	15,347	4.1%	15,807	4.7%	15,807	4.7%	12,238	5.7%	Other	12,238	5.7%	15,807	4.7%	15,347	4.1%	3,569
3,650	18,526	5.0%	18,836	5.6%	18,836	5.6%	15,186	7.1%	**Total Fixed Charges**	15,186	7.1%	18,836	5.6%	18,526	5.0%	3,650
(37,944)	(42,209)	-11.3%	(88,567)	-26.5%	(88,567)	-26.5%	(126,511)	-59.2%	**EBITDA**	(126,511)	-59.2%	(88,567)	-26.5%	(42,209)	-11.3%	(37,944)
(37,944)	(42,209)	-11.3%	(88,567)	-26.5%	(88,567)	-26.5%	(126,511)	-59.2%	**Net Income**	(126,511)	-59.2%	(88,567)	-26.5%	(42,209)	-11.3%	(37,944)

BUILDING PERMIT SUMMARY
PERMITS ISSUED & FEES RECEIVED
Including Construction Valuation

From: 7/1/14-7/31/14

Building Permits *

*Does not include associated electrical, mechanical, plumbing, etc permits.

HISTORIC FRANKLIN TENNESSEE

BUILDING PERMIT FEES	# of PERMITS ISSUED	FEES
Residential (inc Townhomes/ Duplexes)	**79**	**$67,922**
BUILDING PERMIT FEE		$67,922
New	45	$63,411
Accessory	4	$417
Addition	17	$1,961
Miscellaneous	8	$913
Renovation	5	$1,220
Non-Residential (inc Multi-Family)	**28**	**$28,040**
BUILDING PERMIT FEE		$28,040
Addition	1	$4,866
Interior Finish (Build-Out)	20	$7,452
Miscellaneous	3	$13,218
Renovation	4	$2,504
TOTAL BUILDING PERMITS ISSUED:	**107**	
TOTAL BUILDING PERMIT FEES:		**$95,962**

ADDITIONAL DEVELOPMENT FEES

	FEES
Residential (inc Townhomes/ Duplexes)	**$340,277**
PLAN REVIEW FEE	$50
REINPSECTION FEE & AFTER HOURS INSPECTION FEE	$300
GARBAGE CONTAINER FEE	$3,375
FACILITIES TAX	$156,927
ROAD IMPACT FEE	$179,625
Non-Residential (inc Multi-Family)	**$106,615**
PLAN REVIEW FEE	$3,471
REINPSECTION FEE & AFTER HOURS INSPECTION FEE	$250
FACILITIES TAX	$8,641
ROAD IMPACT FEE	$94,253
TOTAL ADDITIONAL FEES:	**$446,892**

Total Residential Fees:	**$408,199**
Total Non Residential Fees:	**$134,655**
TOTAL FEES RECEIVED:	**$542,854**

ESTIMATED VALUATION OF BUILDING PERMITS

	VALUATION
Residential	
Valuation of Construction	**$16,597,912**
New	$15,777,053
Accessory Building	$48,300
Addition	$445,065
Miscellaneous	$121,494
Renovation	$206,000
Non-Residential	
Valuation of Construction	**$14,530,853**
Addition	$3,000,000
Interior Finish/Build-Out	$1,583,435
Miscellaneous	$9,212,000
Renovation	$735,418
TOTAL ESTIMATED VALUATION OF BUILDING PERMITS*	**$31,128,765**

*Includes all new residential construction (single family detached dwellings and townhomes), non-residential construction (including multi-family dwellings), accessory buildings, additions, tenant build-out, renovations, and miscellaneous construction. Estimated Valuations (Construction Costs) are provided by Applicants on Building Permit Applications.

Permit values transacted during the month do not necessarily equal dollars collected because of the timing of the actual issuance of the permits.

Building Permits

Month	FY2015	FY2014	BUDGET	Variance from Last Year	Variance from Budget
July	82,353	95,116	94,863	(12,763)	(12,510)
August	0	133,605	133,250		
September	0	79,606	79,394		
October	0	133,091	132,737		
November	0	113,777	113,475		
December	0	102,609	102,336		
January	0	91,634	91,390		
February	0	37,955	37,854		
March	0	82,251	82,032		
April	0	113,765	113,463		
May	0	148,190	147,796		
June	0	212,413	211,849		
Total (year-to-date)	82,353	1,344,012	1,340,440	(12,763)	(12,510)
				-1.5%	-1.4%

* seasonality based on last year's results

110-32120

Road Impact fees

Month	FY2015	FY2014	BUDGET	Variance from Last Year	Variance from Budget
July	229,572	153,724	316,667	75,848	(87,095)
August	0	888,987	316,667		
September	0	205,408	316,667		
October	0	264,184	316,667		
November	0	360,104	316,667		
December	0	351,901	316,667		
January	0	295,934	316,667		
February	0	76,244	316,667		
March	0	386,184	316,667		
April	0	122,560	316,667		
May	0	165,892	316,667		
June	0	1,454,780	316,667		
Total (year-to-date)	229,572	4,725,902	3,800,000	75,848	(87,095)
				2.5%	-3.1%

* seasonality based on last year's results

128-32800

Facilities Tax

Month	FY2015	FY2014	BUDGET	Variance from Last Year	Variance from Budget
July	174,169	188,335	308,099	(14,166)	(133,930)
August	0	282,956	308,099		
September	0	172,873	308,099		
October	0	1,182,887	308,099		
November	0	234,251	308,099		
December	0	188,891	308,099		
January	0	189,243	308,099		
February	0	70,242	308,099		
March	0	216,615	308,099		
April	0	160,708	308,099		
May	0	309,052	308,099		
June	0	652,730	308,099		
Total (year-to-date)	174,169	3,848,783	3,697,190	(14,166)	(133,930)
				-0.5%	-4.8%

* seasonality based on last year's results

130-31600

Williamson County Facilities Tax

Month	FY2015	FY2014	BUDGET	Variance from Last Year	Variance from Budget
July	83,121	71,175	69,308	11,946	13,813
August	0	0	30,000		
September	0	79,159	77,083		
October	0	179,384	145,000		
November	0	134,240	130,719		
December	0	55,574	54,116		
January	0	64,112	62,430		
February	0	68,997	67,187		
March	0	91,280	88,886		
April	0	102,399	99,713		
May	0	103,705	100,985		
June	0	76,909	74,892		
Total (year-to-date)	83,121	1,026,933	1,000,000	11,946	13,813
				1.6%	1.9%

* seasonality based on last year's results
budgeted in Capital Projects Fund beginning with FY11
310-31600

The TMA Group
Statement of Activities
Grant 20, Franklin Transit Service
For the One Month Ending July 31, 2014

	Month Actual	Month Budget	YTD Actual	YTD Budget	Total Budget
Revenues					
Revenue - Fares Fixed Route	$ 5,900.52	$ 6,166.67	$ 5,900.52	$ 6,166.67	74,000.00
Revenue - Transit Fares; HT	0.00	0.00	0.00	0.00	13,600.00
Revenue - Contracts	0.00	1,083.33	0.00	1,083.33	13,000.00
Revenue - Building & EquipRent	800.00	800.00	800.00	800.00	9,700.00
Revenue - Transit-Interest	333.24	833.33	333.24	833.33	10,000.00
Revenue - Sale of Surpls Asset	0.00	0.00	0.00	0.00	7,500.00
Revenue Grant - COF Capital	0.00	0.00	0.00	0.00	12,500.00
Revenue Grant - Transit COF	120,825.10	40,575.00	120,825.10	40,575.00	486,900.00
Revenue - Operating Assistance	0.00	0.00	0.00	0.00	249,515.00
Capital Expend - STATE 5307	0.00	0.00	0.00	0.00	12,500.00
Revenue Grant - STATE 5307	0.00	0.00	0.00	0.00	79,775.00
Revenue Grant - STATE 5309	335.47	335.50	335.47	335.50	4,026.00
Capital Expend - FEDERAL 5307	0.00	0.00	0.00	0.00	100,000.00
Revenue Grant - FEDERAL 5307	0.00	0.00	0.00	0.00	574,200.00
Revenue Grant - FEDERAL 5309	2,684.00	2,684.00	2,684.00	2,684.00	70,394.00
Total Revenues	130,878.33	52,477.83	130,878.33	52,477.83	1,717,610.00
Direct Cost of Program					
Salaries	36,321.51	38,941.66	36,321.51	38,941.66	467,300.00
Employer Taxes and Benefits	21,646.28	14,683.35	21,646.28	14,683.35	176,200.00
Professional Services	1,677.50	1,687.50	1,677.50	1,687.50	20,250.00
Transit Bldg/Oper. Maintenance	60.00	1,383.33	60.00	1,383.33	16,600.00
Transit Maintenance-Fxed Route	1,209.97	3,916.67	1,209.97	3,916.67	47,000.00
Transit Maintenance-TODD	4,392.95	3,916.67	4,392.95	3,916.67	47,000.00
Transit Center Cleaning	422.00	375.00	422.00	375.00	4,500.00
Education/Community Outreach	0.00	833.33	0.00	833.33	10,000.00
Promotional Products	0.00	500.00	0.00	500.00	6,000.00
Print Advertising	0.00	1,250.00	0.00	1,250.00	15,000.00
Radio Advertising/Web	0.00	750.00	0.00	750.00	9,000.00
Printed Brochures & Pieces	0.00	687.50	0.00	687.50	8,250.00
Legal Fees	0.00	208.33	0.00	208.33	2,500.00
Planning/Transit	0.00	7,208.33	0.00	7,208.33	86,500.00
Transit-DAM Compliance	148.00	291.67	148.00	291.67	3,500.00
Transit Fuel - Fixed Route	5,545.89	6,208.33	5,545.89	6,208.33	74,500.00
Transit Fuel - TODD	5,322.94	6,208.33	5,322.94	6,208.33	74,500.00
Transit Fuel - Contract	100.42	83.33	100.42	83.33	1,000.00
Supplies - Transit	0.00	958.33	0.00	958.33	11,500.00
Transit Maint. Fac - Utilities	346.43	1,333.33	346.43	1,333.33	16,000.00
Radio Communications	42.99	416.67	42.99	416.67	5,000.00
Trolley Insurance-Fixed Route	2,740.31	2,750.00	2,740.31	2,750.00	33,000.00
Trolley Insurance-TODD	2,219.85	2,383.33	2,219.85	2,383.33	28,600.00
Transit General Liability	371.73	741.67	371.73	741.67	8,900.00
Payouts for Insured Liab Damag	26.04	0.00	26.04	0.00	0.00
Errors & Omissions Liability	533.00	541.67	533.00	541.67	6,500.00
Dues, Subs, Tuition	184.58	720.83	184.58	720.83	8,650.00
Meetings	0.00	208.33	0.00	208.33	2,500.00
Travel & Training	5.38	416.67	5.38	416.67	5,000.00
Trolley Cleaning Supplies - FX	0.00	20.83	0.00	20.83	250.00
Trolley Cleaning Supplies TODD	0.00	20.83	0.00	20.83	250.00
Equipment - Transit	167.80	0.00	167.80	0.00	125,000.00
Transit Maint. Facility-Rent	3,354.67	3,375.00	3,354.67	3,375.00	40,500.00
Depreciation - Transit Off Equ	29.15	0.00	29.15	0.00	0.00
Total Direct Cost of Program	86,869.39	103,020.82	86,869.39	103,020.82	1,361,250.00
Indirect Expenditures	27,698.79	29,696.67	27,698.79	29,696.67	356,360.00
Net Difference	$ 16,310.15	($ 80,239.66)	$ 16,310.15	($ 80,239.66)	0.00

Results of Fuel Hedging contract, FY2014-2015, through month of July

							3.57%	*1.41%*	
							12,000 gallons	*9,700 gallons*	
Gas Price	Gas Contract	Spread	Diesel Price	Diesel Contract	Spread	Month	**Gas Contracts**	**Diesel Contracts**	Total
$2.9101	$2.6900	$0.220	$2.8445	$2.8675	($0.023)	July	$1,320.84	($95.61)	$1,225.23
0.0000	0.0000	0.000	0.0000	0.0000	0.000	August	0.00	0.00	0.00
0.0000	0.0000	0.000	0.0000	0.0000	0.000	September	0.00	0.00	0.00
0.0000	0.0000	0.000	0.0000	0.0000	0.000	October	0.00	0.00	0.00
0.0000	0.0000	0.000	0.0000	0.0000	0.000	November	0.00	0.00	0.00
0.0000	0.0000	0.000	0.0000	0.0000	0.000	December	0.00	0.00	0.00
0.0000	0.0000	0.000	0.0000	0.0000	0.000	January	0.00	0.00	0.00
0.0000	0.0000	0.000	0.0000	0.0000	0.000	February	0.00	0.00	0.00
0.0000	0.0000	0.000	0.0000	0.0000	0.000	March	0.00	0.00	0.00
0.0000	0.0000	0.000	0.0000	0.0000	0.000	April	0.00	0.00	0.00
0.0000	0.0000	0.000	0.0000	0.0000	0.000	May	0.00	0.00	0.00
0.0000	0.0000	0.000	0.0000	0.0000	0.000	June	0.00	0.00	0.00
0.2425	2.5500	-2.307	0.2370	2.8675	-2.630	**Fiscal Yr Total**	**1,320.84**	**-95.61**	**1,225.23**

Contract schedule:

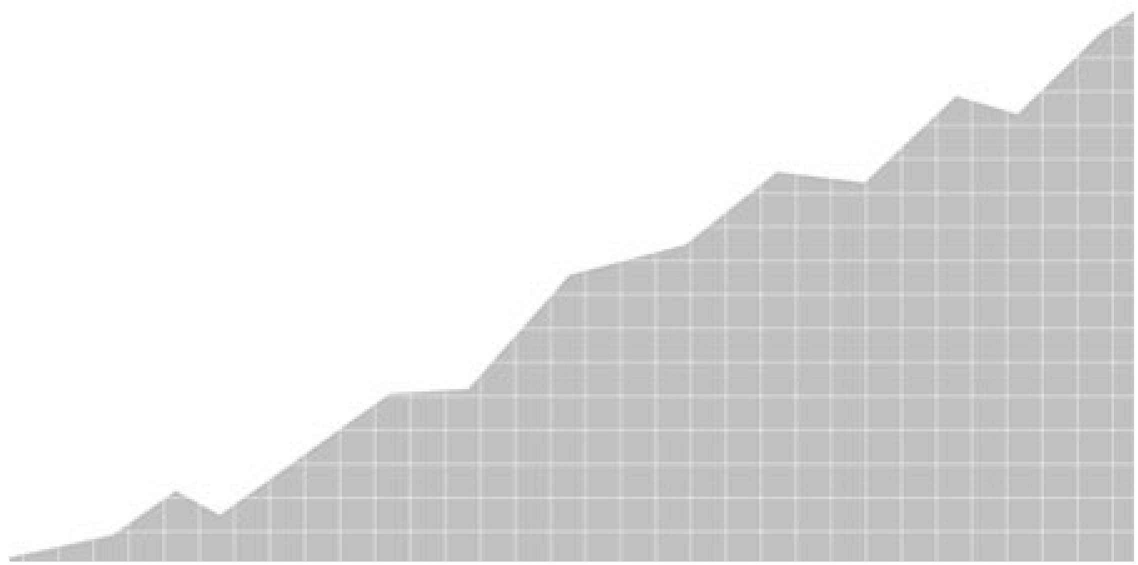
Contract	Trade Date	Effective Date	Termination Date	Price	Gallons
Diesel	6/5/14	7/1/14	6/30/15	2.868	126,000
Gasoline	6/5/14	7/1/14	6/30/16	2.690	84,000
Diesel	8/7/14	7/1/14	6/30/15	2.888	168,000
Gasoline	8/7/14	7/1/14	6/30/16	2.687	84,000

GOVERNMENT PORTFOLIO ADVISORS

Monthly Report

Account **7/31/2014**

City of Franklin



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GOVERNMENT PORTFOLIO ADVISORS

MONTH END COMMENTARY

July 2014

With the exception of the 30-year long bond, yields rose in July, spurred on by a much higher than expected increase in GDP in the second quarter of 4%. This report was issued after the GDP in the first quarter was revised to a negative 2.1%. Growth in the first half of the year has now averaged 1%. The Bureau of Economic Analysis emphasized that the second quarter advance estimate was based on source data that are incomplete or subject to further revision by the Bureau. The "second" estimate for the second quarter, based on more complete data, will be released on August 28, 2014. Nevertheless, bonds reacted negatively with a large sell off in prices and an increase in yields across the curve.

Geo-political Events: Before the GDP number was released, bond prices had rallied to their highest point since March as a flight to quality continued due to a variety of global destabilizing events. The shooting down of a Malaysian plane in the Ukraine, Israel's escalating military operations in the Gaza strip and expanded sanctions in Russia contributed to the rush to the safety of U.S. Government bonds.

FOMC Minutes: The Federal Reserve will continue to taper and reduce its pace of bond purchases by another $10 billion as labor market conditions improve and the unemployment rate declines further, the June FOMC meeting minutes said. However, the FOMC cautioned that there remains significant underutilization of labor resources, with the recovery in the housing sector moving at a slow pace. The federal funds rate will remain at the current 0 to .25% target range. The minutes showed the FOMC is debating having the final reduction come in a single $15 billion reduction, or in a $10 billion reduction followed by a $5 billion reduction, which would make the final reduction in October.

Other economic data:

Non-farm Payrolls/Unemployment: Payroll employment increased by 288,000 in the month of June, with upward revisions to both May and April. Job gains were broad based, with notable increases in business services outside of the temporary sector. The unemployment rate fell to 6.1%, the lowest reading since September 2008. Expectations were for the unemployment rate to remain unchanged at 6.3%.

European Bond Yields: Bonds yields have fallen to the lowest levels in modern history in Germany, France and other European nations. 10 Year German bonds fell to a record low of 1.1% while French 10 Year bonds fell to 1.50%. The 10 Year U.S. Bond ended the month at 2.56%. Risks of deflation and mounting concerns about sanctions against Russia contributed to the drop in European yields.

Housing Data: Housing starts fell 9.3% to an 893,000 annualized rate from a 985,000 pace in May that was weaker than initially estimated. The median estimate of 79 economists surveyed by Bloomberg called for a 1.02 million rate.

GOVERNMENT PORTFOLIO ADVISORS

Treasury Yield Curve Total Returns over the last 12 months:*

Maturity	Total Return (trailing 12 months)
3month bill	.05
1 year note	.26
2 year note	.57
3 year note	.54
5 year note	1.06

Changes in the Treasury Market over the past quarter (absolute yield levels):*

	7/31/13	5/31/14	6/30/14	7/31/14	Change in July	Change from prior year
3month bill	.04	.04	.02	.02	unch	-.02
6month bill	.07	.05	.07	.05	-.02	-.02
2 year note	.31	.38	.46	.53	+.07	+.22
3 year note	.59	.78	.87	.99	+.12	+.40
5 year note	1.38	1.54	1.63	1.76	+.13	+.38
10 year bond	2.58	2.48	2.53	2.56	+.03	-.02
30 year bond	3.64	3.33	3.36	3.31	-.05	-.33

*Source: Bloomberg

Portfolio Characteristics - Settled Trades

US Dollar

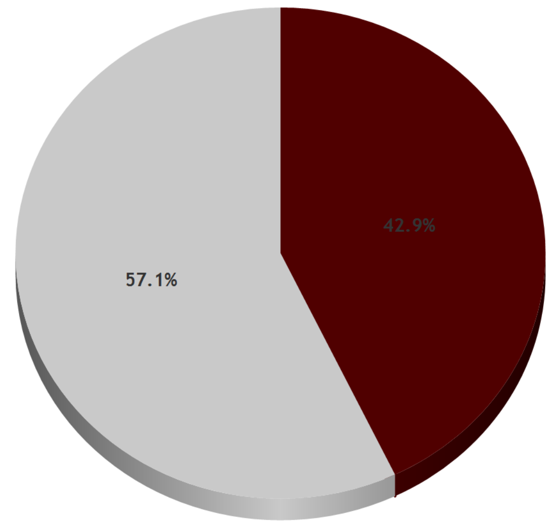
City of Franklin

7/31/2014

Weighted Averages

Average Yield	0.64
Average Maturity	2.07
Average Coupon	0.69
Average Duration	2.04
Average Moody	Aaa
Average S&P	AA+
Average Fitch	Not Rated

Fixed Income Allocation



Fixed Income Totals

Par Value	17,500,000
Market Value	17,505,239.69
Total Cost	17,496,169.80
Net Gain/Loss	9,069.89
Annual Income	121,250.00

Security Type	Market Value	% Fixed Income	% Assets
US Agency (USD)	7,507,972.50	42.9	42.9
US Treasury (USD)	9,997,267.19	57.1	57.1
Fixed Income Total	**17,505,239.69**	**100.0**	**100.0**

PORTFOLIO HOLDINGS- SETTLED TRADES

City of Franklin

July 31, 2014

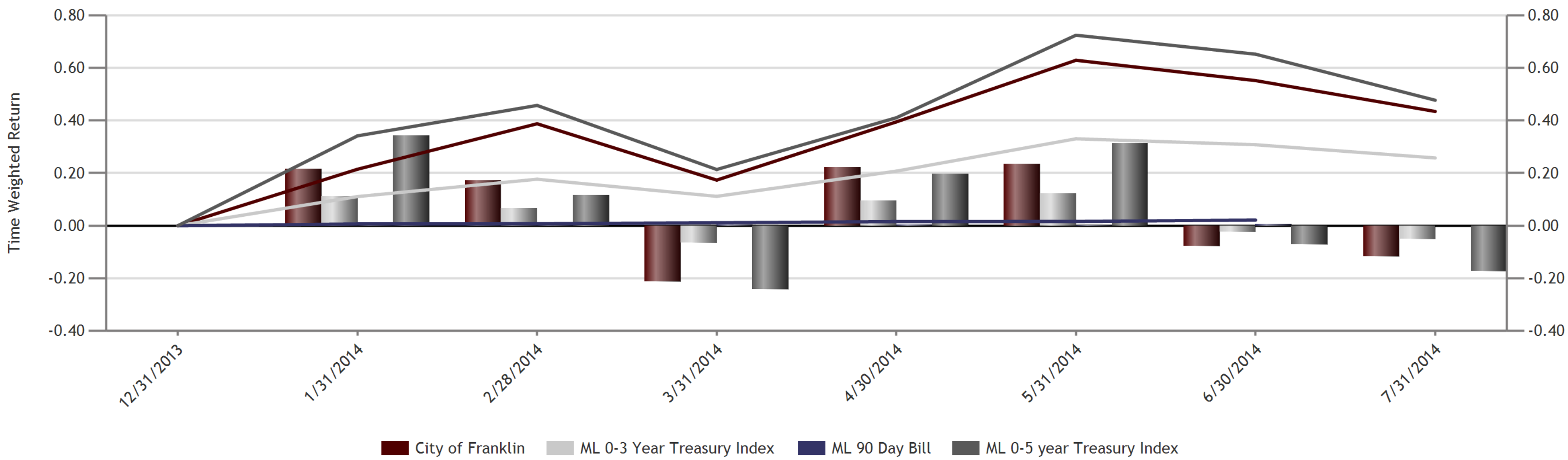
Cusip	Par Value	Security	Call Date	Trade Date	Amor Price	Book Yield	Market Price	Market Yield	Market Value	Accrued Interest	Total Value	Unrealized Gain/Loss	Pct. Assets	Dur Mat	Dur Call
US Treasury															
912828VR8	2,500,000	UNITED STATES TREAS NTS 0.625% Due 08-15-16		03-27-14	100.00	0.62	100.09	0.58	2,502,345.00	7,165.06	2,509,510.06	2,261.20	14.3	2.02	2.02
912828WA4	2,500,000	UNITED STATES TREAS NTS 0.625% Due 10-15-16		03-27-14	99.83	0.70	99.90	0.67	2,497,460.00	4,567.96	2,502,027.96	1,695.08	14.3	2.18	2.18
912828A59	2,500,000	UNITED STATES TREAS NTS 0.625% Due 12-15-16		12-18-13	99.97	0.64	99.72	0.74	2,492,970.00	1,963.80	2,494,933.80	-6,331.69	14.2	2.35	2.35
912828SC5	2,500,000	UNITED STATES TREAS NTS 0.875% Due 01-31-17		03-27-14	100.08	0.84	100.18	0.80	2,504,492.19	0.00	2,504,492.19	2,599.28	14.3	2.47	2.47
	10,000,000					0.70		0.70	9,997,267.19	13,696.82	10,010,964.01	223.87	57.1	2.26	2.26
US Agency Bullet															
313378CN9	2,500,000	FEDERAL HOME LOAN BANKS 0.600% Due 08-17-15		03-12-12	99.94	0.66	100.33	0.28	2,508,200.00	6,833.33	2,515,033.33	9,664.43	14.3	1.04	1.04
313380L96	2,500,000	FEDERAL HOME LOAN BANKS 0.500% Due 11-20-15		07-11-13	99.99	0.51	100.21	0.34	2,505,215.00	2,465.28	2,507,680.28	5,545.85	14.3	1.30	1.30
3137EADJ5	2,500,000	FEDERAL HOME LN MTG CORP 1.000% Due 07-28-17		12-18-13	100.04	0.99	99.78	1.07	2,494,557.50	208.33	2,494,765.83	-6,364.26	14.3	2.94	2.94
	7,500,000					0.72		0.56	7,507,972.50	9,506.94	7,517,479.44	8,846.03	42.9	1.76	1.76
TOTAL PORTFOLIO	**17,500,000**					**0.71**		**0.64**	**17,505,239.69**	**23,203.76**	**17,528,443.45**	**9,069.89**	**100.0**	**2.04**	**2.04**

Performance History

Industry Sector	Month To Date	Quarter To Date	Year To Date	Latest 1 Year	Inception To Date
Treasury	-0.16	-0.16	0.58		0.58
Agency	-0.05	-0.05	0.41		0.41
Account	**-0.12**	**-0.12**	**0.43**		**0.43**

Index					
ML 0-3 Year Treasury Index	-0.05	-0.05	0.26		0.26
ML 90 Day Bill					
ML 0-5 year Treasury Index	-0.17	-0.17	0.48		0.48

Time Weighted Return Inception (12/31/2013) to Date



Yield Curve Distribution

vs. 0-3 Treasury Benchmark

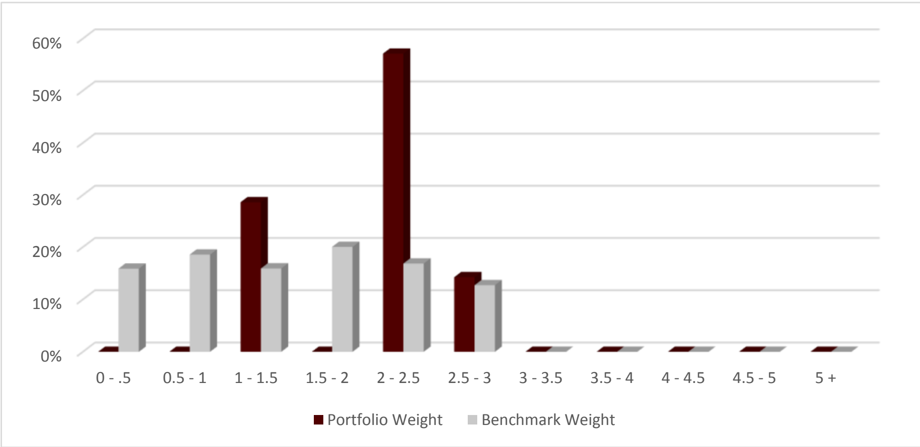
City of Franklin

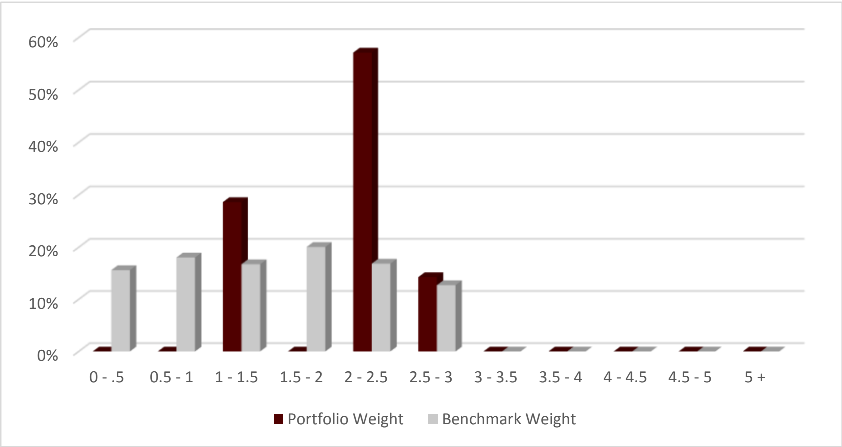
8/1/2014

	Effective Duration	Modified Duration
Portfolio	2.03	2.03
Benchmark	1.45	1.46
Difference	0.58	0.57

Modified Duration	Market Value	Portfolio Weight	Benchmark Weight	Overweight/ Underweight
	$ 17,533,276			
0 - .5	$ -	0%	16%	-16%
0.5 - 1	$ -	0%	19%	-19%
1 - 1.5	$ 5,017,500	29%	16%	13%
1.5 - 2	$ -	0%	20%	-20%
2 - 2.5	$ 10,014,551	57%	17%	40%
2.5 - 3	$ 2,501,225	14%	13%	2%
3 - 3.5	$ -	0%	0%	0%
3.5 - 4	$ -	0%	0%	0%
4 - 4.5	$ -	0%	0%	0%
4.5 - 5	$ -	0%	0%	0%
5 +	$ -	0%	0%	0%

Effective Duration	Market Value	Portfolio Weight	Benchmark Weight	Overweight/ Underweight
	$ 17,533,276			
0 - .5	$ -	0%	16%	-16%
0.5 - 1	$ -	0%	18%	-18%
1 - 1.5	$ 5,017,500	29%	17%	12%
1.5 - 2	$ -	0%	20%	-20%
2 - 2.5	$ 10,014,551	57%	17%	40%
2.5 - 3	$ 2,501,225	14%	13%	2%
3 - 3.5	$ -	0%	0%	0%
3.5 - 4	$ -	0%	0%	0%
4 - 4.5	$ -	0%	0%	0%
4.5 - 5	$ -	0%	0%	0%
5 +	$ -	0%	0%	0%





*Please review the last page of this report for our disclaimer

Government Portfolio Advisors

PERFORMANCE REPORT

NET OF FEES

City of Franklin

From 06-30-14 to 07-31-14

Portfolio Value on 06-30-14	17,534,019.7
Accrued Interest	36,262.24
Contributions	0.00
Withdrawals	-23,437.50
Realized Gains	0.00
Market Value Change in Period	-28,780.00
Interest	10,379
Portfolio Value on 07-31-14	17,505,239.69
Accrued Interest	23,203.76
Average Capital	17,568,316.21
Total Return	-20,484.31
Return for Period	**-0.12**
Annualized Return for period	-1.36

Government Portfolio Advisors

PORTFOLIO SUMMARY

City of Franklin

July 31, 2014

Security Type	Total Cost	Total Adjusted Cost	Market Value	Pct. Assets	Yield On Cost	Est.Annual Income
Fixed Income Investments	17,492,166.88	17,496,169.80	17,505,239.69	100.0	0.71	121,250.00
TOTAL PORTFOLIO	**17,492,166.88**	**17,496,169.80**	**17,505,239.69**	**100.0**	**0.71**	**121,250.00**

Government Portfolio Advisors

EARNED INCOME REPORT

City of Franklin

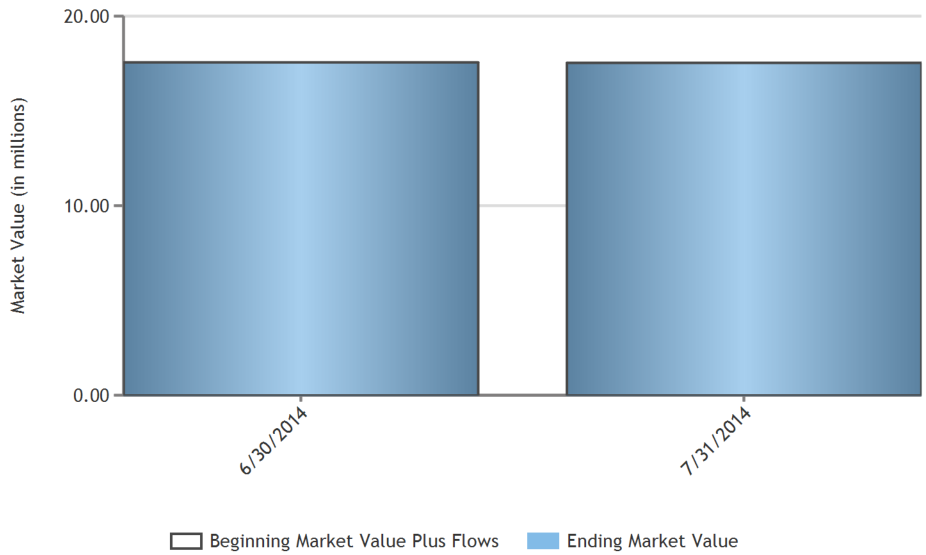
From 06-30-14 To 07-31-14

Security Symbol	Description	Beginning Accrued Interest	Purchased Interest	Sold Interest	Interest Received	Ending Accrued Interest	Earned Interest	Amortization/ Accretion	Earned Income
US Agency (USD)									
US Agency Bullet									
313378CN9	FEDERAL HOME LOAN BANKS 0.600% Due 08-17-15	5,541.67	0.00	0.00	0.00	6,833.33	1,291.67	119.47	1,411.14
313380L96	FEDERAL HOME LOAN BANKS 0.500% Due 11-20-15	1,388.89	0.00	0.00	0.00	2,465.28	1,076.39	21.62	1,098.00
3137EADJ5	FEDERAL HOME LN MTG CORP 1.000% Due 07-28-17	10,555.56	0.00	0.00	-12,500.00	208.33	2,152.78	-25.77	2,127.01
		17,486.11	0.00	0.00	-12,500.00	9,506.94	4,520.83	115.31	4,636.15
US Agency (USD) Total		17,486.11	0.00	0.00	-12,500.00	9,506.94	4,520.83	115.31	4,636.15
US Treasury (USD)									
US Treasury									
912828VR8	UNITED STATES TREAS NTS 0.625% Due 08-15-16	5,827.00	0.00	0.00	0.00	7,165.06	1,338.05	-3.49	1,334.56
912828WA4	UNITED STATES TREAS NTS 0.625% Due 10-15-16	3,244.54	0.00	0.00	0.00	4,567.96	1,323.43	163.25	1,486.68
912828A59	UNITED STATES TREAS NTS 0.625% Due 12-15-16	640.37	0.00	0.00	0.00	1,963.80	1,323.43	24.99	1,348.42
912828SC5	UNITED STATES TREAS NTS 0.875% Due 01-31-17	9,064.23	0.00	0.00	-10,937.50	0.00	1,873.27	-64.40	1,808.87
		18,776.13	0.00	0.00	-10,937.50	13,696.82	5,858.18	120.35	5,978.53
US Treasury (USD) Total		18,776.13	0.00	0.00	-10,937.50	13,696.82	5,858.18	120.35	5,978.53
TOTAL PORTFOLIO		**36,262.24**	**0.00**	**0.00**	**-23,437.50**	**23,203.76**	**10,379.02**	**235.66**	**10,614.68**

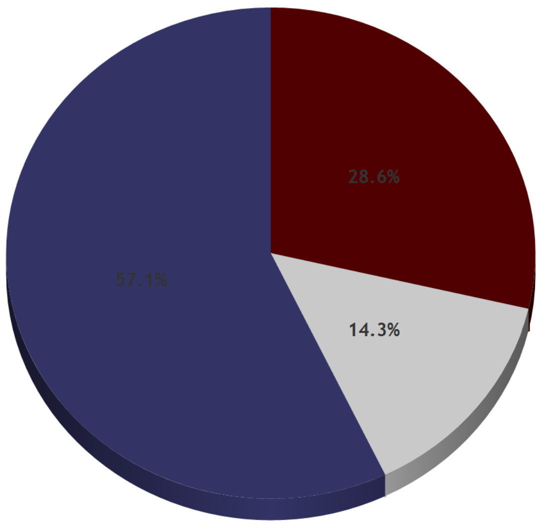
Activity Summary

	Month to Date
Beginning Value	**17,534,019.69**
Accrued Interest	36,262.24
Net Contributions/Withdrawals	-23,437.50
Realized Gains	0.00
Unrealized Gains	-28,780.00
Income Received	23,437.50
Change in Accrued Interest	-13,058.48
Ending Value	**17,505,239.69**
Accrued Interest	23,203.76
Management Fees Paid By Client	-2,083.33

Change in Portfolio



Portfolio Allocation as of 7/31/2014

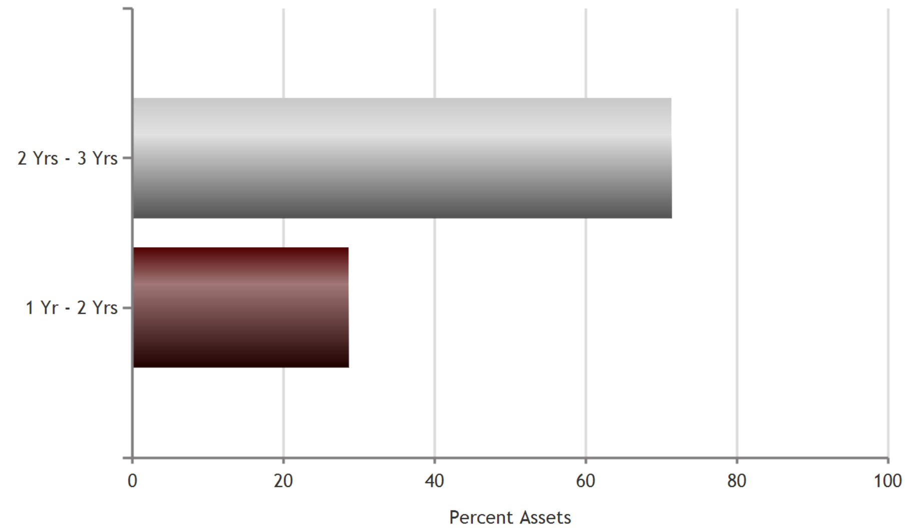


Issuer	Market Value	% Assets	Yield
FEDERAL HOME LOAN BANKS	5,013,415.00	28.6	0.6
FEDERAL HOME LN MTG CORP	2,494,557.50	14.3	1.0
UNITED STATES TREAS NTS	9,997,267.19	57.1	0.7
Total	**17,505,239.69**	**100.0**	**0.7**

Distribution by Duration

Duration	Number	Market Value	% FI Holdings	Average YTM	Average Coupon	Average Duration
1 Yr - 2 Yrs	2	5,013,415.00	28.6	0.3	0.550%	1.2
2 Yrs - 3 Yrs	5	12,491,824.69	71.4	0.8	0.750%	2.4

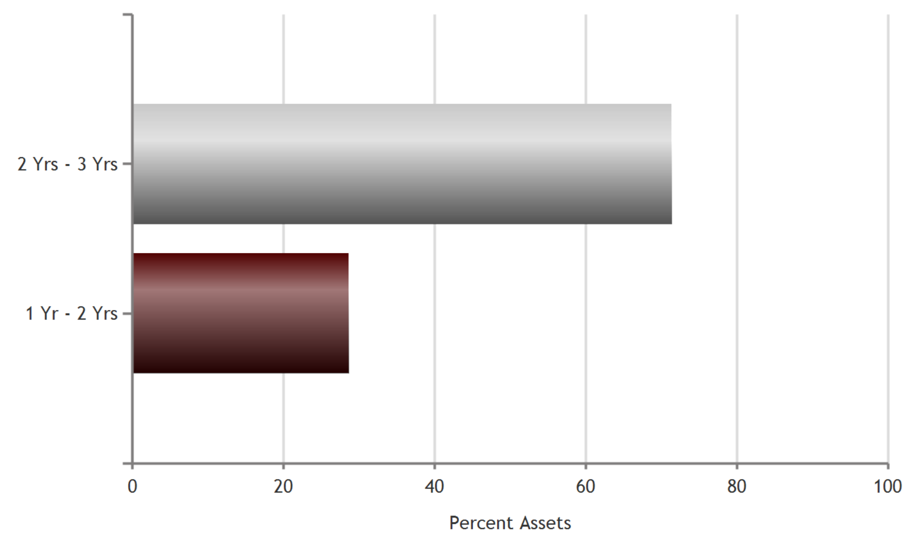
Distribution by Duration



Distribution by Maturity

Maturity	Number	Market Value	% FI Holdings	Average YTM	Average Coupon	Average Duration
1 Yr - 2 Yrs	2	5,013,415.00	28.6	0.3	0.550%	1.2
2 Yrs - 3 Yrs	5	12,491,824.69	71.4	0.8	0.750%	2.4

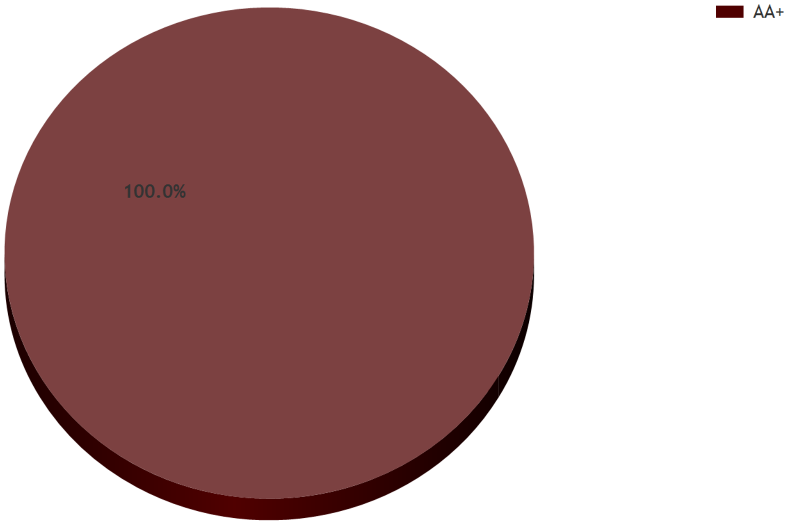
Distribution by Maturity



Distribution by S&P Rating

S&P Rating	Number	Market Value	% FI Holdings	Average YTM	Average Coupon	Average Duration
AA+	7	17,505,239.69	100.0	0.7	0.693%	2.8

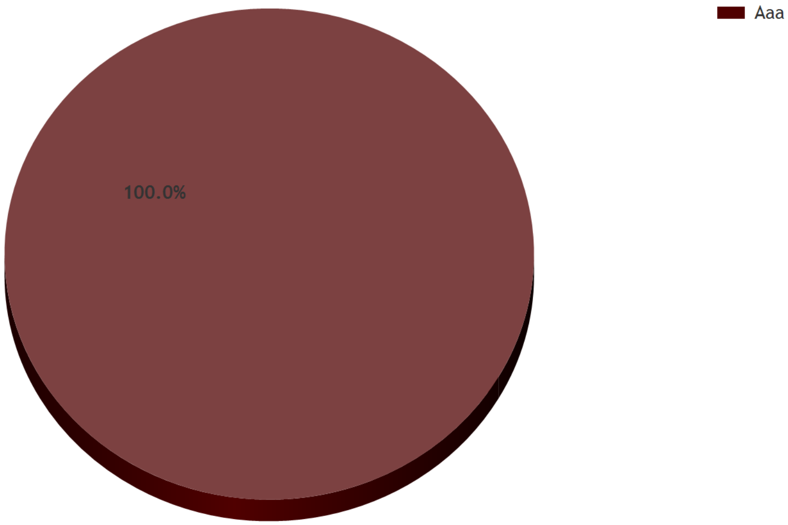
Distribution by S&P Rating



Distribution by Moody Rating

Moody Rating	Number	Market Value	% FI Holdings	Average YTM	Average Coupon	Average Duration
Aaa	7	17,505,239.69	100.0	0.7	0.693%	2.8

Distribution by Moody Rating



Interest

Trade Date	Settle Date	Symbol	Security	Amount
7/28/2014	7/28/2014	3137EADJ5	FEDERAL HOME LN MTG CORP 1.000% Due 07-28-17	12,500.00
7/31/2014	7/31/2014	912828SC5	UNITED STATES TREAS NTS 0.875% Due 01-31-17	10,937.50
Total Interest				**23,437.50**

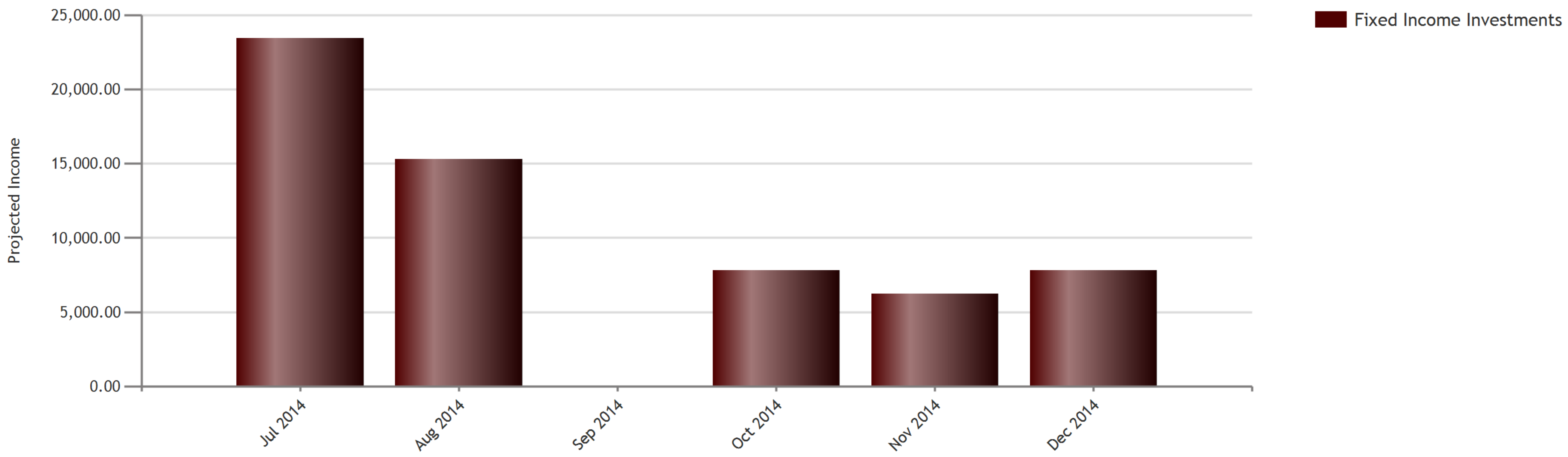
Expenses

Trade Date	Settle Date	Symbol	Security	Amount
7/31/2014	7/31/2014	manfee	Management Fee	2,083.33
Total Expenses				**2,083.33**

Income Projection

US Dollar

7/1/2014 - 12/31/2014



	Jul 2014	Aug 2014	Sep 2014	Oct 2014	Nov 2014	Dec 2014
Fixed Income Investments	23,437.50	15,312.50	0.00	7,812.50	6,250.00	7,812.50
US Agency (USD)	12,500.00	7,500.00	0.00	0.00	6,250.00	0.00
US Treasury (USD)	10,937.50	7,812.50	0.00	7,812.50	0.00	7,812.50
Total	**23,437.50**	**15,312.50**	**0.00**	**7,812.50**	**6,250.00**	**7,812.50**

Grand Total	**60,625.00**

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Market Value
Generally, market prices in GPA's reports are derived from closing bid prices as of the last business day of the month as supplied by Interactive Data or Bloomberg. Where prices are not available from generally recognized sources the securities are priced using a yield-based matrix system to arrive at an estimated market value. Prices that fall between data points are interpolated. Non-negotiable FDIC - insured bank certificates of deposit are priced at par. Although GPA believes the prices to be reliable, the values of the securities do not always represent the prices at which the securities could have been bought or sold. Explanation of the valuation methods for money market and TERM funds is contained in the appropriate fund information statement.

Amortized Cost
The original cost of the principal of the security is adjusted for the amount of the periodic reduction of any discount or premium from the purchase date until the date of the report. Discount or premiums with respect to short term securities (those with less than one year to maturity at time of issuance) is amortized on a straightline basis. Such discount or premium with respect to longer term securities is amortized using the constant yield basis.

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In order to better serve you, GPA should be promptly notified of any material change in your investment objective or financial situation.

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Securities subject to redemption prior to maturity may be redeemed in whole or in part before maturity, which could affect the yield represented. Certain call dates may not show up on the report if the call date has passed and it is continuously callable.

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The duration listed on the reports is duration to maturity and duration to call. These reports do not calculate the effective duration that incorporates callable bonds. GPA will provide this number in the strategic reports.

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