



City of Franklin

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

Meeting Agenda

Budget & Finance Committee

Thursday, June 8, 2017

2:00 PM

Board Room

Approval of Minutes

1. [17-0516](#) Consideration of Minutes from May 11, 2017.
2. [17-0368](#) Consideration of Resolution 2017-47, A Resolution to Adopt an Updated Investment Policy for Non-Pension Assets (06/08/17 Finance 3-0)

Sponsors: Kristine Brock

Attachments: [Investment Presentation 6-8-17](#)
[DRAFT Franklin Investment Policy Update 2017 v2](#)
[2017-47 RES revisioons to Investment Policy Law Approved](#)
3. [17-0511](#) Consideration of Ordinance 2017-30, An Ordinance to Adopt Updates to the Franklin Municipal Code Title 18 Water and Sewer Billing Procedures. (06/08/17 Finance 3-0, 06/27/17 1ST BOMA Reading 6-0) SECOND AND FINAL READING

Sponsors: Kristine Brock and Lawrence Sullivan

Attachments: [2017-30 ORD Clarifying Discount Penalty Language for Sewer Bills in Title 18.I](#)
4. [17-0512](#) Consideration of Ordinance 2017-31, An Ordinance to Adopt Updates to the Franklin Municipal Code Title 23 Stormwater Management's Billing Procedures. (06/08/17 Finance 3-0, 06/27/17 1ST BOMA Reading 6-0) SECOND AND FINAL READING

Sponsors: Kristine Brock and Lawrence Sullivan

Attachments: [2017-31 ORD Title 23 Stormwater Management.Law Approved.pdf](#)
5. [17-0476](#) Consideration of Resolution No. 2017-41, A Resolution Adopting A Revised Purchasing Policy For City Of Franklin Procurements Not Pertaining To New Construction. (06/08/17 Finance 3-0)

Sponsors: Brian Wilcox

Attachments: [Res. No. 2017-41 for Purchasing Policy, with attachment, approved by Law](#)
[Res. No. 2017-41 for Purchasing Policy DRAFT 2017.05.24.1149](#)
[Exhibit A to Res. No. 2017-41 for Purchasing Policy DRAFT 2017.05.24.1446 cl](#)
[Exhibit A to Res. No. 2017-41 for Purchasing Policy DRAFT 2017.05.24.1446 C](#)

6. [17-0477](#) Consideration of Resolution No. 2017-42, A Resolution Adopting A Revised Vendor Protest Procedure For City Of Franklin Procurements Not Pertaining To New Construction. (06/08/17 Finance 3-0)

Sponsors: Brian Wilcox

Attachments: [Res. No. 2017-42 for Vendor Protest Procedure 2017.05.24.1238](#)
[Exhibit A to Res. No. 2017-42 for Vendor Protest Procedure 2017.05.24.1520 cl](#)
[Exhibit A to Res. No. 2017-42 for Vendor Protest Procedure 2017.05.24.1520 C](#)
[Res. No. 2017-42 for Vendor Protest Procedure, with attachment, approved by I](#)

7. [17-0371](#) Presentation of Actuarial Valuation Report

Sponsors: Kristine Brock

Attachments: [Summary of draft Actuarial Valuation Report as of January 1, 2017](#)
[Draft Summary of Actuarial Valuation Report Presented to Pension Committee](#)

8. [17-0365](#) Financial Report - 3rd Quarter FY 2017

Sponsors: Mike Lowe

Attachments: [City of Franklin - 3rd Quarter Report 2017](#)

9. [17-0369](#) Monthly Reports for June 2017

Sponsors: Mike Lowe

Attachments: [Monthly Reports - June 2017](#)

Other Business

Adjournment

ANYONE REQUESTING ACCOMMODATIONS DUE TO DISABILITIES SHOULD CONTACT A.D.A. COORDINATOR, AT 791-3277 AT LEAST 10 DAYS PRIOR TO THE MEETING, IF POSSIBLE.

Investment Program Review City of Franklin

June 8, 2017

Heather Woodring, CFA
Investment Advisor
Senior, Government Portfolio Advisors
617-489-9973

Investment Advisory Overview

Investment Advisor since December 2011

- Fiduciary Capacity
- Transparency of Fees
- Provides more comprehensive services including:
 - ✓ Investment Policy
 - ✓ Strategic Development
 - ✓ Cash Flow Analysis
 - ✓ Council Presentations
 - ✓ Reporting
- Efficient use of time and internal resources



Key Competencies of the Investment Program

Managing with Intention:

Create an investment strategy that optimizes the risk and return expectations of your organization.

Managing with Transparency:

Have a clearly articulated reporting process to provide for transparency regarding all aspects of the investment program.

Managing with Accountability:

Fiduciary responsibility to manage the funds appropriately based on safety, liquidity, and return.

Managing with Confidence:

Clearly understanding the goals of the program and developing resources and processes to meet those goals.



Key Roles of Responsibilities

Non-
Discretionary

	ADVISOR	CLIENT
Set Asset Allocation Targets	Recommends	
Investment Policy Statement	Recommends	
Implement/Rebalancing:	Recommends	
Security Selection:	Recommends	



Investment Policy

Articulates the objectives of the City's investment program of safety, liquidity and return

Incorporates constraints that will balance the risk and return characteristics of the investments.

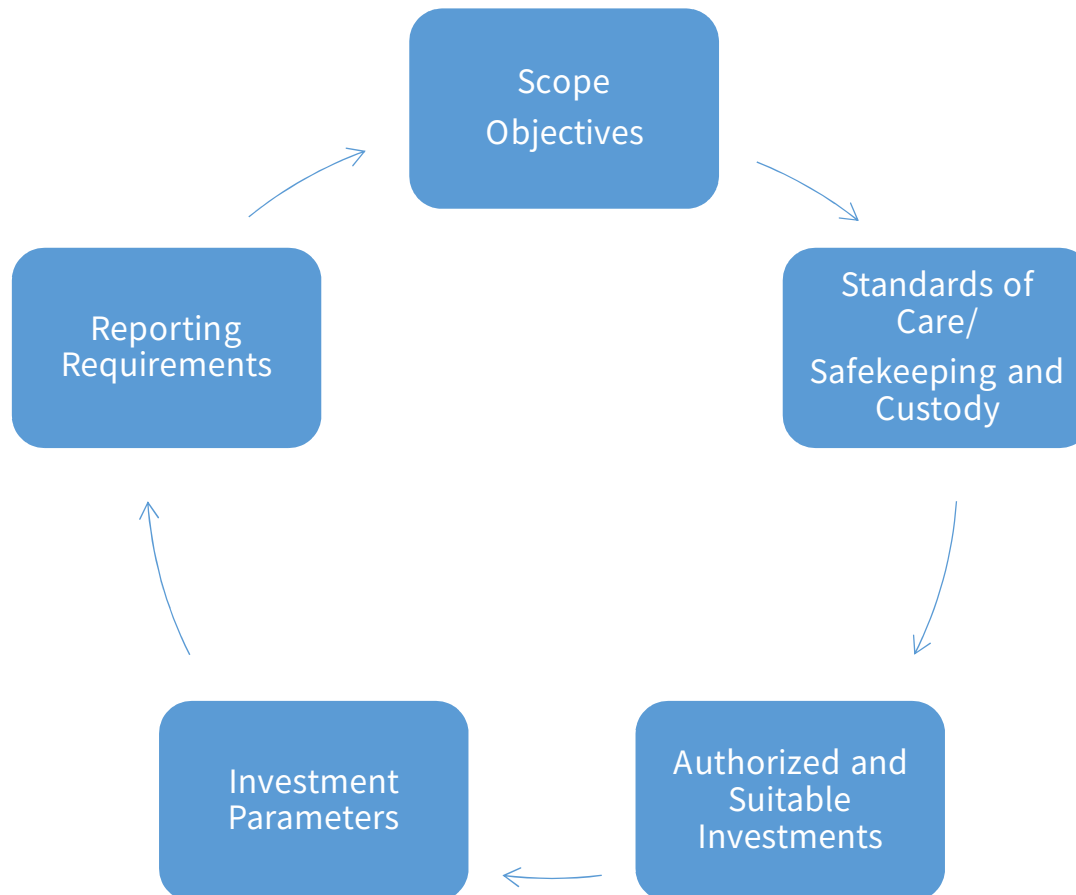
The updates that are being proposed are primarily clarification items regarding rating interpretation and to align the structure of the policy to the GFOA best practice standards.

Allows the City to implement its own risk parameters through the following constraints:

- Single Maturity: 4 years –with the exception of US treasury securities which has a 5 year maximum maturity
- Weighted Average Maturity of total funds – 2 years
- Asset Allocation - Constraints applied in Diversification table
- Rating AA- by S&P, or Aa3 by Moody's or AA- by Fitch



Investment Policy



Compliance Report



Total Funds Franklin

Compliance Report

Draft Policy 2017 |
04/30/2017

	Policy Requirement	% of Total Accumulated	Portfolio Allocation	Within Limits	S&P	Moody's
Under 30 days	0%	28%	\$ 27,355,672 ↓	Yes	Muni's	AA-
Under 1 year		51%	\$ 48,961,679 ↑	Yes	C P	A-1
Under 5 years	100%	100%	\$ 96,836,417 ↓	Yes		P-1
				Yes		
Maximum Weighted Average Maturity	Years		1.03 ↓	Yes		
Maximum Callable Securities	15%	4%	\$ 7,467,310 ↑	Yes		
Maximum Single Maturity - UST 5 yrs all others 4 yrs	5 Years		3.13 ↓	Yes	Policy states one rating meets policy	

Asset Allocation Diversification	Maximum Policy Allocation	Issuer Constraint	Percentage of Portfolio	Market Value	% Within Limits	Ratings Compliance	Issuer Compliance
US Treasury Obligations	100%		30%	\$ 29,418,748 ↓	Yes		
US Agencies Primary	100%		39%	\$ 37,424,595 ↑	Yes		
FHLB		100%	3%	\$ 2,499,345 ↑	Yes		
FNMA		100%	13%	\$ 12,495,970 ↑	Yes		
FHLMC		100%	21%	\$ 19,940,753 ↑	Yes		
FFCB		100%	3%	\$ 2,488,528 ↑	Yes		
Other GSE's	10%	5%					
Municipal Bonds including City of Franklin Notes	10%	100%	0%	\$			
Certificates of Deposit and Bank Deposits	50%	50%	31%	\$ 29,993,075 ↓	Yes	Yes	Yes
Commercial Paper	20%	5%	0%	\$			
Bankers Acceptances	10%	5%					
Repurchase Agreements	10%	10%					
Local Government Investment Pool	100%	N/A				1	1
Total			100%	\$ 96,836,417 ↓			

1 Ratings & Issuer restrictions do not apply to pool funds

Name	Par Amount	Total Adjusted Cost	Market Value	Unrealized Gain/Loss	Yield At Cost	Eff Dur	Bench Dur
City of Franklin - Core Investment Fund	\$ 67,185,535	\$ 67,146,320	\$ 67,028,877 ↑	\$ (117,442.54)	1.10	1.32	1.40
City of Franklin Liquidity	\$ 29,807,540	\$ 29,807,540	\$ 29,807,540 ↓		0.92	0.10	0.10
TOTAL PORTFOLIO	\$ 96,993,075	\$ 96,953,860	\$ 96,836,417 ↓	\$ (117,442.54)	1.05	0.94	1.00



City of Franklin 6/8/17

Investment Strategy Implementation

Liquidity Fund

Established to meet operating and project fund cash flows

Constant review of cash flow and budgets

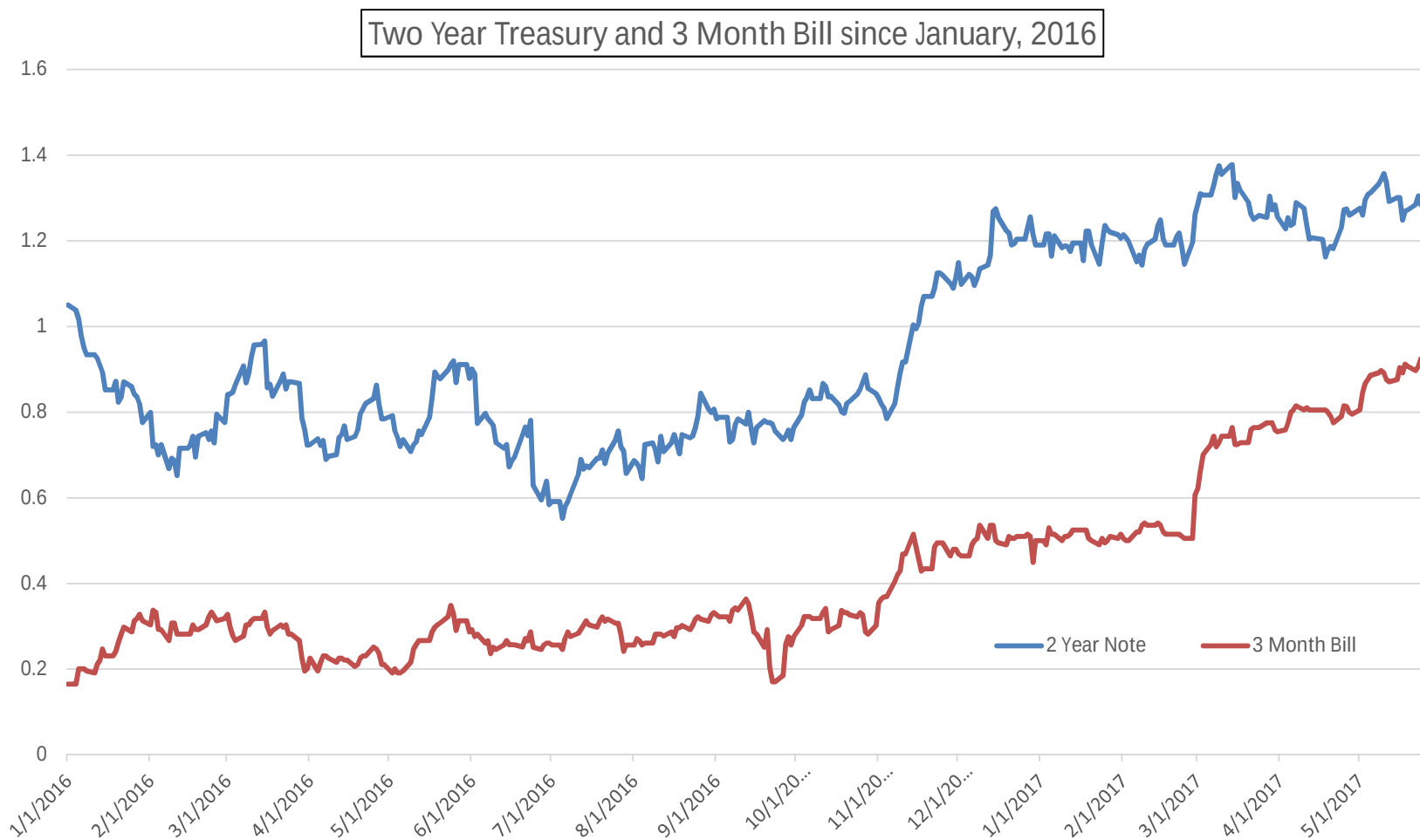
Investments are held in State LGIP, Bank Deposits or Short Cash Match notes

Investment Fund

- Fund balances that are available for longer term liabilities
- Invested in securities that are liquid and provide higher earnings
- Managed to a market benchmark to control risk



Market 2016 and Q1 2017



Source: Bloomberg



City of Franklin 6/8/17

The City's Portfolio

As of 3/31/

Portfolio Summary

	Par Amount	Total Original Cost	Total Adjusted Cost	Market Value	Unrealized Gain/Loss	Yield At Cost	Mod Dur	Eff Dur	Bench Dur	Benchmark
Investment Fund	\$67,110,745.00	\$67,080,694.65	\$67,070,256.84	\$66,946,302.62	(\$123,954.22)	1.1	1.49	1.32	1.4	BofA Merrill 0-3 Treas
and	\$31,847,712.00	\$31,847,712.39	\$31,847,712.39	\$31,847,712.39	\$0	0.92	0.1	0.07	0.1	Cash
PORTFOLIO	\$98,958,458.00	\$98,928,407.04	\$98,917,969.23	\$98,794,015.01	(\$123,954.22)	1.04	1.04	0.92	0.98	

Investment Fund holds \$110,745 that is held in the safekeeping account.



Portfolio Summary by Month

All Portfolios

Month	Market Value	Book Value	Unrealized Gain/Loss	YTM @Cost	YTM @Market	Duration	Days To Maturity
7/31/16	78,714,414.70	78,553,387.93	161,026.77	0.73	0.60	0.56	208
8/31/16	78,065,548.53	77,965,489.95	100,058.58	0.74	0.65	0.6	222
9/30/16	75,314,252.31	75,198,907.73	115,344.58	0.76	0.64	0.59	219
10/31/16	75,108,497.43	75,027,797.19	80,700.24	0.76	0.68	0.62	230
11/30/16	77,325,687.85	77,387,544.36	-61,856.51	0.79	0.80	0.68	252
12/31/16	79,677,422.29	79,755,980.76	-78,558.47	0.81	0.83	0.67	249
1/31/17	83,566,475.87	83,643,331.69	-76,855.82	0.88	0.91	0.67	247
2/28/17	94,440,116.47	94,525,381.72	-85,265.25	0.99	1.02	1.03	378
3/31/17	99,550,463.97	99,674,318.70	-123,854.73	1.01	1.09	1.02	377

Value Added from Investment Program over the State LGIP earnings Fiscal Year to Date is approximately \$277,000.



City's Investment Holdings

As of 3/31/17

Description	Face Amount/Shares	YTM @ Cost	Book Value	Market Value	Days To Maturity	% of Portfolio
Agency Bullet						
FFCB 0.8 8/15/2018	2,500,000.00	0.846	2,498,452.74	2,487,900.00	502	2.5
FHLB 1.125 3/29/2018	2,500,000.00	1.018	2,502,608.02	2,499,075.00	363	2.5
FHLMC 0.75 4/9/2018	5,000,000.00	0.939	4,990,341.27	4,980,250.00	374	5.0
FHLMC 1 7/28/2017	2,500,000.00	0.987	2,500,100.15	2,500,900.00	119	2.5
FHLMC 1 9/28/2018	2,500,000.00	0.984	2,500,577.57	2,492,600.00	546	2.5
FHLMC 1.125 4/15/2019	5,000,000.00	1.370	4,975,450.00	4,975,800.00	745	5.0
FHLMC 1.25 10/2/2019	2,500,000.00	1.331	2,495,047.57	2,486,050.00	915	2.5
FNMA 1.125 10/19/2018	2,500,000.00	0.971	2,505,890.24	2,495,950.00	567	2.5
FNMA 1.125 7/20/2018	2,500,000.00	1.083	2,501,349.48	2,498,425.00	476	2.5
FNMA 1.625 11/27/2018	5,000,000.00	1.152	5,038,798.78	5,030,600.00	606	5.0
Sub Total / Average	32,500,000.00	1.088	32,508,615.82	32,447,550.00	534	32.5
Agency Callable						
FHLMC 1.35 1/25/2019-17	2,500,000.00	1.381	2,498,622.24	2,498,650.00	665	2.5
FNMA 1.58 6/15/2020-16	2,500,000.00	1.587	2,499,439.98	2,470,200.00	1,172	2.5
Sub Total / Average	5,000,000.00	1.484	4,998,062.22	4,968,850.00	918	5.0
Treasury Notes						
T-Note 0.75 2/15/2019	5,000,000.00	1.181	4,960,132.36	4,954,900.00	686	5.0
T-Note 0.75 2/28/2018	4,000,000.00	0.924	3,993,687.00	3,988,760.00	334	4.0
T-Note 0.875 5/31/2018	4,000,000.00	1.005	3,993,974.95	3,988,280.00	426	4.0
T-Note 0.875 7/31/2019	2,500,000.00	1.200	2,481,457.97	2,473,525.00	852	2.5
T-Note 1 12/15/2017	5,000,000.00	0.796	5,007,203.18	5,000,000.00	259	5.0
T-Note 1.125 6/15/2018	2,500,000.00	1.019	2,503,135.90	2,499,700.00	441	2.5
T-Note 1.25 12/15/2018	4,000,000.00	1.202	4,003,240.18	4,002,200.00	624	4.0
T-Note 1.5 3/31/2019	2,500,000.00	1.296	2,509,935.15	2,511,825.00	730	2.5
Sub Total / Average	29,500,000.00	1.057	29,452,766.69	29,419,190.00	519	29.5
Total Investment	67,000,000.00		66,959,444.73	66,835,590.00		

City's Liquidity Holdings

As of 3/31/17

Description	Face Amount/Shares	YTM @ Cost	Book Value	Market Value	Days To Maturity	% of Portfolio
Certificate of Deposits						
1st Citizens National 0.7 3/11/2018	305,748.01	0.700	305,748.01	305,748.01	345	0.31
1st Citizens National 0.7 9/11/2017	305,287.65	0.700	305,287.65	305,287.65	164	0.31
1st Citizens National 0.8 4/27/2017	506,094.57	0.800	506,094.57	506,094.57	27	0.51
1st Citizens National Bank 0.7 8/28/2017	518,934.12	0.700	518,934.12	518,934.12	150	0.52
Pinnacle Bank 0.871 4/20/2017	756,416.46	0.871	756,416.46	756,416.46	20	0.76
Sub Total / Average	2,392,480.81	0.775	2,392,480.81	2,392,480.81	110	2.40
Money Market Accounts						
Fifth Third Bank MM	110,744.53	0.010	110,744.53	110,744.53	1	0.11
First Tennessee Bank MM	5,014.76	0.010	5,014.76	5,014.76	1	0.01
Franklin Synergy Bank MM	4,688,943.64	0.870	4,688,943.64	4,688,943.64	1	4.70
Franklin Synergy Bank MM	2,062,467.98	0.640	2,062,467.98	2,062,467.98	1	2.07
Pinnacle Operating Account MM	23,204,112.30	0.840	23,204,112.30	23,204,112.30	1	23.27
Republic Bank MM	251,109.36	0.850	251,109.36	251,109.36	1	0.25
Sub Total / Average	30,322,392.57	0.828	30,322,392.57	30,322,392.57	1	30.41
Cash & Equivalents						



Plan for 2017

GPS: Complete the Guideline Portfolio Strategy for 2017 and invest accordingly.

Liquidity Fund: Establish a minimum liquidity balance of \$25MM to provide for cash disbursements needed for project fund payments and other cash disbursements.

Core Investment Fund: Target the size of the investment component to \$65MM and establish \$75MM as the maximum allowable to be invested (which includes project funds).

Benchmark: Maintain the investment portfolio benchmark at the 0-3 year, which has a duration of 1.45 years.

Maturity: Allow to invest in a single maturity longer than 3 years. Average total maturity of the portfolio is constrained to 2 years.

Policy Considerations: Updated to GFOA best practice standards





HISTORIC
FRANKLIN
TENNESSEE

Investment Policy

Approved xxx

Policy Statement

It is the policy of the City of Franklin to invest its funds in a manner which will provide for the safety of principal with a market rate investment return, while meeting daily cash flow requirements, and conforming to all state statutes governing the investment of funds under control of the City.

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1 Introduction

This Investment Policy defines the parameters to which funds are to be invested by the City of Franklin (City). These guidelines are intended to be broad enough to allow designated investment staff to function properly within the parameters of responsibility and authority, yet specific enough to safeguard the investment assets adequately. This policy applies to all activities related to the prudent investing of its financial assets.

2 Governing Authority

The City of Franklin's investment program shall be operated in conformance with federal, state, and other legal requirements, which governs the investment of public funds by cities and towns.

3 Scope

This policy applies to the investment of all funds of the City of Franklin, excluding the retirement funds. Retirement funds and proceeds from certain bond issues, as well as separate foundation or endowment assets, are covered by separate policies.

Except for cash in certain restricted and special finds, the City will consolidate cash and reserve balances from all funds to maximize investment earnings and to increase efficiencies with regard to investment pricing, safekeeping and administration. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

4 Objectives

All the City's investment activity will be conducted in a manner that emphasizes attainment of the following four (4) controlling objectives:

- **Safety:** Safety of principal is the most foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.
 - *Credit Risk:* The City will minimize credit risk, which is the risk of loss due to the failure of the security issuer or backer, by:
 - Limiting investments to the types of securities listed in this Investment Policy;
 - Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the City will do business;
 - Diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.
 - *Interest Rate Risk:* The City will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by:
 - Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing

operations, thereby avoiding the need to sell securities on the open market prior to maturity;

Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools and limiting the average maturity of the portfolio in accordance with this policy.

- **Liquidity:** The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands (static liquidity). Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity). Alternatively, a portion of the portfolio may be placed in money market mutual funds, bank repurchase agreements, or local government investment pools, which offer same-day liquidity for short-term funds.
- **Return:** The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core of investments is limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall generally be held until maturity with the following exceptions:
 - A security with declining credit may be sold early to minimize loss of principal;
 - A security swap would improve the quality, yield, or target duration in the portfolio; Liquidity needs of the portfolio require that the security be sold.
- **Local Considerations:** The City of Franklin seeks to promote local economic development through various programs and activities. Included is a program of rewarding local financial institutions that increase their commitments to private economic growth and local housing investment.

The City may accept a proposal from an eligible institution that provides for a reduced rate of interest provided that such institution documents the use of deposited funds for community development projects. All terms and relationships will be fully disclosed prior to purchase, will be reported to the Budget and Finance Committee on a regular basis, and should be consistent with state or local law.

5 Standards of Care

- **Delegation of Authority:**

Governing Body: The Board of Mayor and Aldermen will retain ultimate fiduciary responsibility for the portfolios and have the authority to direct the management of the investment program.

Chief Financial Officer: Authority to manage the investment program is granted to the Chief Financial officer, hereinafter referred to as investment officer. The investment officer shall establish written procedures for the operation of the investment program, consistent with this investment policy. The investment officer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate all activities of the program.

- **Prudence:**

The standard of prudence to be used in the context of managing the overall portfolio is the prudent person rule which states:

Investments will be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs not in regard to speculation but in regard to the permanent disposition of the funds considering the probable income as well as the probable safety of the capital.

- **Ethics and Conflict of Interest:**

City of Franklin employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution and management of the investment program or which could impair their ability to make impartial investment decisions. They shall disclose any material financial interests and any large personal financial / investment positions that could be related to the performance of the City's portfolio.

6 Authorized Counterparty Institutions

- **Broker/Dealers:** The Investment Officer shall maintain and review annually a list of all authorized broker/dealers that are approved to transact with the City for investment purposes.

The Investment Officer or designee may utilize the investment advisor's approved broker/dealer list in lieu of the City's own approved list. The advisor must submit the approved list to the City annually and provide updates throughout the year as they occur. The advisor must maintain documentation of appropriate license, professional credentials and financial statements of broker/dealers on the list.

Annual review must include the following documentation:

- Proof of FINRA Registration
 - Proof of State Registration
 - Financial Review
 - Broker Check for Violations
- **Financial Institution Depositories:** All financial institutions who desire to become depositories must meet the statute requirements to maintain deposits in the State of Tennessee and must provide the following:
 - Audited financial statements demonstrating compliance with state and federal capital adequacy guidelines
 - Proof of state registration
 - Evidence of adequate insurance coverage
 - **Investment Advisers:** The City may engage the services of an external investment adviser, with the approval of the Board of Mayor & Aldermen, to assist with the management of its investment portfolio in a manner that is consistent with the City's controlling objectives. Such advisers may be granted the authority to purchase and sell investments in accordance with this Investment Policy, and the adviser may only provide non-discretionary management services, which requires prior authorization from the City on all transactions.

Such Advisers must be registered under the Investment Advisers Act of 1940, with the Securities and Exchange Commission, and their performance will be periodically reviewed by City management. Investment advisory services will be acquired through a competitive bidding process.

The investment adviser's responsibilities include the following:

- Determine the targeted risk profile and allocation among allowable investments
- Determine the number, type and structure of investments within the confines set forth by and reflected in this Investment Policy.

7 Safekeeping, Custody, and Controls

- **Delivery vs. Payment:**

All trades of marketable securities will be executed (cleared and settled) on a delivery vs. payment (DVP) basis to ensure that securities are deposited in the City's safekeeping institution prior to the release of funds.

- **Third Party Safekeeping:**

The investment officer shall designate all safekeeping arrangements and an agreement of the terms shall be executed in writing. The third-party custodian shall be required to provide a statement to the City listing, at a minimum, each specific security, book yield, description, maturity date, market value, par value, purchase date, and CUSIP number. All securities pledged to the City for certificates of deposit or demand deposits shall be held in a segregated account at the issuing financial institution.

- **Collateralization:**

In accordance with Tennessee Code Annotated, full collateralization will be required on all demand deposit accounts, including checking accounts, negotiable certificates of deposit, and non-negotiable certificates of deposit, except when the institution issuing the certificate of deposit belongs to the Tennessee Bank Collateral Pool.

- **Internal Controls:**

Management will establish and maintain internal controls designed to provide reasonable assurance that the assets of the City are protected from loss, theft or misuse. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived.

8 Suitable and Authorized Investments

All investments of the City are to be permissible as required by the Tennessee Code Annotated.

This policy recognizes S&P, Moody's and Fitch as the major Nationally Recognized Statistical Ratings Organizations (NRSRO).

In the case of split ratings, where the major NRSROs issue different ratings, at least two must have the AA- or its equivalent.

Minimum credit ratings and percentage limitations apply to the time of purchase.

Idle Funds of the City:

- 1) **U. S. Treasury Obligations:** Bonds, notes or treasury bills of the United States;
- 2) **GSE – Primary Agency Obligations:** Government Sponsored Enterprises (GSEs) – Non-convertible debt securities of the following federal government: Federal Home Loan Banks (FHLB); Federal National Mortgage Association (FNMA), the Federal Farm Credit Bureau (FFCB). and the Federal Home Loan Mortgage Corporation (FHLMC),
- 3) **GSE – Secondary Agency Obligations:** Any other obligations not listed as primary agency, that are guaranteed as to principal and interest by the United States or any of its agencies. They include, but are not limited to: Private Export Funding Corporation (PEFCO), Tennessee Valley Authority (TVA), Financing Corporation (FICO) and Federal Agricultural Mortgage Corporation, (Farmer Mac). Securities must be rated.
- 4) **Certificates of deposit and other evidences of deposit at state and federally chartered banks and savings and loan associations:** Notwithstanding any other public or private act to the contrary, all investments made shall be secured by collateral in the same manner and under the same conditions as state deposits, or as provided in a collateral pool created; This includes: Negotiable and Non-Negotiable CD's, CDAR's and ICS money market offerings of state and federal banks.
- 5) **Repurchase Agreements:** Obligations of the United States or its agencies under a repurchase agreement for a shorter time than the maturity date of the security itself if the market value of the security itself is more than the amount of funds invested; provided, that municipalities may invest in repurchase agreements only if the comptroller of the treasury or the comptroller's designee approves repurchase agreements as an authorized investment, and if such investments are made in accordance with procedures established by the state funding board;
- 6) **Local Government Investment Pool:** Part of the State Pooled Investment Fund administered by the Tennessee Department of Treasury.
- 7) **Bankers' Acceptances:** prime bankers' acceptances that are eligible for purchase by the federal reserve.
- 8) **Commercial Paper:** Prime commercial paper that is rated at least A1 or equivalent by at least two (2) nationally recognized rating services;
- 9) **Municipal Debt Obligations of the City:** The City's own bonds or notes issued in accordance with title 9, chapter 21.
- 10) **Investment in the instruments or any type of investment authorized pursuant to a municipality's charter that is of a type that is not included in this part shall require the following:**
 - a. The municipality's legislative body must authorize the investment by ordinance; and
 - b. The legislative body must adopt a written enforceable investment policy by ordinance to govern the use of investments, with the policies being no less restrictive than those established by the state funding board to govern state investments in these types of instruments.

Investment in instruments not allowable in the section are prohibited until the legislative body has adopted written policies to govern the use of the investments or an ordinance has been passed to authorize the investment

Bond Proceeds Only:

Proceeds of bonds, notes and other obligations issued by municipalities, reserves held in connection therewith and the investment income therefrom, may be invested in obligations that:

- 1) **Ratings:** Are rated in either of the two (2) highest rated categories by a nationally recognized rating agency of such obligation (AA- S&P, Aa3, Moody's or AA- by Moody's.
- 2) **US Treasury or Agency Bonds** that are direct general obligations of a state of the United States,
- 3) **Municipal Bonds:** a political subdivision or instrumentality thereof, having general taxing powers; and
- 4) **Maturity:** Have a final maturity on the date of investment of not to exceed forty-eight (48) months or that may be tendered by the holder to the issuer thereof, or an agent of the issuer, at not less than forty-eight-month interval.

9 Investing Parameters

Diversification:

The City will diversify the investment of all funds in accordance with the following table:

Table of Constraints on the Portfolio

Issue Type	Maximum % Holdings	Maximum % per Issuer	Collateral Required	Ratings	Ratings	Ratings
				S&P	Moody's	Fitch
US Treasury Obligations	100%	None	N/A	N/A	N/A	N/A
US Agency Primary Securities FHLB, FNMA, FHLMC, FFCB	100%	35%	N/A	N/A	N/A	N/A
US Agency Secondary Securities FICO, FARMER MAC etc. must be rated	10%	5%	N/A	AA-	Aa3	AA-
Certificates of Deposit and other evidences of deposit, including time deposits, CDARS and ICS funds	50%	50%	Fully Collateralized or other evidences of deposit under section 6-56-106 (a)(4)	N/A	N/A	N/A
Repurchase Agreements	10%	None	Fully Collateralized US Treasury or Agency Securities	N/A	N/A	N/A
Local Government Investment pool	100%	None	Participant	N/A	N/A	N/A
Bankers Acceptance	10%	5%	N/A	A1	P1	F1
Commercial Paper (must be rated by two rating agencies and under 90 days)	20%	5%	N/A	A1	P1	F1
City of Franklin Notes or Bonds	10%	N/A	N/A	N/A	N/A	N/A

10 Maturity Constraint

Total Portfolio Maturity Constraints:

Maturity Constraints		Minimum % of Total Portfolio
Under 30 days		10%
Under 2 years		50%
Under 4 years		100%
Maturity Constraints		Maximum of Total Portfolio in Years
Weighted Average Maturity		2.00
Security Structure Constraint		Maximum % of Total Portfolio
Callable Agency Securities		25%

11 Performance Measurement and Reporting

- **Performance Reporting:**

The investment portfolio will be managed in accordance with the parameters specified within this policy. The portfolio should obtain a market average rate of return over interest rate cycles. A market benchmark shall be established for the investment component of the portfolio and a comparison of the benchmark risk and return characteristics will be made to the investment portfolio.

The City's cash management portfolio shall be designed with the objective of regularly meeting or exceeding a performance benchmark, such as the average return on three-month U.S. Treasury bills, the state investment pool, or the average rate on Fed funds, whichever is higher. These indices are considered benchmarks for lower risk investment transactions and therefore comprise a minimum standard for the portfolio's rate of return. The investment program shall seek to augment returns above this threshold, consistent with risk limitations identified herein and prudent investment principles

- **Reporting:**

The Investment Officer shall prepare an investment report at least quarterly, including a management summary that provides an analysis of the status of the current investment portfolio and the individual transactions executed over the last quarter. This management summary will be prepared in a manner which will allow the City to ascertain whether investment activities during the reporting period have confirmed to the investment policy. The report should be provided to the City Administrator and to the Budget & Finance Committee. The report will include the following:

- a. An asset listing of individual securities showing par value, cost and accurate and complete market value of each security, type of investment, issuer, and interest rate

- b. Average maturity of the portfolio and modified duration of the portfolio
- c. Maturity distribution of the portfolio
- d. Average portfolio credit quality
- e. Time-weighted total rate of return for the portfolio for the prior one month, three months, twelve months, year-to-date, and since inception compared to the Benchmark Index returns for the same periods
- f. Average weighted yield to maturity of the portfolio on investments as compared to applicable benchmarks
- g. Distribution by type of investment

12 Policy Adoption

This Investment Policy is formally approved and adopted by the Board of Mayor & Aldermen.

Mayor

Date

GLOSSARY OF TERMS

- **Agency Securities:** Government sponsored enterprises of the US Government.
- **Bond:** An interest-bearing security issued by a corporation, government, governmental agency, or other body. It is a form of debt with an interest rate, maturity, and face value, and specific assets sometimes secure it. Most bonds have a maturity of greater than one year and generally pay interest semiannually. See Debenture.
- **Broker:** An intermediary who brings buyers and sellers together and handles their orders, generally charging a commission for this service. In contrast to a principal or a dealer, the broker does not own or take a position in securities.
- **Collateral:** Securities or other property that a borrower pledges as security for the repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.
- **Commercial Paper:** Short-term, unsecured, negotiable promissory notes issued by corporations.
- **Current Maturity:** The amount of time left until an obligation matures. For example, a one- year bill issued nine months ago has a current maturity of three months.
- **CUSIP:** A CUSIP number identifies securities. CUSIP stands for Committee on Uniform Security Identification Procedures, which was established to develop a uniform method of identifying municipal, U.S. government, and corporate securities.
- **Dealer:** An individual or firm that ordinarily acts as a principal in security transactions. Typically, dealers buy for their own account and sell to a customer from their inventory.
- **Delivery:** Either of two methods of delivering securities: delivery vs. payment and delivery vs. receipt (also called “free”). Delivery vs. payment is delivery of securities with an exchange of money for the securities.
- **Duration:** A measure used to calculate the price sensitivity of a bond or portfolio of bonds to changes in interest rates. This equals the sum of the present value of future cash flows.
- **General Obligation Bonds (GOs):** Bonds secured by the pledge of the municipal issuer’s full faith and credit, which usually includes unlimited taxing power.
- **Government Bonds:** Securities issued by the federal government; they are obligations of the U.S. Treasury; also known as “government.”
- **Investment Securities:** Securities purchased for an investment portfolio, as opposed to those purchased for resale to customers.
- **Liquidity:** The ease at which a security can be bought or sold (converted to cash) in the market. A large number of buyers and sellers and a high volume of trading activity are important components of liquidity.
- **Mark to Market:** Adjustment of an account or portfolio to reflect actual market price rather than book price, purchase price or some other valuation.
- **Prudent Person Rule:** A long-standing common-law rule that requires a trustee who is investing for another to behave in the same way as a prudent individual of reasonable discretion and intelligence who is seeking a reasonable income and preservation of capital.
- **Treasury Bill (T-Bill):** An obligation of the U.S. government with a maturity of one year or less. T-bills bear no interest but are sold at a discount.
- **Treasury Bonds and Notes:** Obligations of the U.S. government that bear interest. Notes have maturities of one to ten years; bonds have longer maturities.
- **Yield:** The annual rate of return on an investment, expressed as a percentage of the investment.
- **Yield to Maturity:** The average annual yield on a security, assuming it is held to maturity; equals to the rate at which all principal and interest payments would be discounted to produce a present value equal to the purchase price of the bond.

RESOLUTION 2017-47

TO BE ENTITLED: A RESOLUTION TO ADOPT A REVISED INVESTMENT POLICY FOR NON-PENSION RELATED ASSETS

WHEREAS, the Board of Mayor and Aldermen (BOMA) of the City of Franklin, Tennessee, has previously approved an Investment Policy for Non-Pension Related Assets; and

WHEREAS, adopted policies are reviewed periodically for changes in state and federal laws as well as best practices in the industry; and

WHEREAS, the existing Investment Policy for Non-Pension Related Assets as been reviewed by the City's investment advisor; and

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF MAYOR AND ALDERMEN OF THE CITY OF FRANKLIN, TENNESSEE, that the Investment Policy for Non-Pension Related Assets should be revised as recommended by staff and the City's investment advisor.

IT IS SO RESOLVED AND DONE on this ____ day of _____ 2017.

ATTEST:

CITY OF FRANKLIN, TENNESSEE:

By: _____

ERIC S. STUCKEY
City Administrator

By: _____

KEN MOORE
Mayor

Approved as to Form

By: _____

Shauna R. Billingsley
City Attorney

ORDINANCE 2017-30

TO BE ENTITLED: "AN ORDINANCE TO AMEND TITLE 18, CHAPTER 2 OF THE FRANKLIN MUNICIPAL CODE RELATIVE TO THE LATE PAYMENT PENALTY FOR SANITARY SEWER/WASTEWATER BILLING."

WHEREAS, the City of Franklin renders water and sewer service to residents; and

WHEREAS, the Board of Mayor and Aldermen establishes and adopts the fees necessary to adequately cover the cost of such service as required by the State of Tennessee; and

WHEREAS, the payments due for such services are to be paid monthly; and

WHEREAS, it is the policy of the City to impose a penalty for payments received after the due date; and

WHEREAS, the Board of Mayor and Aldermen believes it is in the best interest of the City of Franklin to reference such late payment penalty in the Franklin Municipal Code.

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

SECTION I. That Title 18, Chapter 2, Section 18-210 of the City of Franklin Municipal Code is hereby amended by adding the text shown in **bold** after the third paragraph so that it shall read as follows:

"Sec. 18-210. Billing for sanitary sewer service.

* * *

The sewer service bill is based on gallons of water delivered by the water provider through the potable water meter. An availability charge applies if sewer is available, even if the customer has not connected to the sewer or there is no consumption for the period.

Sewer bills must be paid on or before the due date shown thereon to obtain the net or discount rate, otherwise the gross rate shall apply which includes a penalty of ten percent of the net amount billed for sewer. Failure to receive a bill will not release a customer from payment obligation, nor extend the due date.

In the event a bill is not paid on or before 15 days after the discount or due date, the customer's water service may be discontinued without further notice. The city shall not be liable for any damages resulting from discontinued service under the provisions of this section, even though payment of the bill is made at any time on the day that service is actually discontinued.

* * *

SECTION II. Severability. In the event that any section, clause, provision, or part of this ordinance shall be found and determined to be invalid by a court of competent jurisdiction, all valid parts that are

severable full force and effect. If any part of this ordinance is found to be invalid in any one or more of its several applications, all valid applications that are severable from the invalid applications shall remain in effect.

SECTION III. Repeal and Savings Clause. All ordinances or parts of ordinances in conflict herewith are hereby repealed; provided, however, that nothing herein contained shall affect any rights, actions or causes of action which shall have accrued to the City of Franklin prior to the effective date of this ordinance.

SECTION IV: BE IT FINALLY ORDAINED by the Board of Mayor and Aldermen of the City of Franklin, Tennessee, that this Ordinance shall take effect from and after its passage on second and final reading for the health, safety and welfare of the citizens of Franklin, Tennessee requiring it.

ATTEST:

CITY OF FRANKLIN, TENNESSEE:

By: _____
Eric Stuckey
City Administrator/Recorder

By: _____
Dr. Ken Moore
Mayor

Approved as to form by:

Kristen L. Corn
Assistant City Attorney

PASSED FIRST READING _____

PASSED SECOND READING _____

ORDINANCE 2017-31

TO BE ENTITLED: "AN ORDINANCE TO AMEND TITLE 23, CHAPTER 2 OF THE FRANKLIN MUNICIPAL CODE RELATIVE TO THE LATE PAYMENT PENALTY FOR STORMWATER BILLING."

WHEREAS, the City of Franklin renders water, sewer, stormwater and other service to residents;
and

WHEREAS, the Board of Mayor and Aldermen establishes and adopts the fees necessary to adequately cover the cost of such service as required by the State of Tennessee; and

WHEREAS, the payments due for such services are to be paid monthly; and

WHEREAS, it is the policy of the City to impose a penalty for payments received after the due date; and

WHEREAS, the Board of Mayor and Aldermen believes it is in the best interest of the City of Franklin to reference such late payment penalty in the Franklin Municipal Code.

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

SECTION I. That Title 23, Chapter 2, Section 23-203 of the City of Franklin Municipal Code is hereby amended to include after the existing paragraph, the following text shown in **bold** so that it reads as follows:

"Sec. 23-203. – Stormwater user fee collection.

The stormwater user fee for metered property shall be billed and collected monthly with the monthly city's utility services bill for those properties within the corporate limits of the city utilizing the city utilities and billed and collected separately as stormwater user fees for those properties not utilizing other city utilities. All such bills for stormwater user fees shall be rendered monthly by the utilities department. The stormwater user fee for those properties utilizing city utilities is part of a consolidated statement for utility customers, which is generally paid by a single payment. In the event that a partial payment is received, the payment shall be applied pro-rata to each account billed on the consolidated statement in the proportion that an individual account bears to the total consolidated statement of all current charges for all accounts. The stormwater user fee for unmetered property shall be billed at regular intervals. All bills for stormwater user fees shall become due and payable in accordance with the rules and regulations of the utilities department pertaining to the collection of the stormwater user fees. **Stormwater bills must be paid on or before the due date shown thereon to obtain the net or discount rate, otherwise the gross rate shall apply which includes a penalty of ten percent of the net amount billed for stormwater. Failure to receive a bill will not release a customer from payment obligation, nor extend the due date.**"

SECTION II. Severability. In the event that any section, clause, provision, or part of this ordinance shall be found and determined to be invalid by a court of competent jurisdiction, all valid parts that are severable full force and effect. If any part of this ordinance is found to be invalid in any one or more of its several applications, all valid applications that are severable from the invalid applications shall remain in effect.

SECTION III. Repeal and Savings Clause. All ordinances or parts of ordinances in conflict herewith are hereby repealed; provided, however, that nothing herein contained shall affect any rights, actions or causes of action which shall have accrued to the City of Franklin prior to the effective date of this ordinance.

SECTION IV: BE IT FINALLY ORDAINED by the Board of Mayor and Aldermen of the City of Franklin, Tennessee, that this Ordinance shall take effect from and after its passage on second and final reading for the health, safety and welfare of the citizens of Franklin, Tennessee, requiring it.

ATTEST:

CITY OF FRANKLIN, TENNESSEE:

By: _____
Eric Stuckey
City Administrator/Recorder

By: _____
Dr. Ken Moore
Mayor

Approved as to form by:

Kristen L. Corn
Assistant City Attorney

PASSED FIRST READING _____

PASSED SECOND READING _____

RESOLUTION 2017-41

A RESOLUTION ADOPTING A REVISED PURCHASING POLICY FOR CITY OF FRANKLIN, TENNESSEE PROCUREMENTS NOT PERTAINING TO THE DESIGN AND/OR CONSTRUCTION OF NEW INFRASTRUCTURE AND FACILITIES

WHEREAS, in 2004, the Board of Mayor and Aldermen of the City of Franklin established methods to comply with the Municipal Purchasing Law of 1983, as amended, and to provide for a more formal process for the procurement of equipment, services, and materials for the operation of municipal government but not pertaining to the design and/or construction of new infrastructure and facilities; and

WHEREAS, on July 26, 2011, the Board of Mayor and Aldermen adopted Resolution No. 2011-26, a resolution adopting a revised purchasing policy for the City; and

WHEREAS, on January 14, 2014, the Board of Mayor and Aldermen adopted Resolution No. 2014-06, a resolution adopting a revised purchasing policy for the City; and

WHEREAS, on January 27, 2015, the Board of Mayor and Aldermen adopted Resolution No. 2014-90, a resolution adopting a revised purchasing policy for the City; and

WHEREAS, on June 28, 2016, the Board of Mayor and Aldermen adopted Resolution No. 2016-24, a resolution adopting a revised purchasing policy for the City; and

WHEREAS, the Board of Mayor and Aldermen believes it is in the best interest of the City of Franklin for the purchasing policy to be further revised to reference federal regulation pertaining to procurement of property and/or services under a federal award; and

WHEREAS, the Board of Mayor and Aldermen believes it is in the best interest of the City of Franklin for the purchasing policy to be further revised to indicate how requests to inspect and/or obtain either complete or partial copies of purchasing-related records are to be handled; and

WHEREAS, the Board of Mayor and Aldermen believes it is in the best interest of the City of Franklin to implement a revised Purchasing Policy for procurements not pertaining to the design and/or construction of new infrastructure and facilities in order to reflect these changes and to otherwise update the City's policy.

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

Section 1. The purchasing policy for City of Franklin procurements not pertaining to new construction adopted by Resolution No. 2016-24, and any and all subsequent changes or revisions, are hereby repealed in their entirety. In place thereof, the purchasing policy for City of Franklin procurements not pertaining to the design and/or construction of new infrastructure and facilities, attached as Exhibit A hereto, is adopted.

Section 2. The Purchasing Manager of the City shall be responsible for the administration and enforcement of the policy hereby adopted.

Section 3. Changes or revisions to the policy hereby adopted shall be made only by resolution of the Board of Mayor and Aldermen of the City of Franklin.

Section 4. The effective date of the policy hereby adopted shall be immediate upon passage and adoption of this resolution, the public welfare and the welfare of the City requiring it.

Adopted this ____ day of _____, 2017.

ATTEST:

CITY OF FRANKLIN, TENNESSEE:

BY: _____
Eric S. Stuckey, City Administrator/Recorder

BY: _____
Dr. Ken Moore, Mayor

APPROVED AS TO FORM BY:

Kristen L. Corn, Assistant City Attorney



Purchasing Policy

for City of Franklin procurements not pertaining to new construction

A. General Provisions

This City of Franklin (“City”) Purchasing Policy shall apply to the purchase of materials, supplies, vehicles and equipment, the purchase of services other than those pertaining to the design and/or construction of new infrastructure and facilities, leases and lease-purchases, and the disposal and transfer of surplus personal property, all for the proper conduct of the City’s business.

All contracts, leases and lease-purchase agreements are subject to the approval of the Board of Mayor and Aldermen, unless otherwise provided by resolution or ordinance. Any contracts, leases and lease-purchase agreements extending beyond the end of the current fiscal year shall be so noted prior to consideration by the Board of Mayor and Aldermen.

Whenever the City undertakes its own competitive procurement process for the procurement of goods and/or services not pertaining to the design and/or construction of new infrastructure and facilities, then the City is hereby authorized to utilize the one or more of the following procurement methodologies best suited for the intended procurement:

- request for quotations (not for purchases valued at \$25,000 or more)
- solicitation for bids
- request for proposals
- request for qualifications

This Purchasing Policy is intended to promote the public interest and preserve and enhance the public trust by establishing a transparent procurement system by which the City conducts its non-construction related purchasing, and by providing vendors with a fair forum for competing for City business.

B. Responsibilities of Departments

The following are the responsibility of each Department:

1. Departments shall be responsible for purchases and projects valued less than \$25,000. (In the context of this Policy, whenever any dollar thresholds are referenced, the estimated total value of the purchase or project, including all components related thereto, either over the course of the term of the award or, in the absence of a term of award, over the course of the next twelve (12) months, shall be considered.)
2. Departments shall use pricing established pursuant to City procurement awards or Tennessee statewide contracts if and as available. The use of pricing established by cooperative purchasing arrangements approved by the City Administrator for use by the City, as well as pricing established by other Tennessee local governments pursuant to a competitive process involving “public advertisement” (hereby defined to mean the same as that term is used in T.C.A. § 6-56-301 *et seq.*, the Tennessee Municipal Purchasing Law of 1983, as it may be amended from time to time) and sealed submittals, are acceptable alternatives and may be used in lieu of competitive pricing established by the City or the State.
3. Departments shall advise the Purchasing Office and/or the Finance Department as to the method of payment that best meets the needs of the City.



Purchasing Policy

for City of Franklin procurements not pertaining to new construction

4. Before placing an order for any non-emergency purchase valued at or greater than \$10,000, departments shall prepare and submit a requisition, on the form prescribed by the Purchasing Office, and await approval thereof. For orders for emergency purchases valued at or greater than \$10,000, the requisition may be completed within ten (10) calendar days after placing the order (and see “Emergency Purchases” below).
5. Purchases valued less than \$25,000 but not less than \$10,000 shall not be made unless and until, wherever possible, the Department shall have obtained and forwarded to the Purchasing Manager competitive pricing quotations from at least three (3) vendors, said quotations to be either supplied in writing by the vendor or reduced to writing by the Department, accompanied by a tabulation of the comparative aspects of the quotations obtained, a recommendation as to which quotation should be accepted and a requisition for the recommended quotation. As an alternative to obtaining three quotes, departments may use any of the procurement methodologies approved for usage for purchases valued at \$25,000 or more.
6. All foreseeable purchases, including those valued less than \$10,000, should not be made unless and until the Department Head or his or her authorized representative is satisfied that the value of the purchase is fairly priced and not more than what would be expected in the current market place. At the discretion of the Department Head or his or her authorized representative, for foreseeable purchases valued less than \$10,000, the Department should, whenever it is prudent to do so, obtain multiple competitive pricing quotations, said quotations to be either supplied in writing by the vendor or reduced to writing by the Department.
7. As soon as possible but within ten (10) calendar days of receipt of items ordered, Departments shall be responsible for verifying that the items conform to the order. The process for taking delivery of items is as follows:
 - a. Inspect the goods to verify that they are in acceptable condition.
 - b. Verify that all operating manuals and warranty cards are included in the delivery of the goods, if applicable.
 - c. Verify that the number of items ordered have been delivered, making special note when all or part of a particular order has been back-ordered.
 - d. Ensure that purchases of capital assets of the City have been properly reported, either directly or indirectly, to the Finance Department and the City’s Risk Manager and, if rolling stock, Fleet Maintenance, on forms prescribed by those respective offices, so that records of such purchases may be updated, insurance coverage may be obtained, and vehicle tags may be obtained, all in a timely manner.
8. Regardless of method of payment, departments shall be responsible for reviewing, approving and allocating to the proper budget code all invoices authorized for payment.
9. It shall be the responsibility of each Department to allow time for competitive solicitation, ordering and delivery pursuant to this Purchasing Policy.
10. No employee shall make any indication that he/she will recommend a particular product for purchase, knowingly bind the City to a specific vendor, or make any representation as to his or her authority to bind the City by contract when such is not the case.



Purchasing Policy

for City of Franklin procurements not pertaining to new construction

C. Responsibilities of Purchasing Manager

The following are the responsibility of the Purchasing Manager:

1. The Purchasing Manager shall assist all Departments in purchasing operating materials, supplies, vehicles, equipment and services to which this Purchasing Policy applies.
2. The Purchasing Manager shall be responsible for facilitating the competitive process by which all purchases to which this Purchasing Policy applies and valued at or greater than \$25,000 are made.
3. For all purchases to which this Purchasing Policy applies and valued at or greater than \$10,000, the Purchasing Manager shall advocate the purchase of required products and services only either from the lowest responsible and responsive bidder or from the responsible and responsive respondent whose proposal or other submittal is most advantageous to the City.
4. The Purchasing Manager shall advise the Departments about the source and availability of products and services needed by the various Departments.
5. The Purchasing Manager shall provide current vendor files available for use and review by Departments.
6. The Purchasing Manager shall, upon request, obtain prices on comparable items.
7. The Purchasing Manager shall provide vendor lists, prepare Purchase Orders as necessary, and maintain orderly files.
8. The Purchasing Manager shall be alert on an ongoing basis for new sources and for improved products and services.
9. In coordination with individual Departments, the Purchasing Manager shall assist in the preparation of specifications.
10. The Purchasing Manager shall prepare all legal notices for competitive solicitations and shall also place additional notice of bid in appropriate publications and place on the City Website as necessary to assure ample opportunity for vendors to bid.
11. The Purchasing Manager shall on an ongoing basis pursue consolidating the purchase of as many products and services as economically possible in order to reduce costs and/or improve services provided to the City.
12. The Purchasing Manager shall investigate complaints from Departments of poor performance by vendors, or complaints about inferior products, and shall, in consultation with the City's Law Department, choose which, if any, remedies are available to the City to pursue.
13. The Purchasing Manager shall be responsible for disposing of the City's surplus personal property of any value by means of a competitive process and in compliance with City ordinance, except in cases involving data security or other mitigating circumstances. The Purchasing Manager shall develop the appropriate documentation for the Finance Department in accordance with the City Code.
14. The Purchasing Manager shall be responsible for administering and overseeing the City's Purchasing Card program.
15. The Purchasing Manager shall be responsible for otherwise administering and complying with this Purchasing Policy and applicable Tennessee state law, specifically T.C.A. § 6-56-301 *et seq.* (Tennessee Municipal Purchasing Law of 1983) and T.C.A. § 12-3-1201 *et seq.* (Public Purchases – Local Governments), as it may be amended from time to time, including keeping and filing required records and reports, as if they were set out herein and made a part hereof and within definitions of words and phrases from the law as herein defined.



Purchasing Policy

for City of Franklin procurements not pertaining to new construction

D. Circumstances under which competitive pricing is not required

Under any of the following circumstances, competitive pricing (sealed bids or proposals pursuant to public advertising if valued at or greater than \$25,000; three quotes wherever possible if valued less than \$25,000 but not less than \$10,000) is not required. Under any of these same circumstances, neither individual authorization by nor specific reporting to the Board of Mayor and Aldermen is required unless such is otherwise required pursuant to this policy.

1. Authorized sole-source purchases (see below).
2. Authorized emergency expenditures (see below).
3. Purchases from instrumentalities created by two (2) or more cooperating governments, such as, but not limited to those established pursuant to T.C.A. § 12-9-101, et seq.
4. Purchases from non-profit corporations whose purpose or one of whose purposes is to provide products and services specifically to municipalities, as provided in T.C.A. § 6-56-302.
5. Purchases, leases or lease-purchases of real property, as provided by City ordinance and state law.
6. Purchases, leases, or lease-purchases of used or secondhand articles consisting of goods, equipment, materials, supplies, or commodities, as provided in T.C.A. § 12-3-1202.
7. Purchases of supplies, goods, equipment (except new or unused motor vehicles, unless the motor vehicles are manufactured for a special purpose as defined in § 12-3-1208) and/or services (except any transportation infrastructure project, including, but not limited to, projects for the construction or improvement of streets, highways, bridges, tunnels, or any roadway related facility), pricing for which has been established by other units of Tennessee local government, as provided in T.C.A. § 12-3-1203(a) and 12-3-1203(c).
8. Purchases pursuant to Tennessee Department of General Services statewide contracts authorized for use by Tennessee local governments.
9. Purchases from Tennessee Rehabilitative Initiative in Correction (TRICOR).
10. Professional service contracts, as provided in T.C.A. § 12-3-1209.
11. Other professional services, including actuarial, architectural design, financial and compliance audit, engineering design, financial advisory, legal counsel and medical.
12. Tort liability insurance, as provided in T.C.A. § 29-20-407.
13. Purchase of fuels, fuel products or perishable commodities.
14. Purchases based on contracts established by a cooperative purchasing arrangement recognized by the City pursuant to Resolution No. 2009-50, as provided in T.C.A. § 12-3-1205.
15. Purchases based on contracts established by the United States General Services Administration (GSA) and authorized by GSA for use by US local governments.
16. Other arrangements and methods pursuant to Tennessee and/or federal law.



Purchasing Policy

for City of Franklin procurements not pertaining to new construction

E. Rejection of Bids, Proposals or Other Submittals

The Purchasing Manager shall recommend to the Board of Mayor and Aldermen to reject any and all bids, proposals or other submittals received pursuant to a formal procurement solicitation issued by the Purchasing Office, or parts thereof, for any product or service to which this Policy applies, whenever, prior to the Board of Mayor and Aldermen making an award pursuant to such a formal procurement solicitation, the Purchasing Manager believes the public interest would be best served by such rejection. The Purchasing Manager shall recommend to the Board of Mayor and Aldermen that it reject any such submittal of a vendor or contractor who is in default on the payment of taxes, licenses, fees or other monies of whatever nature that may be due the City by the vendor or contractor whenever, prior to the Board of Mayor and Aldermen making an award pursuant to such a formal procurement solicitation, the Purchasing Manager becomes aware of such default.

F. Conflict of Interest, Use of Position, Solicitation

There are several sources of law and regulations, as they may be amended from time to time, that apply to conflicts of interest, use of position and solicitation. They are incorporated by reference and adopted as if fully stated herein.

a. City Charter

Article VIII ("Finance"), Section 16 ("Officers not to be Interested in City Contracts or Work") of the City of Franklin Charter reads as follows:

No member of the Board of Mayor and Aldermen, or officer elected by said Board, shall be interested in any contract, or work of any kind whatever, under its control and direction, and any contract in which any such person shall have an interest shall be void and cannot be enforced.

b. City of Franklin Municipal Code

Title 1 ("General Administration"), Chapter 8 ("Ethics") of the City of Franklin Municipal Code sets forth the Code of Ethics for the City of Franklin, which applies to all full-time and part-time elective or appointed officials and employees of the City.

c. City of Franklin Regulations

Article XXII ("General Policies and Procedures"), Section E ("Business Dealings"), of the City of Franklin Human Resource Manual, as it may be amended from time to time, reads as follows:

Except for the receipt of such compensation as may be lawfully provided for the performance of City duties, and except as noted below, no City officer or employee shall be privately interested in or profit, directly or indirectly, from business dealings with, of or by the City.

Regular full-time, regular part-time and temporary employees of the City may, subject to the approval of the City Administrator, contract to perform services for the City by meeting the following criteria: (1) the service performed must not be any service which the employee might provide in the normal scope of their regular duties; (2) the employee would be required to bid or submit a proposal in the same manner as any other prospective provider of service; and (3) the service performed must not present a conflict of interest nor a conflict of time with the employee's regular duties.

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Article XXII (“General Policies and Procedures”), Section I (“Use of Position”), of the City of Franklin Human Resource Manual, as it may be amended from time to time, reads in part as follows:

No City officer or employee shall make or attempt to make private purchases in the name of the City, nor otherwise use or attempt to use status as a City employee to secure unwarranted privileges or exemptions.

Article XXII (“General Policies and Procedures”), Section F (“Acceptance of Gratuities”), of the City’s Human Resource Manual, as it may be amended from time to time, reads as follows:

No City officer or employee shall accept or solicit any money or other consideration or favor from anyone other than the City for the performance of an act which the officer or employee would be required or expected to perform in the regular course of employment; nor shall any officer or employee accept, directly or indirectly, any gift, gratuity, or favor of any kind which might reasonably be an attempt to influence the individual’s actions with respect to City business. For further explanation, see Title 1, Chapter 8 (“Ethics”), of the Municipal Code.

d. Statutes

Certain Tennessee statutes may apply to purchases involving city officers, committee members, etc. Selected statutes may be found in Appendix A to this Purchasing Policy attached hereto for reference.

G. City Officer and Employee Communication with Vendors

Between the time a procurement solicitation for sealed submittals is issued by the City and the time an award is made, members of the Board of Mayor and Aldermen as well as employees of the City shall refrain from any form of communication with one or more vendors that may be competing for the award about any aspect of the procurement other than either in the context of a public meeting or by way of the Purchasing Office. The foregoing is not meant to preclude a representative of the City from answering questions from vendors if the question is already addressed in the solicitation documents, if the City representative is certain of the correct answer and if the Purchasing Office is informed of the communication. Otherwise, any inquiries from one or more vendors that may be competing for such an award shall be directed to the Purchasing Office which shall determine if an addendum to the solicitation should be prepared and issued to all vendors known or thought to be interested in the procurement opportunity. Vendors that may be competing for a procurement award shall be instructed that, until that award has been made, they shall not communicate about either the content of or the procurement process pertaining to this procurement solicitation with any official, employee or other representative of the City except through the City’s Purchasing Office. The City reserves the right to disqualify any vendor that initiates unauthorized communication with the City during the procurement phase.

H. City Officer and Employee Business Dealings with the City

See Article XXII (“General Policies and Procedures”), Section E (“Business Dealings”), of the City of Franklin Human Resources Manual.

See also Title 1 (“General Administration”), Chapter 8 (“Ethics”), of the City of Franklin Municipal Code.



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I. Tie Bids and Tie Quotes

In the event of tie bids or tie quotes (that is, when two or more responsible and responsive vendors offer products that meet all specifications, terms and conditions at identical total pricing for the minimum or estimated quantity indicated), then the tie bids or tie quotes shall be broken by means of one of the following methods, in descending order:

1. The award shall be made to the vendor who bid or quoted the soonest delivery of the product or completion of the service of all the vendors submitting the tie bids or tie quotes.
2. The award shall be made to the vendor who offered the pricing for the longest period of time for potential future orders of all the vendors submitting the tie bids or tie quotes.
3. If one or more of the vendors submitting the tie bids or tie quotes competed for the City's business the last time the City solicited bids or quotes for the same product or service, then the award shall be made to the vendor who offered the lowest pricing at that time of all the vendors submitting the tie bids or tie quotes.
4. If one or more of the vendors submitting the tie bid or tie quote have done business with the City within the most recent 24 months, then the award shall be made to the vendor who has done the most business with the City (measured in dollars) in that time frame of all the vendors submitting the tie bids or tie quotes.
5. The award shall be made by means of random selection, such method to be administered by the Purchasing Manager and to give equal opportunity to all the vendors submitting the tie bids or tie quotes.

J. Determining Responsible and Responsive Respondents

As noted above, products and services shall be purchased either from the lowest responsible and responsive bidder or from the responsive and responsible respondent whose proposal or other submittal is most advantageous to the City. In determining whether a competing vendor is responsible and responsive, the following shall be taken into consideration:

1. The ability of the competing vendor to perform the contract or provide the material or service required.
2. Whether the competing vendor can perform the contract or provide the service promptly, or within the time specified, without delay or interference.
3. The character, integrity, reputation, judgment, experience, and efficiency of the competing vendor.
4. The previous and existing compliance by the competing vendor or a predecessor in interest with laws and ordinances relating to the contract or service.
5. The quality of the competing vendor's performance of previous contracts or services, including the quality of such contracts or services in other municipalities, or performed for private sector customers.
6. The sufficiency of financial resources and the ability of the competing vendor to perform the contract or provide the service.
7. The ability of the competing vendor to provide future maintenance and service for the use of the materials, supplies, vehicles, equipment or contractual service contracted.
8. Compliance by the competing vendor with all specifications in the solicitation for bids or proposals.
9. The ability of the competing vendor to deliver and maintain any requisite bid bonds or performance bonds.

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K. Emergency Purchases

When in the judgment of the City Administrator, the Department Head or the Purchasing Manager there exists an emergency impinging on public health, safety or welfare and a purchase valued at or greater than \$10,000 is necessary, then the competitive purchasing provisions contained in this Purchasing Policy may be waived; provided, however, that if the emergency purchase is valued at or greater than \$25,000 it shall be reported to the Board of Mayor and Aldermen at its next scheduled meeting.

L. Sole-Source Purchases

In the context of this Policy, whenever any dollar thresholds are referenced, the estimated total value of the purchase or project, including all components related thereto, either over the course of the term of the award or, in the absence of a term of award, over the course of the next twelve (12) months, shall be considered. Sole-source purchases valued at less than \$10,000 may be authorized by the end-user department. Sole-source purchases valued at less than \$25,000 but not less than \$10,000 may be authorized by the Purchasing Manager upon being satisfied that it is not possible to obtain competitive pricing quotations from at least three (3) vendors. Except as noted below, sole-source purchases valued at or greater than \$25,000 may not be made unless and until individually authorized by the Board of Mayor and Aldermen. Authorized sole-source purchases do not require sealed bids or proposals pursuant to public advertising. The criteria for evaluating sole-source purchases valued at or greater than \$10,000 are presented in Appendix B to this Purchasing Policy. Sole-source purchases pertaining to circumstances under which sealed bids or proposals pursuant to public advertising are not required, as same are listed in provision D above, even if valued at or greater than \$25,000, require neither individual authorization by nor specific reporting to the Board of Mayor and Aldermen unless otherwise required to be authorized or reported pursuant to this policy. Sole-source purchases valued at or greater than \$25,000 that do not require individual authorization by (but which shall still be reported to) the Board of Mayor and Aldermen include:

- a. Repairs to, maintenance of, licenses for and/or maintenance agreements for products already in use by the City, so long as the product manufacturer representative has stated in writing that the vendor is the sole source available to the City, and so long as the vendor has stated in writing that the quoted pricing is the lowest municipal unit pricing available at that time and in the foreseeable future for the quantity indicated. Examples: engine repairs made by the manufacturer or the manufacturer's representative for a vehicle; license and maintenance agreements for computer software.
- b. Purchases of items necessary to maintain, expand or improve a manufacturer-specific system already in use by the City, and/or another governmental agency with which the City must cooperate in order to provide the public service relevant to the proposed purchase, and that requires interconnectivity of and/or communication between the component parts, so long as the product manufacturer representative has stated in writing that the vendor is the sole source available to the City, and so long as the vendor has stated in writing that the quoted pricing is the lowest municipal unit pricing available at that time and in the foreseeable future for the quantity indicated. Examples: water meters and related parts; traffic signal equipment and related parts; athletic field lighting (and related parts) connected to a centralized master control; automated external defibrillators; cardiac monitors; telemetry/supervisory control and data acquisition equipment.

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- c. Purchases of items that have, for good and sufficient reason, previously been standardized by the City, so long as the product manufacturer representative has stated in writing that the vendor is the sole source available to the City, and so long as the vendor has stated in writing that the quoted pricing is the lowest municipal unit pricing available at that time and in the foreseeable future for the quantity indicated. Examples: low-pressure wastewater collection grinder pumps and related parts; self-contained breathing apparatus; vehicle exhaust evacuation systems at individual fire stations, including installation if only one authorized installer is assigned to serve the City; vehicle extrication equipment.

M. Purchasing Card Program

The Purchasing Card Program shall be administered by the Purchasing Manager pursuant to procedures established therefor. The Purchasing Manager shall coordinate with Department Heads in determining to which employees and officers of the City to issue Purchasing Cards. Employees who are authorized and expected to travel on behalf of the City and at the City's expense shall be issued purchasing cards and are expected to use same in lieu of being given travel advances.

Employees' participation in the City's Purchasing Card Program is a privilege and a convenience that includes certain responsibilities. Although the purchasing card is issued in the cardholder's name, it is City property and therefore must be used in accordance with City policy and rules, as well as with objectively reasonable judgment, especially as follows:

1. The Purchasing Card is provided to employees based on their need to purchase authorized goods and services. A card may be revoked at any time based on change of assignment or location. The card is neither an entitlement nor a reflection of title or position.
2. The card may be used only for authorized obligations of the City; use of the card for a purchase other than an authorized obligation of the City (such as personal purchases as well as alcoholic beverages and entertainment), even if intended for future reimbursement, are specifically prohibited.
3. Purchases made with the card are to comply with City purchasing policy and procedures. Such City procurement rules as the need for procurement requisitions, the basis for pricing, contracting, whether a certificate of insurance is necessary to require of the service provider, adequacy of budgeted funding, and timing of payment relative to delivery of the product or service, all apply regardless of method of payment (such as by purchasing card).
4. The cardholder is the only person entitled to use the card and is accountable for all charges attributable to the card.
5. Cardholders are expected to exercise objectively reasonable judgment in making a decision about whether to make a purchase by considering (a) whether the potential purchase is prudent and necessary, and (b) whether the potential purchase would reflect well on the City and the cardholder, and be perceived by the general public as suitable and appropriate. Improper use of a City purchasing card, especially intentional and unreported but even unintentional and reported, including personal purchases as well as alcoholic beverages and entertainment, even if reimbursed, may be considered misappropriation of City funds, which may result in disciplinary action, up to and including termination.

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6. Other than for out-of-state purchases and purchases from fast-food restaurants (at which customers place and pay for the order before sitting down at a table), the cardholder is responsible for ensuring that the transaction is completed without sales tax being charged. If a transaction has been completed on which sales tax was charged in error, then the cardholder is responsible for contacting the vendor and requesting that the amount of the sales tax be credited back to the same City purchasing card to which the sales tax was charged. Documentation of this effort, and of the vendor's response, shall be submitted in addition to the supporting documentation for the transaction.
7. Cardholders are expected to comply with internal control procedures in order to protect the City's assets. This includes (a) not permitting anyone other than the cardholder to use the card; (b) making sure that each transaction is electronically processed in full and on time; (c) keeping and submitting on time detailed invoices or itemized payment receipts that substantiate each and every charge attributed to the purchasing card issued to the cardholder; (d) assisting the City upon request with reconciling the City's billing cycle statements; and (e) taking reasonable precautions to secure the purchasing card against loss and/or theft.
8. If electronic processing of a purchasing card transaction is not completed by the deadline and the Purchasing Office has not been previously notified of the need for a delay, then the monthly credit limit for the respective purchasing card may be reduced to \$0 until the processing is complete. This consequence applies to any transaction that has not been coded, explained with a comment, and approved by the individual assigned to approve purchasing card transactions for that cardholder. Credit limits will be restored to the previous amounts once electronic processing is complete.
9. Failure to submit on time adequate and legible supporting documentation for each transaction or to otherwise comply with City rules will carry consequences, possibly including reduction or loss of card spend authority, reimbursement of the City by the employee for unauthorized and/or unsubstantiated purchases, and/or disciplinary action, up to and including termination.
10. Cardholders are responsible for resolving any discrepancies by contacting the vendor and/or the issuing bank.
11. A lost or stolen purchasing card shall, as soon as possible upon discovery of the loss or theft, be reported to the City Purchasing Office and/or to the issuing bank.
12. A cardholder must surrender his or her card upon termination of employment (i.e., retirement or voluntary or involuntary separation).

N. Payment for Purchases

All payments to vendors and service providers shall be made either by purchasing card (in accordance with this Policy) or by one of the City's other methods of payment (in accordance with the City's Disbursements Policy).

O. Consolidation of Purchases

The Purchasing Manager, working in cooperation with Departments, shall on an on-going basis investigate ways and methods to consolidate as many purchases as possible. The purpose of consolidation is to allow the City to realize economies of scale, savings through reducing inventories of parts and supplies as well as reducing the number of vendors and accompanying financial record keeping.



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P. Use of Internet Auctions for Purchases of City Property

The use of internet auctions is generally prohibited as a method for making City purchases unless specifically authorized in advance by the City Administrator.

Q. Vendor Protests

Vendor protests shall be handled in accordance with the City's Vendor Protest Procedure for procurements not pertaining to new construction, as approved by resolution of the Board of Mayor and Aldermen.

R. Disciplinary Action

Any employee who fails or refuses to comply with the provisions of this Purchasing Policy shall be subject to disciplinary action pursuant to and as provided in the Human Resources Manual, as it may be amended from time to time.

S. Requests for Proposals

Requests for competitive sealed proposals shall be used pursuant to T.C.A. § 12-3-1207 and may be used only when qualifications, experience, or competence are more important than price in making the purchase, and either (1) when there is more than one (1) solution to a purchasing issue and competitive sealed proposals would assist in choosing the best solution; or (2) when there is no readily identifiable solution to a purchasing issue and competitive sealed proposals would assist in identifying one (1) or more solutions. The request for competitive sealed proposals shall state the relative importance of price and other evaluation factors. The award shall be made to the responsible respondent whose proposal the governing body determines is the most advantageous to the City, taking into consideration price and the evaluation factors set out in the request for competitive sealed proposals. No other factor may be used in the evaluation.

T. Requests for Qualifications

Requests for qualifications may be used pursuant to T.C.A. § 12-3-1209 for legal services, fiscal agent, financial advisor or advisory services and similar services by professional persons or groups of high ethical standards, or pursuant to T.C.A. § 12-4-107 for architectural, engineering and construction services.

U. Procurement of Property and/or Services under a Federal Award

When procuring property and/or services under a Federal award, the City shall follow applicable provisions of 2 CFR Chapter I and Chapter II, Part 200, et al. ("Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; Final Rule"), as promulgated December 26, 2013 by Executive Office of the President, Office of Management and Budget, namely sections 200.318 ("General procurement standards") through 200.326 ("Contract provisions").



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V. Requests to inspect and/or obtain either complete or partial copies of purchasing-related records

1. Sealed bids, requests received during protest period: After opening sealed bids submitted to and received by the City in response to a formal procurement solicitation for bids facilitated by the City Purchasing Office, but not later than the seventh calendar day after the City issues a notice of intent to award a pending procurement in response to such a procurement solicitation:
 - a. Requests by an Interested Party (as that term is defined in the City's Vendor Protest Procedure) to inspect such bids shall be directed to and promptly honored by the City Purchasing Office at a time during normal business hours of the City Purchasing Office that is mutually convenient to both the City Purchasing Office and the requesting party.
 - b. Requests other than by an Interested Party (as that term is defined in the City's Vendor Protest Procedure) to inspect, and requests by any party to obtain either complete or partial copies of such bids shall be made pursuant to the City's public records request policy and procedure.
2. Sealed proposals and statements of qualifications and certain related records, requests received during protest period: After the City issues a notice of intent to award a pending procurement as a result of a formal procurement solicitation facilitated by the City Purchasing Office and involving a personal service, professional service, or consultant service request for proposals or request for qualifications solicitation that resulted in proposals or statements of qualifications having been submitted to and received by the City, but not later than the seventh calendar day after the City issues such a notice of intent to award:
 - a. Requests by an Interested Party (as that term is defined in the City's Vendor Protest Procedure) to inspect such proposals and statements of qualifications, and related records, including, but not limited to, evaluations, names of evaluation committee members, and all related memoranda or notes, shall be directed to and promptly honored by the City Purchasing Office at a time during normal business hours of the City Purchasing Office that is mutually convenient to both the City Purchasing Office and the requesting party.
 - b. Requests other than by an Interested Party (as that term is defined in the City's Vendor Protest Procedure) to inspect, and requests by any party to obtain either complete or partial copies of such proposals and statements of qualifications, and related records, including, but not limited to, evaluations, names of evaluation committee members, and all related memoranda or notes, shall be made pursuant to the City's public records request policy and procedure.
3. Sealed submittals, requests received after protest period: After the seventh calendar day after the City issues a notice of intent to award a pending procurement in response to a formal procurement solicitation facilitated by the City Purchasing Office, requests by any party to inspect and/or obtain either complete or partial copies of bids, proposals or other vendor submittals shall be made pursuant to the City's public records request policy and procedure.
4. Other purchasing-related City records: At any time, for all purchasing-related City records other than those pertaining to a formal procurement solicitation facilitated by the City Purchasing Office, requests by any party to inspect and/or obtain either complete or partial copies of such records shall be made pursuant to the City's public records request policy and procedure.



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APPENDIX A

SELECTED STATUTES APPLYING TO OFFICERS, COMMITTEE MEMBERS, ETC.

T.C.A. § 6-54-107. Interest of officer in municipal contracts prohibited.

- a. No person holding office under any municipal corporation shall, during the time for which such person was elected or appointed, be capable of contracting with such corporation for the performance of any work that is to be paid for out of the treasury. Nor shall such person be capable of holding or having any other direct interest in such a contract. "Direct interest" means any contract with any business in which the official is the sole proprietor, a partner, or the person having the controlling interest. "Controlling interest" includes the individual with the ownership or control of the largest number of outstanding shares owned by any single individual or corporation.
- b. No officer in a municipality shall be indirectly interested in any contract to which the municipality is a party unless the officer publicly acknowledges such officer's interest. "Indirectly interested" means any contract in which the officer is interested but not directly so, but includes contracts where the officer is directly interested but is the sole supplier of goods or services in a municipality.
- c.
 1. Any member of a local governing body of a county or a municipality who is also an employee of such county or municipality may vote on matters in which such member has a conflict of interest if the member informs the governing body immediately prior to the vote as follows: "Because I am an employee of (name of governmental unit), I have a conflict of interest in the proposal about to be voted. However, I declare that my argument and my vote answer only to my conscience and to my obligation to my constituents and the citizens this body represents."
 2. In the event a member of a local governing body of a county or a municipality has a conflict of interest in a matter to be voted upon by the body, the member may abstain for cause by announcing such to the presiding officer. Any member of a local governing body of a county or municipality who abstains from voting for cause on any issue coming to a vote before the body shall not be counted for the purpose of determining a majority vote.
 3. The vote of any person having a conflict of interest who does not inform the governing body of such conflict as provided in subdivision (c)(1) shall be void if challenged in a timely manner. As used in this subdivision (c)(3), "timely manner" means during the same meeting at which the vote was cast and prior to the transaction of any further business by the body.
 4. Nothing in this subsection (c) shall be construed as altering, amending or otherwise affecting the provisions of § 12-4-101(a). In the event of any conflict between this subsection (c) and § 12-4-101(a), the provisions of § 12-4-101(a) shall prevail.



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T.C.A. § 6-54-108. Penalty for unlawful interest of officer.

Every officer of such corporation who shall unlawfully be concerned in making such contract, or who shall unlawfully pay money upon the same to or for any person declared incapable in § 6-54-107, shall forfeit the amount so paid; and such officer shall be jointly and severally liable to an action for the same, which action may be prosecuted by any citizen of the corporation in its name.

T.C.A. § 12-4-101. Personal interest of officers prohibited.

(a) (1) It is unlawful for any officer, committee member, director, or other person whose duty it is to vote for, let out, overlook, or in any manner to superintend any work or any contract in which any municipal corporation, county, state, development district, utility district, human resource agency, or other political subdivision created by statute shall or may be interested, to be directly interested in any such contract. "Directly interested" means any contract with the official personally or with any business in which the official is the sole proprietor, a partner, or the person having the controlling interest. "Controlling interest" includes the individual with the ownership or control of the largest number of outstanding shares owned by any single individual or corporation. This subdivision (a)(1) shall not be construed to prohibit any officer, committee person, director, or any person, other than a member of a local governing body of a county or municipality, from voting on the budget, appropriation resolution, or tax rate resolution, or amendments thereto, unless the vote is on a specific amendment to the budget or a specific appropriation or resolution in which such person is directly interested.

....

(b) It is unlawful for any officer, committee member, director, or other person whose duty it is to vote for, let out, overlook, or in any manner to superintend any work or any contract in which any municipal corporation, county, state, development district, utility district, human resource agency, or other political subdivision created by statute shall or may be interested, to be indirectly interested in any such contract unless the officer publicly acknowledges such officer's interest. "Indirectly interested" means any contract in which the officer is interested but not directly so, but includes contracts where the officer is directly interested but is the sole supplier of goods or services in a municipality or county.

(c) (1) Any member of a local governing body of a county or a municipality who is also an employee of such county or municipality and whose employment predates the member's initial election or appointment to the governing body of the county or municipality may vote on matters in which the member has a conflict of interest if the member informs the governing body immediately prior to the vote as follows: "Because I am an employee of (name of governmental unit), I have a conflict of interest in the proposal about to be voted. However, I declare that my argument and my vote answer only to my conscience and to my obligation to my constituents and the citizens this body represents." The vote of any such member having a conflict of interest who does not so inform the governing body of such conflict shall be void if challenged in a timely manner. As used in this subdivision (c)(1), "timely manner" means during the same meeting at which the vote was cast and prior to the transaction of any further business by the body.



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(2) Any member of a local governing body of a county or a municipality who is also an employee of such county or municipality and whose employment began on or after the date on which the member was initially elected or appointed to serve on the governing body of the county or municipality shall not vote on matters in which the member has a conflict of interest.

(3) (A) In the event a member of a local governing body of a county or a municipality has a conflict of interest in a matter to be voted upon by the body, such member may abstain for cause by announcing such to the presiding officer.

(B) (i) Any member of a local governing body of a municipality who abstains from voting for cause on any issue coming to a vote before the body shall not be counted for the purpose of determining a majority vote.

(ii) This subdivision (c)(3)(B) shall in no way be construed to apply to any county having a metropolitan form of government and having a population in excess of five hundred thousand (500,000), according to the 1990 federal census or any subsequent federal census.

....

T.C.A. § 12-4-102. Penalty for unlawful interest.

Should any person, acting as such officer, committee member, director, or other person referred to in § 12-4-101, be or become directly or unlawfully indirectly interested in any such contract, such person shall forfeit all pay and compensation therefor. Such officer shall be dismissed from such office the officer then occupies, and be ineligible for the same or a similar position for ten (10) years.



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APPENDIX B

SOLE-SOURCE PURCHASES VALUED AT OR GREATER THAN \$10,000

Sole-source purchases valued at or greater than \$10,000 shall be made only when an item is unique and possesses specific characteristics that can be filled by only one source and must have prior approval by the Purchasing Manager or, if the purchase is valued at or greater than \$25,000, then the Board of Mayor and Aldermen. In determining whether to authorize sole-source purchases valued at or greater than \$10,000, factors such as the following shall be considered:

1. whether the vendor possesses exclusive and/or predominant capabilities or the item contains a patented feature providing a superior utility not obtainable from similar products;
2. whether the product or service is unique and easily established as one-of-a-kind;
3. whether the program requirements can be modified so that competitive products or services may be used;
4. whether the product is available from only one source and not merchandised through wholesalers, jobbers or retailers; and
5. whether items must be interchangeable or compatible with in-place items.

After review of the written justification from the requisitioning department and ascertaining that the item to be purchased meets one or several of the above criteria, and so long as the product manufacturer representative has stated in writing that the vendor is the sole source available to the City, and so long as the vendor has stated in writing that the quoted pricing is the lowest municipal unit pricing available at that time and in the foreseeable future for the quantity indicated, then, in lieu of competitive purchasing procedures, the Purchasing Manager shall either authorize the sole-source purchase or, if the purchase is valued at or greater than \$25,000, then forward the request to the Board of Mayor and Aldermen for its consideration.

Based in part on Rule No. 0690-3-1-.03(3) of Rules of the Tennessee Department of General Services, Purchasing Division.

RESOLUTION 2017-41

A RESOLUTION ADOPTING A REVISED PURCHASING POLICY FOR CITY OF FRANKLIN, TENNESSEE PROCUREMENTS NOT PERTAINING TO THE DESIGN AND/OR CONSTRUCTION OF NEW INFRASTRUCTURE AND FACILITIES

WHEREAS, in 2004, the Board of Mayor and Aldermen of the City of Franklin established methods to comply with the Municipal Purchasing Law of 1983, as amended, and to provide for a more formal process for the procurement of equipment, services, and materials for the operation of municipal government but not pertaining to the design and/or construction of new infrastructure and facilities; and

WHEREAS, on July 26, 2011, the Board of Mayor and Aldermen adopted Resolution No. 2011-26, a resolution adopting a revised purchasing policy for the City; and

WHEREAS, on January 14, 2014, the Board of Mayor and Aldermen adopted Resolution No. 2014-06, a resolution adopting a revised purchasing policy for the City; and

WHEREAS, on January 27, 2015, the Board of Mayor and Aldermen adopted Resolution No. 2014-90, a resolution adopting a revised purchasing policy for the City; and

WHEREAS, on June 28, 2016, the Board of Mayor and Aldermen adopted Resolution No. 2016-24, a resolution adopting a revised purchasing policy for the City; and

WHEREAS, the Board of Mayor and Aldermen believes it is in the best interest of the City of Franklin for the purchasing policy to be further revised to reference federal regulation pertaining to procurement of property and/or services under a federal award; and

WHEREAS, the Board of Mayor and Aldermen believes it is in the best interest of the City of Franklin for the purchasing policy to be further revised to indicate how requests to inspect and/or obtain either complete or partial copies of purchasing-related records are to be handled; and

WHEREAS, the Board of Mayor and Aldermen believes it is in the best interest of the City of Franklin to implement a revised Purchasing Policy for procurements not pertaining to the design and/or construction of new infrastructure and facilities in order to reflect these changes and to otherwise update the City's policy.

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

Section 1. The purchasing policy for City of Franklin procurements not pertaining to new construction adopted by Resolution No. 2016-24, and any and all subsequent changes or revisions, are hereby repealed in their entirety. In place thereof, the purchasing policy for City of Franklin procurements not pertaining to the design and/or construction of new infrastructure and facilities, attached as Exhibit A hereto, is adopted.

Section 2. The Purchasing Manager of the City shall be responsible for the administration and enforcement of the policy hereby adopted.

RESOLUTION 2017-41

Section 3. Changes or revisions to the policy hereby adopted shall be made only by resolution of the Board of Mayor and Aldermen of the City of Franklin.

Section 4. The effective date of the policy hereby adopted shall be immediate upon passage and adoption of this resolution, the public welfare and the welfare of the City requiring it.

Adopted this ____ day of _____, 2017.

ATTEST:

CITY OF FRANKLIN, TENNESSEE

BY: _____
Eric S. Stuckey, City Administrator/Recorder

BY: _____
Dr. Ken Moore, Mayor

APPROVED AS TO FORM BY:

Kristen L. Corn, Assistant City Attorney



Purchasing Policy

for City of Franklin procurements not pertaining to new construction

A. General Provisions

This City of Franklin (“City”) Purchasing Policy shall apply to the purchase of materials, supplies, vehicles and equipment, the purchase of services other than those pertaining to the design and/or construction of new infrastructure and facilities, ~~and to secure~~ leases and lease-purchases, and ~~to dispose of the disposal~~ and transfer of surplus personal property, all for the proper conduct of the City’s business.

All contracts, leases and lease-purchase agreements are subject to the approval of the Board of Mayor and Aldermen, unless otherwise provided by resolution or ordinance. Any contracts, leases and lease-purchase agreements extending beyond the end of the current fiscal year shall be so noted prior to consideration by the Board of Mayor and Aldermen.

Whenever the City undertakes its own competitive procurement process for the procurement of goods and/or services not pertaining to the design and/or construction of new infrastructure and facilities, then the City is hereby authorized to utilize the one or more of the following procurement methodologies best suited for the intended procurement:

- request for quotations (not for purchases valued at \$25,000 or more)
- solicitation for bids
- request for proposals
- request for qualifications

This Purchasing Policy is intended to promote the public interest and preserve and enhance the public trust by establishing a transparent procurement system by which the City conducts its non-construction related purchasing, and by providing vendors with a fair forum for competing for City business.

B. Responsibilities of Departments

The following are the responsibility of each Department:

1. Departments shall be responsible for purchases and projects valued less than \$25,000. (In the context of this Policy, whenever any dollar thresholds are referenced, the estimated total value of the purchase or project, including all components related thereto, either over the course of the term of the award or, in the absence of a term of award, over the course of the next twelve (12) months, shall be considered.)
2. Departments shall use pricing established pursuant to City procurement awards or Tennessee statewide contracts if and as available. The use of pricing established by cooperative purchasing arrangements approved by the City Administrator for use by the City, as well as pricing established by other Tennessee local governments pursuant to a competitive process involving “public advertisement” (hereby defined to mean the same as that term is used in T.C.A. § 6-56-301 *et seq.*, the Tennessee Municipal Purchasing Law of 1983, as it may be amended from time to time) and sealed submittals, are ~~also allowed~~ acceptable alternatives and may be used in lieu of competitive pricing established by the City or the State.
3. Departments shall advise the Purchasing Office and/or the Finance Department as to the method of payment that best meets the needs of the City.



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4. Before placing an order for any non-emergency purchase valued at or greater than \$10,000, departments shall prepare and submit a requisition, on the form prescribed by the Purchasing Office, and await approval thereof. For orders for emergency purchases valued at or greater than \$10,000, the requisition may be completed within ten (10) calendar days after placing the order (and see "Emergency Purchases" below).
5. Purchases valued less than \$25,000 but not less than \$10,000 shall not be made unless and until, wherever possible, the Department shall have obtained and forwarded to the Purchasing Manager competitive pricing quotations from at least three (3) vendors, said quotations to be either supplied in writing by the vendor or reduced to writing by the Department, accompanied by a tabulation of the comparative aspects of the quotations obtained, a recommendation as to which quotation should be accepted and a requisition for the recommended quotation. As an alternative to obtaining three quotes, departments may use any of the procurement methodologies approved for usage for purchases valued at \$25,000 or more.
6. All foreseeable purchases, including those valued less than \$10,000, should not be made unless and until the Department Head or his or her authorized representative is satisfied that the value of the purchase is fairly priced and not more than what would be expected in the current market place. At the discretion of the Department Head or his or her authorized representative, for foreseeable purchases valued less than \$10,000, the Department should, whenever it is prudent to do so, obtain multiple competitive pricing quotations, said quotations to be either supplied in writing by the vendor or reduced to writing by the Department.
7. As soon as possible but within ten (10) calendar days of receipt of items ordered, Departments shall be responsible for verifying that the items conform to the order. The process for taking delivery of items is as follows:
 - a. Inspect the goods to verify that they are in acceptable condition.
 - b. Verify that all operating manuals and warranty cards are included in the delivery of the goods, if applicable.
 - c. Verify that the number of items ordered have been delivered, making special note when all or part of a particular order has been back-ordered.
 - d. Ensure that purchases of capital assets of the City have been properly reported, either directly or indirectly, to the Finance Department and the City's Risk Manager and, if rolling stock, Fleet Maintenance, on forms prescribed by those respective offices, so that records of such purchases may be updated, insurance coverage may be obtained, and vehicle tags may be obtained, all in a timely manner.
8. Regardless of method of payment, departments shall be responsible for reviewing, approving and allocating to the proper budget code all invoices authorized for payment.
9. It shall be the responsibility of each Department to allow time for competitive solicitation, ordering and delivery pursuant to this Purchasing Policy.
10. No employee shall make any indication that he/she will recommend a particular product for purchase, knowingly bind the City to a specific vendor, or make any representation as to his or her authority to bind the City by contract when such is not the case.



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C. Responsibilities of Purchasing Manager

The following are the responsibility of the Purchasing Manager:

1. The Purchasing Manager shall assist all Departments in purchasing operating materials, supplies, vehicles, equipment and services to which this Purchasing Policy applies.
2. The Purchasing Manager shall be responsible for facilitating the competitive process by which all purchases to which this Purchasing Policy applies and valued at or greater than \$25,000 are made.
3. For all purchases to which this Purchasing Policy applies and valued at or greater than \$10,000, the Purchasing Manager shall advocate the purchase of required products and services only either from the lowest responsible and responsive bidder or from the responsible and responsive respondent whose proposal or other submittal is most advantageous to the City.
4. The Purchasing Manager shall advise the Departments about the source and availability of products and services needed by the various Departments.
5. The Purchasing Manager shall provide current vendor files available for use and review by Departments.
6. The Purchasing Manager shall, upon request, obtain prices on comparable items.
7. The Purchasing Manager shall provide vendor lists, prepare Purchase Orders as necessary, and maintain orderly files.
8. The Purchasing Manager shall be alert on an ongoing basis for new sources and for improved products and services.
9. In coordination with individual Departments, the Purchasing Manager shall assist in the preparation of specifications.
10. The Purchasing Manager shall prepare all legal notices for competitive solicitations and shall also place additional notice of bid in appropriate publications and place on the City Website as necessary to assure ample opportunity for vendors to bid.
11. The Purchasing Manager shall on an ongoing basis pursue consolidating the purchase of as many products and services as economically possible in order to reduce costs and/or improve services provided to the City.
12. The Purchasing Manager shall investigate complaints from Departments of poor performance by vendors, or complaints about inferior products, and shall, in consultation with the City's Law Department, choose which, if any, remedies are available to the City to pursue.
13. The Purchasing Manager shall be responsible for disposing of the City's surplus personal property of any value by means of a competitive process and in compliance with City ordinance, except in cases involving data security or other mitigating circumstances. The Purchasing Manager shall develop the appropriate documentation for the Finance Department in accordance with the City Code.
14. The Purchasing Manager shall be responsible for administering and overseeing the City's Purchasing Card program.
15. The Purchasing Manager shall be responsible for otherwise administering and complying with this Purchasing Policy and applicable Tennessee state law, specifically T.C.A. § 6-56-301 *et seq.* (Tennessee Municipal Purchasing Law of 1983) and T.C.A. § 12-3-1201 *et seq.* (Public Purchases – Local Governments), as it may be amended from time to time, including keeping and filing required records and reports, as if they were set out herein and made a part hereof and within definitions of words and phrases from the law as herein defined.



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D. Circumstances under which ~~sealed bids or proposals pursuant to public advertising are competitive pricing is not required~~

Under any of the following circumstances, competitive pricing (sealed bids or proposals pursuant to public advertising if valued at or greater than \$25,000; three quotes wherever possible if valued less than \$25,000 but not less than \$10,000) is not required. Under any of these same circumstances, neither individual authorization by nor specific reporting to the Board of Mayor and Aldermen is required unless such is otherwise required pursuant to this policy.

1. Authorized sole-source purchases (see below).
2. Authorized emergency expenditures (see below).
3. Purchases from instrumentalities created by two (2) or more cooperating governments, such as, but not limited to those established pursuant to T.C.A. § 12-9-101, et seq.
4. Purchases from non-profit corporations whose purpose or one of whose purposes is to provide products and services specifically to municipalities, as provided in T.C.A. § 6-56-302.
5. Purchases, leases or lease-purchases of real property, as provided by City ordinance and state law.
6. Purchases, leases, or lease-purchases of used or secondhand articles consisting of goods, equipment, materials, supplies, or commodities, as provided in T.C.A. § 12-3-1202.
7. Purchases through of supplies, goods, equipment (except new or unused motor vehicles, unless the motor vehicles are manufactured for a special purpose as defined in § 12-3-1208) and/or services (except any transportation infrastructure project, including, but not limited to, projects for the construction or improvement of streets, highways, bridges, tunnels, or any roadway related facility), pricing for which has been established by other units of Tennessee local government, as provided in T.C.A. § 12-3-1203(a) and 12-3-1203(c).
8. Purchases pursuant to Tennessee Department of General Services statewide contracts authorized for use by Tennessee local governments.
9. Purchases from Tennessee Rehabilitative Initiative in Correction (TRICOR).
10. Professional service contracts, as provided in T.C.A. § 12-3-1209.
11. Other professional services, including actuarial, architectural design, financial and compliance audit, engineering design, financial advisory, legal counsel and medical.
12. Tort liability insurance, as provided in T.C.A. § 29-20-407.
13. Purchase of fuels, fuel products or perishable commodities.
14. Purchases based on contracts established by a cooperative purchasing arrangement recognized by the City pursuant to Resolution No. 2009-50, as provided in T.C.A. § 12-3-1205.
15. Purchases based on contracts established by the United States General Services Administration (GSA) and authorized by GSA for use by US local governments.
16. Other arrangements and methods pursuant to Tennessee and/or federal law.



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E. Rejection of Bids, Proposals or Other Submittals

The Purchasing Manager shall recommend to the Board of Mayor and Aldermen to reject any and all bids, proposals or other submittals received pursuant to a formal procurement solicitation issued by the Purchasing Office, or parts thereof, for any product or service to which this Policy applies, whenever, prior to the Board of Mayor and Aldermen making an award pursuant to such a formal procurement solicitation, the Purchasing Manager believes the public interest would be best served by such rejection. The Purchasing Manager shall recommend to the Board of Mayor and Aldermen that it reject any such submittal of a vendor or contractor who is in default on the payment of taxes, licenses, fees or other monies of whatever nature that may be due the City by the vendor or contractor whenever, prior to the Board of Mayor and Aldermen making an award pursuant to such a formal procurement solicitation, the Purchasing Manager becomes aware of such default.

F. Conflict of Interest, Use of Position, Solicitation

There are several sources of law and regulations, as they may be amended from time to time, that apply to conflicts of interest, use of position and solicitation. They are incorporated by reference and adopted as if fully stated herein.

a. City Charter

Article VIII ("Finance"), Section 16 ("Officers not to be Interested in City Contracts or Work") of the City of Franklin Charter reads as follows:

No member of the Board of Mayor and Aldermen, or officer elected by said Board, shall be interested in any contract, or work of any kind whatever, under its control and direction, and any contract in which any such person shall have an interest shall be void and cannot be enforced.

b. City of Franklin Municipal Code

Title 1 ("General Administration"), Chapter 8 ("Ethics") of the City of Franklin Municipal Code sets forth the Code of Ethics for the City of Franklin, which applies to all full-time and part-time elective or appointed officials and employees of the City.

c. City of Franklin Regulations

Article XXII ("General Policies and Procedures"), Section E ("Business Dealings"), of the City of Franklin Human Resource Manual, as it may be amended from time to time, reads as follows:

Except for the receipt of such compensation as may be lawfully provided for the performance of City duties, and except as noted below, no City officer or employee shall be privately interested in or profit, directly or indirectly, from business dealings with, of or by the City.

Regular full-time, regular part-time and temporary employees of the City may, subject to the approval of the City Administrator, contract to perform services for the City by meeting the following criteria: (1) the service performed must not be any service which the employee might provide in the normal scope of their regular duties; (2) the employee would be required to bid or submit a proposal in the same manner as any other prospective provider of service; and (3) the service performed must not present a conflict of interest nor a conflict of time with the employee's regular duties.



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Article XXII (“General Policies and Procedures”), Section I (“Use of Position”), of the City of Franklin Human Resource Manual, as it may be amended from time to time, reads in part as follows:

No City officer or employee shall make or attempt to make private purchases in the name of the City, nor otherwise use or attempt to use status as a City employee to secure unwarranted privileges or exemptions.

Article XXII (“General Policies and Procedures”), Section F (“Acceptance of Gratuities”), of the City’s Human Resource Manual, as it may be amended from time to time, reads as follows:

No City officer or employee shall accept or solicit any money or other consideration or favor from anyone other than the City for the performance of an act which the officer or employee would be required or expected to perform in the regular course of employment; nor shall any officer or employee accept, directly or indirectly, any gift, gratuity, or favor of any kind which might reasonably be an attempt to influence the individual’s actions with respect to City business. For further explanation, see Title 1, Chapter 8 (“Ethics”), of the Municipal Code.

d. Statutes

Certain Tennessee statutes may apply to purchases involving city officers, committee members, etc. Selected statutes may be found in Appendix A to this Purchasing Policy attached hereto for reference.

G. City Officer and Employee Communication with Vendors

Between the time a procurement solicitation for sealed submittals is issued by the City and the time an award is made, members of the Board of Mayor and Aldermen as well as employees of the City shall refrain from any form of communication with one or more vendors that may be competing for the award about any aspect of the procurement other than either in the context of a public meeting or by way of the Purchasing Office. The foregoing is not meant to preclude a representative of the City from answering questions from vendors if the question is already addressed in the solicitation documents, if the City representative is certain of the correct answer and if the Purchasing Office is informed of the communication. Otherwise, any inquiries from one or more vendors that may be competing for such an award shall be directed to the Purchasing Office which shall determine if an addendum to the solicitation should be prepared and issued to all vendors known or thought to be interested in the procurement opportunity. Vendors that may be competing for a procurement award shall be instructed that, until that award has been made, they shall not communicate about either the content of or the procurement process pertaining to this procurement solicitation with any official, employee or other representative of the City except through the City’s Purchasing Office. The City reserves the right to disqualify any vendor that initiates unauthorized communication with the City during the procurement phase.

H. City Officer and Employee Business Dealings with the City

See Article XXII (“General Policies and Procedures”), Section E (“Business Dealings”), of the City of Franklin Human Resources Manual.

See also Title 1 (“General Administration”), Chapter 8 (“Ethics”), of the City of Franklin Municipal Code.



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I. Tie Bids and Tie Quotes

In the event of tie bids or tie quotes (that is, when two or more responsible and responsive vendors offer products that meet all specifications, terms and conditions at identical total pricing for the minimum or estimated quantity indicated), then the tie bids or tie quotes shall be broken by means of one of the following methods, in descending order:

1. The award shall be made to the vendor who bid or quoted the soonest delivery of the product or completion of the service of all the vendors submitting the tie bids or tie quotes.
2. The award shall be made to the vendor who offered the pricing for the longest period of time for potential future orders of all the vendors submitting the tie bids or tie quotes.
3. If one or more of the vendors submitting the tie bids or tie quotes competed for the City's business the last time the City solicited bids or quotes for the same product or service, then the award shall be made to the vendor who offered the lowest pricing at that time of all the vendors submitting the tie bids or tie quotes.
4. If one or more of the vendors submitting the tie bid or tie quote have done business with the City within the most recent 24 months, then the award shall be made to the vendor who has done the most business with the City (measured in dollars) in that time frame of all the vendors submitting the tie bids or tie quotes.
5. The award shall be made by means of random selection, such method to be administered by the Purchasing Manager and to give equal opportunity to all the vendors submitting the tie bids or tie quotes.

J. Determining Responsible and Responsive Respondents

As noted above, products and services shall be purchased either from the lowest responsible and responsive bidder or from the responsive and responsible respondent whose proposal or other submittal is most advantageous to the City. In determining whether a competing vendor is responsible and responsive, the following shall be taken into consideration:

1. The ability of the competing vendor to perform the contract or provide the material or service required.
2. Whether the competing vendor can perform the contract or provide the service promptly, or within the time specified, without delay or interference.
3. The character, integrity, reputation, judgment, experience, and efficiency of the competing vendor.
4. The previous and existing compliance by the competing vendor or a predecessor in interest with laws and ordinances relating to the contract or service.
5. The quality of the competing vendor's performance of previous contracts or services, including the quality of such contracts or services in other municipalities, or performed for private sector customers.
6. The sufficiency of financial resources and the ability of the competing vendor to perform the contract or provide the service.
7. The ability of the competing vendor to provide future maintenance and service for the use of the materials, supplies, vehicles, equipment or contractual service contracted.
8. Compliance by the competing vendor with all specifications in the solicitation for bids or proposals.
9. The ability of the competing vendor to deliver and maintain any requisite bid bonds or performance bonds.



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K. Emergency Purchases

When in the judgment of the City Administrator, the Department Head or the Purchasing Manager there exists an emergency impinging on public health, safety or welfare and a purchase valued at or greater than \$10,000 is necessary, then the competitive purchasing provisions contained in this Purchasing Policy may be waived; provided, however, that if the emergency purchase is valued at or greater than \$25,000 it shall be reported to the Board of Mayor and Aldermen at its next scheduled meeting.

L. Sole-Source Purchases

In the context of this Policy, whenever any dollar thresholds are referenced, the estimated total value of the purchase or project, including all components related thereto, either over the course of the term of the award or, in the absence of a term of award, over the course of the next twelve (12) months, shall be considered. Sole-source purchases valued at less than \$10,000 may be authorized by the end-user department. Sole-source purchases valued at less than \$25,000 but not less than \$10,000 may be authorized by the Purchasing Manager upon being satisfied that it is not possible to obtain competitive pricing quotations from at least three (3) vendors. Except as noted below, sole-source purchases valued at or greater than \$25,000 may not be made unless and until individually authorized by the Board of Mayor and Aldermen. Authorized sole-source purchases do not require sealed bids or proposals pursuant to public advertising. The criteria for evaluating sole-source purchases valued at or greater than \$10,000 are presented in Appendix B to this Purchasing Policy. Sole-source purchases pertaining to circumstances under which sealed bids or proposals pursuant to public advertising are not required, as same are listed in provision D above, even if valued at or greater than \$25,000, require neither individual authorization by nor specific reporting to the Board of Mayor and Aldermen unless otherwise required to be authorized or reported pursuant to this policy. Sole-source purchases valued at or greater than \$25,000 that do not require individual authorization by (but which shall still be reported to) the Board of Mayor and Aldermen include:

- a. Repairs to, maintenance of, licenses for and/or maintenance agreements for products already in use by the City, so long as the product manufacturer representative has stated in writing that the vendor is the sole source available to the City, and so long as the vendor has stated in writing that the quoted pricing is the lowest municipal unit pricing available at that time and in the foreseeable future for the quantity indicated. Examples: engine repairs made by the manufacturer or the manufacturer's representative for a vehicle; license and maintenance agreements for computer software.
- b. Purchases of items necessary to maintain, expand or improve a manufacturer-specific system already in use by the City, and/or another governmental agency with which the City must cooperate in order to provide the public service relevant to the proposed purchase, and that requires interconnectivity of and/or communication between the component parts, so long as the product manufacturer representative has stated in writing that the vendor is the sole source available to the City, and so long as the vendor has stated in writing that the quoted pricing is the lowest municipal unit pricing available at that time and in the foreseeable future for the quantity indicated. Examples: water meters and related parts; traffic signal equipment and related parts; athletic field lighting (and related parts) connected to a centralized master control; automated external defibrillators; cardiac monitors; telemetry/supervisory control and data acquisition equipment.

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- c. Purchases of items that have, for good and sufficient reason, previously been standardized by the City, so long as the product manufacturer representative has stated in writing that the vendor is the sole source available to the City, and so long as the vendor has stated in writing that the quoted pricing is the lowest municipal unit pricing available at that time and in the foreseeable future for the quantity indicated. Examples: low-pressure wastewater collection grinder pumps and related parts; self-contained breathing apparatus; vehicle exhaust evacuation systems at individual fire stations, including installation if only one authorized installer is assigned to serve the City; vehicle extrication equipment.

M. Purchasing Card Program

The Purchasing Card Program shall be administered by the Purchasing Manager pursuant to procedures established therefor. The Purchasing Manager shall coordinate with Department Heads in determining to which employees and officers of the City to issue Purchasing Cards. Employees who are authorized and expected to travel on behalf of the City and at the City's expense shall be issued purchasing cards and are expected to use same in lieu of being given travel advances.

Employees' participation in the City's Purchasing Card Program is a privilege and a convenience that includes certain responsibilities. Although the purchasing card is issued in the cardholder's name, it is City property and therefore must be used in accordance with City policy and rules, as well as with objectively reasonable judgment, especially as follows:

1. The Purchasing Card is provided to employees based on their need to purchase authorized goods and services. A card may be revoked at any time based on change of assignment or location. The card is neither an entitlement nor a reflection of title or position.
2. The card may be used only for authorized obligations of the City; use of the card for a purchase other than an authorized obligation of the City (such as personal purchases as well as alcoholic beverages and entertainment), even if intended for future reimbursement, are specifically prohibited.
3. Purchases made with the card are to comply with City purchasing policy and procedures. Such City procurement rules as the need for procurement requisitions, the basis for pricing, contracting, whether a certificate of insurance is necessary to require of the service provider, adequacy of budgeted funding, and timing of payment relative to delivery of the product or service, all apply regardless of method of payment (such as by purchasing card).
4. The cardholder is the only person entitled to use the card and is accountable for all charges attributable to the card.
5. Cardholders are expected to exercise objectively reasonable judgment in making a decision about whether to make a purchase by considering (a) whether the potential purchase is prudent and necessary, and (b) whether the potential purchase would reflect well on the City and the cardholder, and be perceived by the general public as suitable and appropriate. Improper use of a City purchasing card, especially intentional and unreported but even unintentional and reported, including personal purchases as well as alcoholic beverages and entertainment, even if reimbursed, may be considered misappropriation of City funds, which may result in disciplinary action, up to and including termination.

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6. Other than for out-of-state purchases and purchases from fast-food restaurants (at which customers place and pay for the order before sitting down at a table), the cardholder is responsible for ensuring that the transaction is completed without sales tax being charged. If a transaction has been completed on which sales tax was charged in error, then the cardholder is responsible for contacting the vendor and requesting that the amount of the sales tax be credited back to the same City purchasing card to which the sales tax was charged. Documentation of this effort, and of the vendor's response, shall be submitted in addition to the supporting documentation for the transaction.
7. Cardholders are expected to comply with internal control procedures in order to protect the City's assets. This includes (a) not permitting anyone other than the cardholder to use the card; (b) making sure that each transaction is electronically processed in full and on time; (c) keeping and submitting on time detailed invoices or itemized payment receipts that substantiate each and every charge attributed to the purchasing card issued to the cardholder; (d) assisting the City upon request with reconciling the City's billing cycle statements; and (e) taking reasonable precautions to secure the purchasing card against loss and/or theft.
8. If electronic processing of a purchasing card transaction is not completed by the deadline and the Purchasing Office has not been previously notified of the need for a delay, then the monthly credit limit for the respective purchasing card may be reduced to \$0 until the processing is complete. This consequence applies to any transaction that has not been coded, explained with a comment, and approved by the individual assigned to approve purchasing card transactions for that cardholder. Credit limits will be restored to the previous amounts once electronic processing is complete.
9. Failure to submit on time adequate and legible supporting documentation for each transaction or to otherwise comply with City rules will carry consequences, possibly including reduction or loss of card spend authority, reimbursement of the City by the employee for unauthorized and/or unsubstantiated purchases, and/or disciplinary action, up to and including termination.
10. Cardholders are responsible for resolving any discrepancies by contacting the vendor and/or the issuing bank.
11. A lost or stolen purchasing card shall, as soon as possible upon discovery of the loss or theft, be reported to the City Purchasing Office and/or to the issuing bank.
12. A cardholder must surrender his or her card upon termination of employment (i.e., retirement or voluntary or involuntary separation).

N. Payment for Purchases

All payments to vendors and service providers shall be made either by purchasing card (in accordance with this Policy) or by one of the City's other methods of payment (in accordance with the City's Disbursements Policy).

O. Consolidation of Purchases

The Purchasing Manager, working in cooperation with Departments, shall on an on-going basis investigate ways and methods to consolidate as many purchases as possible. The purpose of consolidation is to allow the City to realize economies of scale, savings through reducing inventories of parts and supplies as well as reducing the number of vendors and accompanying financial record keeping.



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P. Use of Internet Auctions for Purchases of City Property

The use of internet auctions is generally prohibited as a method for making City purchases unless specifically authorized in advance by the City Administrator.

Q. Vendor Protests

Vendor protests shall be handled in accordance with the City's Vendor Protest Procedure for procurements not pertaining to new construction, as approved by resolution of the Board of Mayor and Aldermen.

R. Disciplinary Action

Any employee who fails or refuses to comply with the provisions of this Purchasing Policy shall be subject to disciplinary action pursuant to and as provided in the Human Resources Manual, as it may be amended from time to time.

S. Requests for Proposals

Requests for competitive sealed proposals shall be used pursuant to T.C.A. § 12-3-1207 and may be used only when qualifications, experience, or competence are more important than price in making the purchase, and either (1) when there is more than one (1) solution to a purchasing issue and competitive sealed proposals would assist in choosing the best solution; or (2) when there is no readily identifiable solution to a purchasing issue and competitive sealed proposals would assist in identifying one (1) or more solutions. The request for competitive sealed proposals shall state the relative importance of price and other evaluation factors. The award shall be made to the responsible respondent whose proposal the governing body determines is the most advantageous to the City, taking into consideration price and the evaluation factors set out in the request for competitive sealed proposals. No other factor may be used in the evaluation.

T. Requests for Qualifications

Requests for qualifications may be used pursuant to T.C.A. § 12-3-1209 for legal services, fiscal agent, financial advisor or advisory services and similar services by professional persons or groups of high ethical standards, or pursuant to T.C.A. § 12-4-107 for architectural, engineering and construction services.

U. Procurement of Property and/or Services under a Federal Award

When procuring property and/or services under a Federal award, the City shall follow applicable provisions of 2 CFR Chapter I and Chapter II, Part 200, et al. ("Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; Final Rule"), as promulgated December 26, 2013 by Executive Office of the President, Office of Management and Budget, namely sections 200.318 ("General procurement standards") through 200.326 ("Contract provisions").



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V. Requests to inspect and/or obtain either complete or partial copies of purchasing-related records

1. Sealed bids, requests received during protest period: After opening sealed bids submitted to and received by the City in response to a formal procurement solicitation for bids facilitated by the City Purchasing Office, but not later than the seventh calendar day after the City issues a notice of intent to award a pending procurement in response to such a procurement solicitation:
 - a. Requests by an Interested Party (as that term is defined in the City's Vendor Protest Procedure) to inspect such bids shall be directed to and promptly honored by the City Purchasing Office at a time during normal business hours of the City Purchasing Office that is mutually convenient to both the City Purchasing Office and the requesting party.
 - b. Requests other than by an Interested Party (as that term is defined in the City's Vendor Protest Procedure) to inspect, and requests by any party to obtain either complete or partial copies of such bids shall be made pursuant to the City's open records request policy and procedure.
2. Sealed proposals and statements of qualifications and certain related records, requests received during protest period: After the City issues a notice of intent to award a pending procurement as a result of a formal procurement solicitation facilitated by the City Purchasing Office and involving a personal service, professional service, or consultant service request for proposals or request for qualifications solicitation that resulted in proposals or statements of qualifications having been submitted to and received by the City, but not later than the seventh calendar day after the City issues such a notice of intent to award:
 - a. Requests by an Interested Party (as that term is defined in the City's Vendor Protest Procedure) to inspect such proposals and statements of qualifications, and related records, including, but not limited to, evaluations, names of evaluation committee members, and all related memoranda or notes, shall be directed to and promptly honored by the City Purchasing Office at a time during normal business hours of the City Purchasing Office that is mutually convenient to both the City Purchasing Office and the requesting party.
 - b. Requests other than by an Interested Party (as that term is defined in the City's Vendor Protest Procedure) to inspect, and requests by any party to obtain either complete or partial copies of such proposals and statements of qualifications, and related records, including, but not limited to, evaluations, names of evaluation committee members, and all related memoranda or notes, shall be made pursuant to the City's open records request policy and procedure.
3. Sealed submittals, requests received after protest period: After the seventh calendar day after the City issues a notice of intent to award a pending procurement in response to a formal procurement solicitation facilitated by the City Purchasing Office, requests by any party to inspect and/or obtain either complete or partial copies of bids, proposals or other vendor submittals shall be made pursuant to the City's open records request policy and procedure.
4. Other purchasing-related City records: At any time, for all purchasing-related City records other than those pertaining to a formal procurement solicitation facilitated by the City Purchasing Office, requests by any party to inspect and/or obtain either complete or partial copies of such records shall be made pursuant to the City's open records request policy and procedure.



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APPENDIX A

SELECTED STATUTES APPLYING TO OFFICERS, COMMITTEE MEMBERS, ETC.

T.C.A. § 6-54-107. Interest of officer in municipal contracts prohibited.

- a. No person holding office under any municipal corporation shall, during the time for which such person was elected or appointed, be capable of contracting with such corporation for the performance of any work that is to be paid for out of the treasury. Nor shall such person be capable of holding or having any other direct interest in such a contract. "Direct interest" means any contract with any business in which the official is the sole proprietor, a partner, or the person having the controlling interest. "Controlling interest" includes the individual with the ownership or control of the largest number of outstanding shares owned by any single individual or corporation.
- b. No officer in a municipality shall be indirectly interested in any contract to which the municipality is a party unless the officer publicly acknowledges such officer's interest. "Indirectly interested" means any contract in which the officer is interested but not directly so, but includes contracts where the officer is directly interested but is the sole supplier of goods or services in a municipality.
- c.
 1. Any member of a local governing body of a county or a municipality who is also an employee of such county or municipality may vote on matters in which such member has a conflict of interest if the member informs the governing body immediately prior to the vote as follows: "Because I am an employee of (name of governmental unit), I have a conflict of interest in the proposal about to be voted. However, I declare that my argument and my vote answer only to my conscience and to my obligation to my constituents and the citizens this body represents."
 2. In the event a member of a local governing body of a county or a municipality has a conflict of interest in a matter to be voted upon by the body, the member may abstain for cause by announcing such to the presiding officer. Any member of a local governing body of a county or municipality who abstains from voting for cause on any issue coming to a vote before the body shall not be counted for the purpose of determining a majority vote.
 3. The vote of any person having a conflict of interest who does not inform the governing body of such conflict as provided in subdivision (c)(1) shall be void if challenged in a timely manner. As used in this subdivision (c)(3), "timely manner" means during the same meeting at which the vote was cast and prior to the transaction of any further business by the body.
 4. Nothing in this subsection (c) shall be construed as altering, amending or otherwise affecting the provisions of § 12-4-101(a). In the event of any conflict between this subsection (c) and § 12-4-101(a), the provisions of § 12-4-101(a) shall prevail.



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T.C.A. § 6-54-108. Penalty for unlawful interest of officer.

Every officer of such corporation who shall unlawfully be concerned in making such contract, or who shall unlawfully pay money upon the same to or for any person declared incapable in § 6-54-107, shall forfeit the amount so paid; and such officer shall be jointly and severally liable to an action for the same, which action may be prosecuted by any citizen of the corporation in its name.

T.C.A. § 12-4-101. Personal interest of officers prohibited.

(a) (1) It is unlawful for any officer, committee member, director, or other person whose duty it is to vote for, let out, overlook, or in any manner to superintend any work or any contract in which any municipal corporation, county, state, development district, utility district, human resource agency, or other political subdivision created by statute shall or may be interested, to be directly interested in any such contract. "Directly interested" means any contract with the official personally or with any business in which the official is the sole proprietor, a partner, or the person having the controlling interest. "Controlling interest" includes the individual with the ownership or control of the largest number of outstanding shares owned by any single individual or corporation. This subdivision (a)(1) shall not be construed to prohibit any officer, committee person, director, or any person, other than a member of a local governing body of a county or municipality, from voting on the budget, appropriation resolution, or tax rate resolution, or amendments thereto, unless the vote is on a specific amendment to the budget or a specific appropriation or resolution in which such person is directly interested.

....

(b) It is unlawful for any officer, committee member, director, or other person whose duty it is to vote for, let out, overlook, or in any manner to superintend any work or any contract in which any municipal corporation, county, state, development district, utility district, human resource agency, or other political subdivision created by statute shall or may be interested, to be indirectly interested in any such contract unless the officer publicly acknowledges such officer's interest. "Indirectly interested" means any contract in which the officer is interested but not directly so, but includes contracts where the officer is directly interested but is the sole supplier of goods or services in a municipality or county.

(c) (1) Any member of a local governing body of a county or a municipality who is also an employee of such county or municipality and whose employment predates the member's initial election or appointment to the governing body of the county or municipality may vote on matters in which the member has a conflict of interest if the member informs the governing body immediately prior to the vote as follows: "Because I am an employee of (name of governmental unit), I have a conflict of interest in the proposal about to be voted. However, I declare that my argument and my vote answer only to my conscience and to my obligation to my constituents and the citizens this body represents." The vote of any such member having a conflict of interest who does not so inform the governing body of such conflict shall be void if challenged in a timely manner. As used in this subdivision (c)(1), "timely manner" means during the same meeting at which the vote was cast and prior to the transaction of any further business by the body.



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(2) Any member of a local governing body of a county or a municipality who is also an employee of such county or municipality and whose employment began on or after the date on which the member was initially elected or appointed to serve on the governing body of the county or municipality shall not vote on matters in which the member has a conflict of interest.

(3) (A) In the event a member of a local governing body of a county or a municipality has a conflict of interest in a matter to be voted upon by the body, such member may abstain for cause by announcing such to the presiding officer.

(B) (i) Any member of a local governing body of a municipality who abstains from voting for cause on any issue coming to a vote before the body shall not be counted for the purpose of determining a majority vote.

(ii) This subdivision (c)(3)(B) shall in no way be construed to apply to any county having a metropolitan form of government and having a population in excess of five hundred thousand (500,000), according to the 1990 federal census or any subsequent federal census.

....

T.C.A. § 12-4-102. Penalty for unlawful interest.

Should any person, acting as such officer, committee member, director, or other person referred to in § 12-4-101, be or become directly or unlawfully indirectly interested in any such contract, such person shall forfeit all pay and compensation therefor. Such officer shall be dismissed from such office the officer then occupies, and be ineligible for the same or a similar position for ten (10) years.



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APPENDIX B

SOLE-SOURCE PURCHASES VALUED AT OR GREATER THAN \$10,000

Sole-source purchases valued at or greater than \$10,000 shall be made only when an item is unique and possesses specific characteristics that can be filled by only one source and must have prior approval by the Purchasing Manager or, if the purchase is valued at or greater than \$25,000, then the Board of Mayor and Aldermen. In determining whether to authorize sole-source purchases valued at or greater than \$10,000, factors such as the following shall be considered:

1. whether the vendor possesses exclusive and/or predominant capabilities or the item contains a patented feature providing a superior utility not obtainable from similar products;
2. whether the product or service is unique and easily established as one-of-a-kind;
3. whether the program requirements can be modified so that competitive products or services may be used;
4. whether the product is available from only one source and not merchandised through wholesalers, jobbers or retailers; and
5. whether items must be interchangeable or compatible with in-place items.

After review of the written justification from the requisitioning department and ascertaining that the item to be purchased meets one or several of the above criteria, and so long as the product manufacturer representative has stated in writing that the vendor is the sole source available to the City, and so long as the vendor has stated in writing that the quoted pricing is the lowest municipal unit pricing available at that time and in the foreseeable future for the quantity indicated, then, in lieu of competitive purchasing procedures, the Purchasing Manager shall either authorize the sole-source purchase or, if the purchase is valued at or greater than \$25,000, then forward the request to the Board of Mayor and Aldermen for its consideration.

Based in part on Rule No. 0690-3-1-.03(3) of Rules of the Tennessee Department of General Services, Purchasing Division.



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A. General Provisions

This City of Franklin (“City”) Purchasing Policy shall apply to the purchase of materials, supplies, vehicles and equipment, the purchase of services other than those pertaining to the design and/or construction of new infrastructure and facilities, leases and lease-purchases, and the disposal and transfer of surplus personal property, all for the proper conduct of the City’s business.

All contracts, leases and lease-purchase agreements are subject to the approval of the Board of Mayor and Aldermen, unless otherwise provided by resolution or ordinance. Any contracts, leases and lease-purchase agreements extending beyond the end of the current fiscal year shall be so noted prior to consideration by the Board of Mayor and Aldermen.

Whenever the City undertakes its own competitive procurement process for the procurement of goods and/or services not pertaining to the design and/or construction of new infrastructure and facilities, then the City is hereby authorized to utilize the one or more of the following procurement methodologies best suited for the intended procurement:

- request for quotations (not for purchases valued at \$25,000 or more)
- solicitation for bids
- request for proposals
- request for qualifications

This Purchasing Policy is intended to promote the public interest and preserve and enhance the public trust by establishing a transparent procurement system by which the City conducts its non-construction related purchasing, and by providing vendors with a fair forum for competing for City business.

B. Responsibilities of Departments

The following are the responsibility of each Department:

1. Departments shall be responsible for purchases and projects valued less than \$25,000. (In the context of this Policy, whenever any dollar thresholds are referenced, the estimated total value of the purchase or project, including all components related thereto, either over the course of the term of the award or, in the absence of a term of award, over the course of the next twelve (12) months, shall be considered.)
2. Departments shall use pricing established pursuant to City procurement awards or Tennessee statewide contracts if and as available. The use of pricing established by cooperative purchasing arrangements approved by the City Administrator for use by the City, as well as pricing established by other Tennessee local governments pursuant to a competitive process involving “public advertisement” (hereby defined to mean the same as that term is used in T.C.A. § 6-56-301 *et seq.*, the Tennessee Municipal Purchasing Law of 1983, as it may be amended from time to time) and sealed submittals, are acceptable alternatives and may be used in lieu of competitive pricing established by the City or the State.
3. Departments shall advise the Purchasing Office and/or the Finance Department as to the method of payment that best meets the needs of the City.

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4. Before placing an order for any non-emergency purchase valued at or greater than \$10,000, departments shall prepare and submit a requisition, on the form prescribed by the Purchasing Office, and await approval thereof. For orders for emergency purchases valued at or greater than \$10,000, the requisition may be completed within ten (10) calendar days after placing the order (and see “Emergency Purchases” below).
5. Purchases valued less than \$25,000 but not less than \$10,000 shall not be made unless and until, wherever possible, the Department shall have obtained and forwarded to the Purchasing Manager competitive pricing quotations from at least three (3) vendors, said quotations to be either supplied in writing by the vendor or reduced to writing by the Department, accompanied by a tabulation of the comparative aspects of the quotations obtained, a recommendation as to which quotation should be accepted and a requisition for the recommended quotation. As an alternative to obtaining three quotes, departments may use any of the procurement methodologies approved for usage for purchases valued at \$25,000 or more.
6. All foreseeable purchases, including those valued less than \$10,000, should not be made unless and until the Department Head or his or her authorized representative is satisfied that the value of the purchase is fairly priced and not more than what would be expected in the current market place. At the discretion of the Department Head or his or her authorized representative, for foreseeable purchases valued less than \$10,000, the Department should, whenever it is prudent to do so, obtain multiple competitive pricing quotations, said quotations to be either supplied in writing by the vendor or reduced to writing by the Department.
7. As soon as possible but within ten (10) calendar days of receipt of items ordered, Departments shall be responsible for verifying that the items conform to the order. The process for taking delivery of items is as follows:
 - a. Inspect the goods to verify that they are in acceptable condition.
 - b. Verify that all operating manuals and warranty cards are included in the delivery of the goods, if applicable.
 - c. Verify that the number of items ordered have been delivered, making special note when all or part of a particular order has been back-ordered.
 - d. Ensure that purchases of capital assets of the City have been properly reported, either directly or indirectly, to the Finance Department and the City’s Risk Manager and, if rolling stock, Fleet Maintenance, on forms prescribed by those respective offices, so that records of such purchases may be updated, insurance coverage may be obtained, and vehicle tags may be obtained, all in a timely manner.
8. Regardless of method of payment, departments shall be responsible for reviewing, approving and allocating to the proper budget code all invoices authorized for payment.
9. It shall be the responsibility of each Department to allow time for competitive solicitation, ordering and delivery pursuant to this Purchasing Policy.
10. No employee shall make any indication that he/she will recommend a particular product for purchase, knowingly bind the City to a specific vendor, or make any representation as to his or her authority to bind the City by contract when such is not the case.



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C. Responsibilities of Purchasing Manager

The following are the responsibility of the Purchasing Manager:

1. The Purchasing Manager shall assist all Departments in purchasing operating materials, supplies, vehicles, equipment and services to which this Purchasing Policy applies.
2. The Purchasing Manager shall be responsible for facilitating the competitive process by which all purchases to which this Purchasing Policy applies and valued at or greater than \$25,000 are made.
3. For all purchases to which this Purchasing Policy applies and valued at or greater than \$10,000, the Purchasing Manager shall advocate the purchase of required products and services only either from the lowest responsible and responsive bidder or from the responsible and responsive respondent whose proposal or other submittal is most advantageous to the City.
4. The Purchasing Manager shall advise the Departments about the source and availability of products and services needed by the various Departments.
5. The Purchasing Manager shall provide current vendor files available for use and review by Departments.
6. The Purchasing Manager shall, upon request, obtain prices on comparable items.
7. The Purchasing Manager shall provide vendor lists, prepare Purchase Orders as necessary, and maintain orderly files.
8. The Purchasing Manager shall be alert on an ongoing basis for new sources and for improved products and services.
9. In coordination with individual Departments, the Purchasing Manager shall assist in the preparation of specifications.
10. The Purchasing Manager shall prepare all legal notices for competitive solicitations and shall also place additional notice of bid in appropriate publications and place on the City Website as necessary to assure ample opportunity for vendors to bid.
11. The Purchasing Manager shall on an ongoing basis pursue consolidating the purchase of as many products and services as economically possible in order to reduce costs and/or improve services provided to the City.
12. The Purchasing Manager shall investigate complaints from Departments of poor performance by vendors, or complaints about inferior products, and shall, in consultation with the City's Law Department, choose which, if any, remedies are available to the City to pursue.
13. The Purchasing Manager shall be responsible for disposing of the City's surplus personal property of any value by means of a competitive process and in compliance with City ordinance, except in cases involving data security or other mitigating circumstances. The Purchasing Manager shall develop the appropriate documentation for the Finance Department in accordance with the City Code.
14. The Purchasing Manager shall be responsible for administering and overseeing the City's Purchasing Card program.
15. The Purchasing Manager shall be responsible for otherwise administering and complying with this Purchasing Policy and applicable Tennessee state law, specifically T.C.A. § 6-56-301 *et seq.* (Tennessee Municipal Purchasing Law of 1983) and T.C.A. § 12-3-1201 *et seq.* (Public Purchases – Local Governments), as it may be amended from time to time, including keeping and filing required records and reports, as if they were set out herein and made a part hereof and within definitions of words and phrases from the law as herein defined.



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D. Circumstances under which competitive pricing is not required

Under any of the following circumstances, competitive pricing (sealed bids or proposals pursuant to public advertising if valued at or greater than \$25,000; three quotes wherever possible if valued less than \$25,000 but not less than \$10,000) is not required. Under any of these same circumstances, neither individual authorization by nor specific reporting to the Board of Mayor and Aldermen is required unless such is otherwise required pursuant to this policy.

1. Authorized sole-source purchases (see below).
2. Authorized emergency expenditures (see below).
3. Purchases from instrumentalities created by two (2) or more cooperating governments, such as, but not limited to those established pursuant to T.C.A. § 12-9-101, et seq.
4. Purchases from non-profit corporations whose purpose or one of whose purposes is to provide products and services specifically to municipalities, as provided in T.C.A. § 6-56-302.
5. Purchases, leases or lease-purchases of real property, as provided by City ordinance and state law.
6. Purchases, leases, or lease-purchases of used or secondhand articles consisting of goods, equipment, materials, supplies, or commodities, as provided in T.C.A. § 12-3-1202.
7. Purchases of supplies, goods, equipment (except new or unused motor vehicles, unless the motor vehicles are manufactured for a special purpose as defined in § 12-3-1208) and/or services (except any transportation infrastructure project, including, but not limited to, projects for the construction or improvement of streets, highways, bridges, tunnels, or any roadway related facility), pricing for which has been established by other units of Tennessee local government, as provided in T.C.A. § 12-3-1203(a) and 12-3-1203(c).
8. Purchases pursuant to Tennessee Department of General Services statewide contracts authorized for use by Tennessee local governments.
9. Purchases from Tennessee Rehabilitative Initiative in Correction (TRICOR).
10. Professional service contracts, as provided in T.C.A. § 12-3-1209.
11. Other professional services, including actuarial, architectural design, financial and compliance audit, engineering design, financial advisory, legal counsel and medical.
12. Tort liability insurance, as provided in T.C.A. § 29-20-407.
13. Purchase of fuels, fuel products or perishable commodities.
14. Purchases based on contracts established by a cooperative purchasing arrangement recognized by the City pursuant to Resolution No. 2009-50, as provided in T.C.A. § 12-3-1205.
15. Purchases based on contracts established by the United States General Services Administration (GSA) and authorized by GSA for use by US local governments.
16. Other arrangements and methods pursuant to Tennessee and/or federal law.



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E. Rejection of Bids, Proposals or Other Submittals

The Purchasing Manager shall recommend to the Board of Mayor and Aldermen to reject any and all bids, proposals or other submittals received pursuant to a formal procurement solicitation issued by the Purchasing Office, or parts thereof, for any product or service to which this Policy applies, whenever, prior to the Board of Mayor and Aldermen making an award pursuant to such a formal procurement solicitation, the Purchasing Manager believes the public interest would be best served by such rejection. The Purchasing Manager shall recommend to the Board of Mayor and Aldermen that it reject any such submittal of a vendor or contractor who is in default on the payment of taxes, licenses, fees or other monies of whatever nature that may be due the City by the vendor or contractor whenever, prior to the Board of Mayor and Aldermen making an award pursuant to such a formal procurement solicitation, the Purchasing Manager becomes aware of such default.

F. Conflict of Interest, Use of Position, Solicitation

There are several sources of law and regulations, as they may be amended from time to time, that apply to conflicts of interest, use of position and solicitation. They are incorporated by reference and adopted as if fully stated herein.

a. City Charter

Article VIII ("Finance"), Section 16 ("Officers not to be Interested in City Contracts or Work") of the City of Franklin Charter reads as follows:

No member of the Board of Mayor and Aldermen, or officer elected by said Board, shall be interested in any contract, or work of any kind whatever, under its control and direction, and any contract in which any such person shall have an interest shall be void and cannot be enforced.

b. City of Franklin Municipal Code

Title 1 ("General Administration"), Chapter 8 ("Ethics") of the City of Franklin Municipal Code sets forth the Code of Ethics for the City of Franklin, which applies to all full-time and part-time elective or appointed officials and employees of the City.

c. City of Franklin Regulations

Article XXII ("General Policies and Procedures"), Section E ("Business Dealings"), of the City of Franklin Human Resource Manual, as it may be amended from time to time, reads as follows:

Except for the receipt of such compensation as may be lawfully provided for the performance of City duties, and except as noted below, no City officer or employee shall be privately interested in or profit, directly or indirectly, from business dealings with, of or by the City.

Regular full-time, regular part-time and temporary employees of the City may, subject to the approval of the City Administrator, contract to perform services for the City by meeting the following criteria: (1) the service performed must not be any service which the employee might provide in the normal scope of their regular duties; (2) the employee would be required to bid or submit a proposal in the same manner as any other prospective provider of service; and (3) the service performed must not present a conflict of interest nor a conflict of time with the employee's regular duties.

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Article XXII (“General Policies and Procedures”), Section I (“Use of Position”), of the City of Franklin Human Resource Manual, as it may be amended from time to time, reads in part as follows:

No City officer or employee shall make or attempt to make private purchases in the name of the City, nor otherwise use or attempt to use status as a City employee to secure unwarranted privileges or exemptions.

Article XXII (“General Policies and Procedures”), Section F (“Acceptance of Gratuities”), of the City’s Human Resource Manual, as it may be amended from time to time, reads as follows:

No City officer or employee shall accept or solicit any money or other consideration or favor from anyone other than the City for the performance of an act which the officer or employee would be required or expected to perform in the regular course of employment; nor shall any officer or employee accept, directly or indirectly, any gift, gratuity, or favor of any kind which might reasonably be an attempt to influence the individual’s actions with respect to City business. For further explanation, see Title 1, Chapter 8 (“Ethics”), of the Municipal Code.

d. Statutes

Certain Tennessee statutes may apply to purchases involving city officers, committee members, etc. Selected statutes may be found in Appendix A to this Purchasing Policy attached hereto for reference.

G. City Officer and Employee Communication with Vendors

Between the time a procurement solicitation for sealed submittals is issued by the City and the time an award is made, members of the Board of Mayor and Aldermen as well as employees of the City shall refrain from any form of communication with one or more vendors that may be competing for the award about any aspect of the procurement other than either in the context of a public meeting or by way of the Purchasing Office. The foregoing is not meant to preclude a representative of the City from answering questions from vendors if the question is already addressed in the solicitation documents, if the City representative is certain of the correct answer and if the Purchasing Office is informed of the communication. Otherwise, any inquiries from one or more vendors that may be competing for such an award shall be directed to the Purchasing Office which shall determine if an addendum to the solicitation should be prepared and issued to all vendors known or thought to be interested in the procurement opportunity. Vendors that may be competing for a procurement award shall be instructed that, until that award has been made, they shall not communicate about either the content of or the procurement process pertaining to this procurement solicitation with any official, employee or other representative of the City except through the City’s Purchasing Office. The City reserves the right to disqualify any vendor that initiates unauthorized communication with the City during the procurement phase.

H. City Officer and Employee Business Dealings with the City

See Article XXII (“General Policies and Procedures”), Section E (“Business Dealings”), of the City of Franklin Human Resources Manual.

See also Title 1 (“General Administration”), Chapter 8 (“Ethics”), of the City of Franklin Municipal Code.



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I. Tie Bids and Tie Quotes

In the event of tie bids or tie quotes (that is, when two or more responsible and responsive vendors offer products that meet all specifications, terms and conditions at identical total pricing for the minimum or estimated quantity indicated), then the tie bids or tie quotes shall be broken by means of one of the following methods, in descending order:

1. The award shall be made to the vendor who bid or quoted the soonest delivery of the product or completion of the service of all the vendors submitting the tie bids or tie quotes.
2. The award shall be made to the vendor who offered the pricing for the longest period of time for potential future orders of all the vendors submitting the tie bids or tie quotes.
3. If one or more of the vendors submitting the tie bids or tie quotes competed for the City's business the last time the City solicited bids or quotes for the same product or service, then the award shall be made to the vendor who offered the lowest pricing at that time of all the vendors submitting the tie bids or tie quotes.
4. If one or more of the vendors submitting the tie bid or tie quote have done business with the City within the most recent 24 months, then the award shall be made to the vendor who has done the most business with the City (measured in dollars) in that time frame of all the vendors submitting the tie bids or tie quotes.
5. The award shall be made by means of random selection, such method to be administered by the Purchasing Manager and to give equal opportunity to all the vendors submitting the tie bids or tie quotes.

J. Determining Responsible and Responsive Respondents

As noted above, products and services shall be purchased either from the lowest responsible and responsive bidder or from the responsive and responsible respondent whose proposal or other submittal is most advantageous to the City. In determining whether a competing vendor is responsible and responsive, the following shall be taken into consideration:

1. The ability of the competing vendor to perform the contract or provide the material or service required.
2. Whether the competing vendor can perform the contract or provide the service promptly, or within the time specified, without delay or interference.
3. The character, integrity, reputation, judgment, experience, and efficiency of the competing vendor.
4. The previous and existing compliance by the competing vendor or a predecessor in interest with laws and ordinances relating to the contract or service.
5. The quality of the competing vendor's performance of previous contracts or services, including the quality of such contracts or services in other municipalities, or performed for private sector customers.
6. The sufficiency of financial resources and the ability of the competing vendor to perform the contract or provide the service.
7. The ability of the competing vendor to provide future maintenance and service for the use of the materials, supplies, vehicles, equipment or contractual service contracted.
8. Compliance by the competing vendor with all specifications in the solicitation for bids or proposals.
9. The ability of the competing vendor to deliver and maintain any requisite bid bonds or performance bonds.

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K. Emergency Purchases

When in the judgment of the City Administrator, the Department Head or the Purchasing Manager there exists an emergency impinging on public health, safety or welfare and a purchase valued at or greater than \$10,000 is necessary, then the competitive purchasing provisions contained in this Purchasing Policy may be waived; provided, however, that if the emergency purchase is valued at or greater than \$25,000 it shall be reported to the Board of Mayor and Aldermen at its next scheduled meeting.

L. Sole-Source Purchases

In the context of this Policy, whenever any dollar thresholds are referenced, the estimated total value of the purchase or project, including all components related thereto, either over the course of the term of the award or, in the absence of a term of award, over the course of the next twelve (12) months, shall be considered. Sole-source purchases valued at less than \$10,000 may be authorized by the end-user department. Sole-source purchases valued at less than \$25,000 but not less than \$10,000 may be authorized by the Purchasing Manager upon being satisfied that it is not possible to obtain competitive pricing quotations from at least three (3) vendors. Except as noted below, sole-source purchases valued at or greater than \$25,000 may not be made unless and until individually authorized by the Board of Mayor and Aldermen. Authorized sole-source purchases do not require sealed bids or proposals pursuant to public advertising. The criteria for evaluating sole-source purchases valued at or greater than \$10,000 are presented in Appendix B to this Purchasing Policy. Sole-source purchases pertaining to circumstances under which sealed bids or proposals pursuant to public advertising are not required, as same are listed in provision D above, even if valued at or greater than \$25,000, require neither individual authorization by nor specific reporting to the Board of Mayor and Aldermen unless otherwise required to be authorized or reported pursuant to this policy. Sole-source purchases valued at or greater than \$25,000 that do not require individual authorization by (but which shall still be reported to) the Board of Mayor and Aldermen include:

- a. Repairs to, maintenance of, licenses for and/or maintenance agreements for products already in use by the City, so long as the product manufacturer representative has stated in writing that the vendor is the sole source available to the City, and so long as the vendor has stated in writing that the quoted pricing is the lowest municipal unit pricing available at that time and in the foreseeable future for the quantity indicated. Examples: engine repairs made by the manufacturer or the manufacturer's representative for a vehicle; license and maintenance agreements for computer software.
- b. Purchases of items necessary to maintain, expand or improve a manufacturer-specific system already in use by the City, and/or another governmental agency with which the City must cooperate in order to provide the public service relevant to the proposed purchase, and that requires interconnectivity of and/or communication between the component parts, so long as the product manufacturer representative has stated in writing that the vendor is the sole source available to the City, and so long as the vendor has stated in writing that the quoted pricing is the lowest municipal unit pricing available at that time and in the foreseeable future for the quantity indicated. Examples: water meters and related parts; traffic signal equipment and related parts; athletic field lighting (and related parts) connected to a centralized master control; automated external defibrillators; cardiac monitors; telemetry/supervisory control and data acquisition equipment.

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- c. Purchases of items that have, for good and sufficient reason, previously been standardized by the City, so long as the product manufacturer representative has stated in writing that the vendor is the sole source available to the City, and so long as the vendor has stated in writing that the quoted pricing is the lowest municipal unit pricing available at that time and in the foreseeable future for the quantity indicated. Examples: low-pressure wastewater collection grinder pumps and related parts; self-contained breathing apparatus; vehicle exhaust evacuation systems at individual fire stations, including installation if only one authorized installer is assigned to serve the City; vehicle extrication equipment.

M. Purchasing Card Program

The Purchasing Card Program shall be administered by the Purchasing Manager pursuant to procedures established therefor. The Purchasing Manager shall coordinate with Department Heads in determining to which employees and officers of the City to issue Purchasing Cards. Employees who are authorized and expected to travel on behalf of the City and at the City's expense shall be issued purchasing cards and are expected to use same in lieu of being given travel advances.

Employees' participation in the City's Purchasing Card Program is a privilege and a convenience that includes certain responsibilities. Although the purchasing card is issued in the cardholder's name, it is City property and therefore must be used in accordance with City policy and rules, as well as with objectively reasonable judgment, especially as follows:

1. The Purchasing Card is provided to employees based on their need to purchase authorized goods and services. A card may be revoked at any time based on change of assignment or location. The card is neither an entitlement nor a reflection of title or position.
2. The card may be used only for authorized obligations of the City; use of the card for a purchase other than an authorized obligation of the City (such as personal purchases as well as alcoholic beverages and entertainment), even if intended for future reimbursement, are specifically prohibited.
3. Purchases made with the card are to comply with City purchasing policy and procedures. Such City procurement rules as the need for procurement requisitions, the basis for pricing, contracting, whether a certificate of insurance is necessary to require of the service provider, adequacy of budgeted funding, and timing of payment relative to delivery of the product or service, all apply regardless of method of payment (such as by purchasing card).
4. The cardholder is the only person entitled to use the card and is accountable for all charges attributable to the card.
5. Cardholders are expected to exercise objectively reasonable judgment in making a decision about whether to make a purchase by considering (a) whether the potential purchase is prudent and necessary, and (b) whether the potential purchase would reflect well on the City and the cardholder, and be perceived by the general public as suitable and appropriate. Improper use of a City purchasing card, especially intentional and unreported but even unintentional and reported, including personal purchases as well as alcoholic beverages and entertainment, even if reimbursed, may be considered misappropriation of City funds, which may result in disciplinary action, up to and including termination.

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6. Other than for out-of-state purchases and purchases from fast-food restaurants (at which customers place and pay for the order before sitting down at a table), the cardholder is responsible for ensuring that the transaction is completed without sales tax being charged. If a transaction has been completed on which sales tax was charged in error, then the cardholder is responsible for contacting the vendor and requesting that the amount of the sales tax be credited back to the same City purchasing card to which the sales tax was charged. Documentation of this effort, and of the vendor's response, shall be submitted in addition to the supporting documentation for the transaction.
7. Cardholders are expected to comply with internal control procedures in order to protect the City's assets. This includes (a) not permitting anyone other than the cardholder to use the card; (b) making sure that each transaction is electronically processed in full and on time; (c) keeping and submitting on time detailed invoices or itemized payment receipts that substantiate each and every charge attributed to the purchasing card issued to the cardholder; (d) assisting the City upon request with reconciling the City's billing cycle statements; and (e) taking reasonable precautions to secure the purchasing card against loss and/or theft.
8. If electronic processing of a purchasing card transaction is not completed by the deadline and the Purchasing Office has not been previously notified of the need for a delay, then the monthly credit limit for the respective purchasing card may be reduced to \$0 until the processing is complete. This consequence applies to any transaction that has not been coded, explained with a comment, and approved by the individual assigned to approve purchasing card transactions for that cardholder. Credit limits will be restored to the previous amounts once electronic processing is complete.
9. Failure to submit on time adequate and legible supporting documentation for each transaction or to otherwise comply with City rules will carry consequences, possibly including reduction or loss of card spend authority, reimbursement of the City by the employee for unauthorized and/or unsubstantiated purchases, and/or disciplinary action, up to and including termination.
10. Cardholders are responsible for resolving any discrepancies by contacting the vendor and/or the issuing bank.
11. A lost or stolen purchasing card shall, as soon as possible upon discovery of the loss or theft, be reported to the City Purchasing Office and/or to the issuing bank.
12. A cardholder must surrender his or her card upon termination of employment (i.e., retirement or voluntary or involuntary separation).

N. Payment for Purchases

All payments to vendors and service providers shall be made either by purchasing card (in accordance with this Policy) or by one of the City's other methods of payment (in accordance with the City's Disbursements Policy).

O. Consolidation of Purchases

The Purchasing Manager, working in cooperation with Departments, shall on an on-going basis investigate ways and methods to consolidate as many purchases as possible. The purpose of consolidation is to allow the City to realize economies of scale, savings through reducing inventories of parts and supplies as well as reducing the number of vendors and accompanying financial record keeping.



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P. Use of Internet Auctions for Purchases of City Property

The use of internet auctions is generally prohibited as a method for making City purchases unless specifically authorized in advance by the City Administrator.

Q. Vendor Protests

Vendor protests shall be handled in accordance with the City's Vendor Protest Procedure for procurements not pertaining to new construction, as approved by resolution of the Board of Mayor and Aldermen.

R. Disciplinary Action

Any employee who fails or refuses to comply with the provisions of this Purchasing Policy shall be subject to disciplinary action pursuant to and as provided in the Human Resources Manual, as it may be amended from time to time.

S. Requests for Proposals

Requests for competitive sealed proposals shall be used pursuant to T.C.A. § 12-3-1207 and may be used only when qualifications, experience, or competence are more important than price in making the purchase, and either (1) when there is more than one (1) solution to a purchasing issue and competitive sealed proposals would assist in choosing the best solution; or (2) when there is no readily identifiable solution to a purchasing issue and competitive sealed proposals would assist in identifying one (1) or more solutions. The request for competitive sealed proposals shall state the relative importance of price and other evaluation factors. The award shall be made to the responsible respondent whose proposal the governing body determines is the most advantageous to the City, taking into consideration price and the evaluation factors set out in the request for competitive sealed proposals. No other factor may be used in the evaluation.

T. Requests for Qualifications

Requests for qualifications may be used pursuant to T.C.A. § 12-3-1209 for legal services, fiscal agent, financial advisor or advisory services and similar services by professional persons or groups of high ethical standards, or pursuant to T.C.A. § 12-4-107 for architectural, engineering and construction services.

U. Procurement of Property and/or Services under a Federal Award

When procuring property and/or services under a Federal award, the City shall follow applicable provisions of 2 CFR Chapter I and Chapter II, Part 200, et al. ("Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; Final Rule"), as promulgated December 26, 2013 by Executive Office of the President, Office of Management and Budget, namely sections 200.318 ("General procurement standards") through 200.326 ("Contract provisions").



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V. Requests to inspect and/or obtain either complete or partial copies of purchasing-related records

1. Sealed bids, requests received during protest period: After opening sealed bids submitted to and received by the City in response to a formal procurement solicitation for bids facilitated by the City Purchasing Office, but not later than the seventh calendar day after the City issues a notice of intent to award a pending procurement in response to such a procurement solicitation:
 - a. Requests by an Interested Party (as that term is defined in the City's Vendor Protest Procedure) to inspect such bids shall be directed to and promptly honored by the City Purchasing Office at a time during normal business hours of the City Purchasing Office that is mutually convenient to both the City Purchasing Office and the requesting party.
 - b. Requests other than by an Interested Party (as that term is defined in the City's Vendor Protest Procedure) to inspect, and requests by any party to obtain either complete or partial copies of such bids shall be made pursuant to the City's open records request policy and procedure.
2. Sealed proposals and statements of qualifications and certain related records, requests received during protest period: After the City issues a notice of intent to award a pending procurement as a result of a formal procurement solicitation facilitated by the City Purchasing Office and involving a personal service, professional service, or consultant service request for proposals or request for qualifications solicitation that resulted in proposals or statements of qualifications having been submitted to and received by the City, but not later than the seventh calendar day after the City issues such a notice of intent to award:
 - a. Requests by an Interested Party (as that term is defined in the City's Vendor Protest Procedure) to inspect such proposals and statements of qualifications, and related records, including, but not limited to, evaluations, names of evaluation committee members, and all related memoranda or notes, shall be directed to and promptly honored by the City Purchasing Office at a time during normal business hours of the City Purchasing Office that is mutually convenient to both the City Purchasing Office and the requesting party.
 - b. Requests other than by an Interested Party (as that term is defined in the City's Vendor Protest Procedure) to inspect, and requests by any party to obtain either complete or partial copies of such proposals and statements of qualifications, and related records, including, but not limited to, evaluations, names of evaluation committee members, and all related memoranda or notes, shall be made pursuant to the City's open records request policy and procedure.
3. Sealed submittals, requests received after protest period: After the seventh calendar day after the City issues a notice of intent to award a pending procurement in response to a formal procurement solicitation facilitated by the City Purchasing Office, requests by any party to inspect and/or obtain either complete or partial copies of bids, proposals or other vendor submittals shall be made pursuant to the City's open records request policy and procedure.
4. Other purchasing-related City records: At any time, for all purchasing-related City records other than those pertaining to a formal procurement solicitation facilitated by the City Purchasing Office, requests by any party to inspect and/or obtain either complete or partial copies of such records shall be made pursuant to the City's open records request policy and procedure.



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APPENDIX A

SELECTED STATUTES APPLYING TO OFFICERS, COMMITTEE MEMBERS, ETC.

T.C.A. § 6-54-107. Interest of officer in municipal contracts prohibited.

- a. No person holding office under any municipal corporation shall, during the time for which such person was elected or appointed, be capable of contracting with such corporation for the performance of any work that is to be paid for out of the treasury. Nor shall such person be capable of holding or having any other direct interest in such a contract. "Direct interest" means any contract with any business in which the official is the sole proprietor, a partner, or the person having the controlling interest. "Controlling interest" includes the individual with the ownership or control of the largest number of outstanding shares owned by any single individual or corporation.
- b. No officer in a municipality shall be indirectly interested in any contract to which the municipality is a party unless the officer publicly acknowledges such officer's interest. "Indirectly interested" means any contract in which the officer is interested but not directly so, but includes contracts where the officer is directly interested but is the sole supplier of goods or services in a municipality.
- c.
 1. Any member of a local governing body of a county or a municipality who is also an employee of such county or municipality may vote on matters in which such member has a conflict of interest if the member informs the governing body immediately prior to the vote as follows: "Because I am an employee of (name of governmental unit), I have a conflict of interest in the proposal about to be voted. However, I declare that my argument and my vote answer only to my conscience and to my obligation to my constituents and the citizens this body represents."
 2. In the event a member of a local governing body of a county or a municipality has a conflict of interest in a matter to be voted upon by the body, the member may abstain for cause by announcing such to the presiding officer. Any member of a local governing body of a county or municipality who abstains from voting for cause on any issue coming to a vote before the body shall not be counted for the purpose of determining a majority vote.
 3. The vote of any person having a conflict of interest who does not inform the governing body of such conflict as provided in subdivision (c)(1) shall be void if challenged in a timely manner. As used in this subdivision (c)(3), "timely manner" means during the same meeting at which the vote was cast and prior to the transaction of any further business by the body.
 4. Nothing in this subsection (c) shall be construed as altering, amending or otherwise affecting the provisions of § 12-4-101(a). In the event of any conflict between this subsection (c) and § 12-4-101(a), the provisions of § 12-4-101(a) shall prevail.



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T.C.A. § 6-54-108. Penalty for unlawful interest of officer.

Every officer of such corporation who shall unlawfully be concerned in making such contract, or who shall unlawfully pay money upon the same to or for any person declared incapable in § 6-54-107, shall forfeit the amount so paid; and such officer shall be jointly and severally liable to an action for the same, which action may be prosecuted by any citizen of the corporation in its name.

T.C.A. § 12-4-101. Personal interest of officers prohibited.

(a) (1) It is unlawful for any officer, committee member, director, or other person whose duty it is to vote for, let out, overlook, or in any manner to superintend any work or any contract in which any municipal corporation, county, state, development district, utility district, human resource agency, or other political subdivision created by statute shall or may be interested, to be directly interested in any such contract. "Directly interested" means any contract with the official personally or with any business in which the official is the sole proprietor, a partner, or the person having the controlling interest. "Controlling interest" includes the individual with the ownership or control of the largest number of outstanding shares owned by any single individual or corporation. This subdivision (a)(1) shall not be construed to prohibit any officer, committee person, director, or any person, other than a member of a local governing body of a county or municipality, from voting on the budget, appropriation resolution, or tax rate resolution, or amendments thereto, unless the vote is on a specific amendment to the budget or a specific appropriation or resolution in which such person is directly interested.

....

(b) It is unlawful for any officer, committee member, director, or other person whose duty it is to vote for, let out, overlook, or in any manner to superintend any work or any contract in which any municipal corporation, county, state, development district, utility district, human resource agency, or other political subdivision created by statute shall or may be interested, to be indirectly interested in any such contract unless the officer publicly acknowledges such officer's interest. "Indirectly interested" means any contract in which the officer is interested but not directly so, but includes contracts where the officer is directly interested but is the sole supplier of goods or services in a municipality or county.

(c) (1) Any member of a local governing body of a county or a municipality who is also an employee of such county or municipality and whose employment predates the member's initial election or appointment to the governing body of the county or municipality may vote on matters in which the member has a conflict of interest if the member informs the governing body immediately prior to the vote as follows: "Because I am an employee of (name of governmental unit), I have a conflict of interest in the proposal about to be voted. However, I declare that my argument and my vote answer only to my conscience and to my obligation to my constituents and the citizens this body represents." The vote of any such member having a conflict of interest who does not so inform the governing body of such conflict shall be void if challenged in a timely manner. As used in this subdivision (c)(1), "timely manner" means during the same meeting at which the vote was cast and prior to the transaction of any further business by the body.



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(2) Any member of a local governing body of a county or a municipality who is also an employee of such county or municipality and whose employment began on or after the date on which the member was initially elected or appointed to serve on the governing body of the county or municipality shall not vote on matters in which the member has a conflict of interest.

(3) (A) In the event a member of a local governing body of a county or a municipality has a conflict of interest in a matter to be voted upon by the body, such member may abstain for cause by announcing such to the presiding officer.

(B) (i) Any member of a local governing body of a municipality who abstains from voting for cause on any issue coming to a vote before the body shall not be counted for the purpose of determining a majority vote.

(ii) This subdivision (c)(3)(B) shall in no way be construed to apply to any county having a metropolitan form of government and having a population in excess of five hundred thousand (500,000), according to the 1990 federal census or any subsequent federal census.

....

T.C.A. § 12-4-102. Penalty for unlawful interest.

Should any person, acting as such officer, committee member, director, or other person referred to in § 12-4-101, be or become directly or unlawfully indirectly interested in any such contract, such person shall forfeit all pay and compensation therefor. Such officer shall be dismissed from such office the officer then occupies, and be ineligible for the same or a similar position for ten (10) years.



Purchasing Policy

for City of Franklin procurements not pertaining to new construction

APPENDIX B

SOLE-SOURCE PURCHASES VALUED AT OR GREATER THAN \$10,000

Sole-source purchases valued at or greater than \$10,000 shall be made only when an item is unique and possesses specific characteristics that can be filled by only one source and must have prior approval by the Purchasing Manager or, if the purchase is valued at or greater than \$25,000, then the Board of Mayor and Aldermen. In determining whether to authorize sole-source purchases valued at or greater than \$10,000, factors such as the following shall be considered:

1. whether the vendor possesses exclusive and/or predominant capabilities or the item contains a patented feature providing a superior utility not obtainable from similar products;
2. whether the product or service is unique and easily established as one-of-a-kind;
3. whether the program requirements can be modified so that competitive products or services may be used;
4. whether the product is available from only one source and not merchandised through wholesalers, jobbers or retailers; and
5. whether items must be interchangeable or compatible with in-place items.

After review of the written justification from the requisitioning department and ascertaining that the item to be purchased meets one or several of the above criteria, and so long as the product manufacturer representative has stated in writing that the vendor is the sole source available to the City, and so long as the vendor has stated in writing that the quoted pricing is the lowest municipal unit pricing available at that time and in the foreseeable future for the quantity indicated, then, in lieu of competitive purchasing procedures, the Purchasing Manager shall either authorize the sole-source purchase or, if the purchase is valued at or greater than \$25,000, then forward the request to the Board of Mayor and Aldermen for its consideration.

Based in part on Rule No. 0690-3-1-.03(3) of Rules of the Tennessee Department of General Services, Purchasing Division.

RESOLUTION 2017-42

**A RESOLUTION ADOPTING A REVISED VENDOR PROTEST PROCEDURE FOR
CITY OF FRANKLIN, TENNESSEE PROCUREMENTS NOT PERTAINING TO THE
DESIGN AND/OR CONSTRUCTION OF NEW INFRASTRUCTURE AND FACILITIES**

WHEREAS, on March 8, 2011, the Board of Mayor and Aldermen of the City of Franklin adopted Resolution No. 2011-10, a resolution adopting a vendor protest procedure for City procurements not pertaining to new construction; and

WHEREAS, on January 14, 2014, the Board of Mayor and Aldermen of the City of Franklin adopted Resolution No. 2014-07, a resolution adopting a vendor protest procedure for City procurements not pertaining to new construction; and

WHEREAS, the Board of Mayor and Aldermen believes it is in the best interest of the City of Franklin to implement a revised procedure for evaluating and responding to vendor protests for procurements not pertaining to the design and/or construction of new infrastructure and facilities in order to update the vendor protest procedure.

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

Section 1. The vendor protest procedure for City procurements not pertaining to new construction adopted by Resolution No. 2014-07, and any and all subsequent changes or revisions, are hereby repealed in their entirety. In place thereof, the vendor protest procedure for City of Franklin procurements not pertaining to the design and/or construction of new infrastructure and facilities, attached as Exhibit A hereto, is adopted.

Section 2. Changes or revisions to the procedure hereby adopted shall be made only by resolution of the Board of Mayor and Aldermen of the City of Franklin.

Section 3. The effective date of the procedure hereby adopted shall be immediate upon passage and adoption of this resolution, the public welfare and the welfare of the City requiring it.

Adopted this ____ day of _____, 2017.

ATTEST:

CITY OF FRANKLIN, TENNESSEE

BY: _____
Eric S. Stuckey, City Administrator/Recorder

BY: _____
Dr. Ken Moore, Mayor

APPROVED AS TO FORM:

BY: _____
Kristen L. Corn, Assistant City Attorney



Vendor Protest Procedure

for City of Franklin procurements not pertaining to the design and/or construction of new infrastructure and facilities

The City of Franklin (“City”) recognizes that a vendor may, from time to time, feel compelled to lodge a formal protest about some aspect of a City procurement of goods and/or services not pertaining to the design and/or construction of new infrastructure and facilities. In order to promote fair and transparent competitive purchasing, and in order to have a procedure to follow if and when the need arises, the City’s Board of Mayor and Aldermen therefore establishes a procedure for evaluating and responding to ~~vendor protest~~Vendor Protests for procurements not pertaining to the design and/or construction of new infrastructure and facilities. This procedure is limited to City procurements (a) that do not pertain to the design and/or construction of new infrastructure and facilities, (b) that are competitively solicited by the City pursuant to public advertisement and sealed submittals, and (c) for which the bid or contract amount is equal to or greater than \$25,000. Procurements that do pertain to the design and/or construction of new infrastructure and facilities are facilitated by the City’s Engineering Department, and any vendor wishing to lodge a protest about a City procurement pertaining to such construction-related purchases should contact the Engineering Department directly.

This ~~vendor protest~~Vendor Protest procedure is a mandatory administrative procedure which all aggrieved actual or prospective vendors must utilize and exhaust prior to seeking judicial review or remedy.

For the purposes of this procedure, the City defines the following terms:

- A “~~vendor protest~~Vendor Protest” is a written objection by an ~~interested party~~Interested Party to a solicitation issued by the City for sealed bids, proposals, offers, statements of qualifications or other submittals, pursuant to public advertisement, in anticipation of a proposed contract for the procurement of goods or services not pertaining to the design and/or construction of new infrastructure and facilities and for which the bid or contract amount is equal to or greater than \$25,000, or a written objection by an ~~interested party~~Interested Party to a proposed award of such a contract.
- An “~~interested party~~Interested Party” is an actual or prospective vendor whose direct economic interest would be affected by the award of a contract for the procurement of goods or services not pertaining to the design and/or construction of new infrastructure and facilities that are competitively bid by the City and where the bid or contract amount is equal to or greater than \$25,000 or by the failure to award such a contract.
- A “~~protestor~~Protestor” is an ~~interested party~~Interested Party who files a ~~vendor protest~~Vendor Protest.

A ~~vendor protest~~Vendor Protest:

- shall be in writing;
- shall be addressed and directed to the City’s Purchasing Manager;
- may be delivered electronically or otherwise;
- must be received by the City’s Purchasing Office by the applicable deadline listed below;
- shall include the name and address of the ~~protestor~~Protestor;
- shall reference the relevant procurement solicitation issued by the City;

- shall include a statement of reason for the ~~vendor protest~~Vendor Protest, including allegations and evidence sufficient, if uncontradicted, to establish the likelihood of:
 - a material deficiency or impropriety in the procurement solicitation issued by the City, such as:
 - a material defect to the procurement solicitation that caused or would cause a result other than in the absence of such defect and the consequence of which is significant;
 - some aspect of the procurement solicitation that created an unfair and material advantage to one or more prospective respondents to the procurement solicitation; or
 - a material violation of a relevant provision of one or more of the following:
 - a City procedure, policy, resolution, ordinance or other regulation governing the procurement; and/or
 - a state law, federal statute or other regulation governing the procurement;
 - a material error or impropriety in the proposed or actual award of a contract or other procurement decision, such as:
 - an allegation that a procurement is not exempt from the City's standard competitive procurement procedures when such an exemption is claimed by the City;
 - a material error of judgment or fact in evaluating one or more of the responses to the procurement solicitation; or
 - a material violation of a relevant provision of one or more of the following:
 - the respective procurement solicitation issued by the City;
 - a City procedure, policy, resolution, ordinance or other regulation governing the procurement; and/or
 - a state law, federal statute or other regulation governing the procurement.
- may include supporting documents, exhibits, or evidence to substantiate the ~~vendor protest~~Vendor Protest;
- shall include a proposed remedy and an explanation of why the proposed remedy should be accepted by the City; and
- shall be signed by the protester.

A ~~vendor protest~~Vendor Protest to either a procurement solicitation or a proposed award must be filed by the following applicable deadline:

- A ~~vendor protest~~Vendor Protest against an alleged procurement solicitation deficiency or impropriety must be filed prior to the deadline for responding to the solicitation or, if there is no such deadline, within seven (7) calendar days of the date the ~~protestor~~Protestor first becomes aware of the City's solicitation.
- A ~~vendor protest~~Vendor Protest against a proposed award must be filed within seven (7) calendar days of the date the ~~protestor~~Protestor is notified by the City of the intent to award or the date the intent to award is posted on the City's website, whichever occurs earlier.

In the case of a ~~protest~~Vendor Protest against a proposed award, the ~~protestor~~Protestor must direct copies of its ~~vendor protest~~Vendor Protest to any and all other parties who have responded to the same procurement solicitation and who have a direct economic interest in the outcome of the ~~protest~~Vendor Protest, and must submit proof that such copies have been so provided. Failure to submit such proof shall result in dismissal of the ~~protest~~Vendor Protest. The other parties shall be permitted to respond in writing to the ~~protest~~Vendor Protest, provided that such response shall be submitted within seven (7) calendar days after the other parties' receipt of the copy of the ~~protest~~Vendor Protest. The other parties shall also be permitted to participate in any in-person meetings conducted by the City in regard to the ~~protest~~Vendor Protest.



Upon receipt of a timely ~~protest~~Vendor Protest, the City shall not proceed further with either the procurement solicitation or the award of the contract unless the City Administrator makes a written determination that so proceeding without delay is necessary to protect the public health, safety or welfare of the City.

The following steps shall be followed for formal protests not pertaining to the design and/or construction of new infrastructure and facilities:

- The Purchasing Manager shall respond in writing to the ~~vendor protest~~Vendor Protest within ten (10) City business days of receipt of the ~~vendor protest~~Vendor Protest. The Purchasing Manager shall consider the ~~protest~~Vendor Protest and issue a determination in writing. The Purchasing Manager may:
 - determine that the ~~protest~~Vendor Protest does not merit a revision of the City action or decision being protested; or
 - determine that the ~~protest~~Vendor Protest does merit a revision of the City action or decision being protested and proceed accordingly to take corrective action, which may include canceling the procurement solicitation, rejecting any and all responses to the solicitation, recommending that a different respondent to the procurement solicitation be awarded the procurement, and/or considering whether and when to start anew.
- If the vendor is dissatisfied with the Purchasing Manager's decision, then the vendor may request in writing that the matter be considered by the Vendor Protest Appeals Panel of the City which shall consist of:
 - the Assistant City Administrator for Finance & Administration, who shall chair the panel;
 - the director of the requisitioning department, or his or her designee; and
 - the Assistant City Administrator for Community Development.

After consideration of the appeal, the Vendor Protest Appeals Panel shall issue a decision in writing, after which the City shall proceed accordingly. The Vendor Protest Appeals Panel may:

- affirm the Purchasing Manager's decision in whole or in part; or
- overturn the Purchasing Manager's decision in whole or in part.

The decision of the Vendor Protest Appeals Panel shall be final and no further appeals shall be considered by the City.



Vendor Protest Procedure

for City of Franklin procurements not pertaining to the design and/or construction of new infrastructure and facilities

The City of Franklin (“City”) recognizes that a vendor may, from time to time, feel compelled to lodge a formal protest about some aspect of a City procurement of goods and/or services not pertaining to the design and/or construction of new infrastructure and facilities. In order to promote fair and transparent competitive purchasing, and in order to have a procedure to follow if and when the need arises, the City’s Board of Mayor and Aldermen therefore establishes a procedure for evaluating and responding to Vendor Protests for procurements not pertaining to the design and/or construction of new infrastructure and facilities. This procedure is limited to City procurements (a) that do not pertain to the design and/or construction of new infrastructure and facilities, (b) that are competitively solicited by the City pursuant to public advertisement and sealed submittals, and (c) for which the bid or contract amount is equal to or greater than \$25,000. Procurements that do pertain to the design and/or construction of new infrastructure and facilities are facilitated by the City’s Engineering Department, and any vendor wishing to lodge a protest about a City procurement pertaining to such construction-related purchases should contact the Engineering Department directly.

This Vendor Protest procedure is a mandatory administrative procedure which all aggrieved actual or prospective vendors must utilize and exhaust prior to seeking judicial review or remedy.

For the purposes of this procedure, the City defines the following terms:

- A “Vendor Protest” is a written objection by an Interested Party to a solicitation issued by the City for sealed bids, proposals, offers, statements of qualifications or other submittals, pursuant to public advertisement, in anticipation of a proposed contract for the procurement of goods or services not pertaining to the design and/or construction of new infrastructure and facilities and for which the bid or contract amount is equal to or greater than \$25,000, or a written objection by an Interested Party to a proposed award of such a contract.
- An “Interested Party” is an actual or prospective vendor whose direct economic interest would be affected by the award of a contract for the procurement of goods or services not pertaining to the design and/or construction of new infrastructure and facilities that are competitively bid by the City and where the bid or contract amount is equal to or greater than \$25,000 or by the failure to award such a contract.
- A “Protestor” is an Interested Party who files a Vendor Protest.

A Vendor Protest:

- shall be in writing;
- shall be addressed and directed to the City’s Purchasing Manager;
- may be delivered electronically or otherwise;
- must be received by the City’s Purchasing Office by the applicable deadline listed below;
- shall include the name and address of the Protestor;
- shall reference the relevant procurement solicitation issued by the City;

- shall include a statement of reason for the Vendor Protest, including allegations and evidence sufficient, if uncontradicted, to establish the likelihood of:
 - a material deficiency or impropriety in the procurement solicitation issued by the City, such as:
 - a material defect to the procurement solicitation that caused or would cause a result other than in the absence of such defect and the consequence of which is significant;
 - some aspect of the procurement solicitation that created an unfair and material advantage to one or more prospective respondents to the procurement solicitation; or
 - a material violation of a relevant provision of one or more of the following:
 - a City procedure, policy, resolution, ordinance or other regulation governing the procurement; and/or
 - a state law, federal statute or other regulation governing the procurement;
 - a material error or impropriety in the proposed or actual award of a contract or other procurement decision, such as:
 - an allegation that a procurement is not exempt from the City's standard competitive procurement procedures when such an exemption is claimed by the City;
 - a material error of judgment or fact in evaluating one or more of the responses to the procurement solicitation; or
 - a material violation of a relevant provision of one or more of the following:
 - the respective procurement solicitation issued by the City;
 - a City procedure, policy, resolution, ordinance or other regulation governing the procurement; and/or
 - a state law, federal statute or other regulation governing the procurement.
- may include supporting documents, exhibits, or evidence to substantiate the Vendor Protest;
- shall include a proposed remedy and an explanation of why the proposed remedy should be accepted by the City; and
- shall be signed by the protester.

A Vendor Protest to either a procurement solicitation or a proposed award must be filed by the following applicable deadline:

- A Vendor Protest against an alleged procurement solicitation deficiency or impropriety must be filed prior to the deadline for responding to the solicitation or, if there is no such deadline, within seven (7) calendar days of the date the Protestor first becomes aware of the City's solicitation.
- A Vendor Protest against a proposed award must be filed within seven (7) calendar days of the date the Protestor is notified by the City of the intent to award or the date the intent to award is posted on the City's website, whichever occurs earlier.

In the case of a Vendor Protest against a proposed award, the Protestor must direct copies of its Vendor Protest to any and all other parties who have responded to the same procurement solicitation and who have a direct economic interest in the outcome of the Vendor Protest, and must submit proof that such copies have been so provided. Failure to submit such proof shall result in dismissal of the Vendor Protest. The other parties shall be permitted to respond in writing to the Vendor Protest, provided that such response shall be submitted within seven (7) calendar days after the other parties' receipt of the copy of the Vendor Protest. The other parties shall also be permitted to participate in any in-person meetings conducted by the City in regard to the Vendor Protest.



Upon receipt of a timely Vendor Protest, the City shall not proceed further with either the procurement solicitation or the award of the contract unless the City Administrator makes a written determination that so proceeding without delay is necessary to protect the public health, safety or welfare of the City.

The following steps shall be followed for formal protests not pertaining to the design and/or construction of new infrastructure and facilities:

- The Purchasing Manager shall respond in writing to the Vendor Protest within ten (10) City business days of receipt of the Vendor Protest. The Purchasing Manager shall consider the Vendor Protest and issue a determination in writing. The Purchasing Manager may:
 - determine that the Vendor Protest does not merit a revision of the City action or decision being protested; or
 - determine that the Vendor Protest does merit a revision of the City action or decision being protested and proceed accordingly to take corrective action, which may include canceling the procurement solicitation, rejecting any and all responses to the solicitation, recommending that a different respondent to the procurement solicitation be awarded the procurement, and/or considering whether and when to start anew.
- If the vendor is dissatisfied with the Purchasing Manager's decision, then the vendor may request in writing that the matter be considered by the Vendor Protest Appeals Panel of the City which shall consist of:
 - the Assistant City Administrator for Finance & Administration, who shall chair the panel;
 - the director of the requisitioning department, or his or her designee; and
 - the Assistant City Administrator for Community Development.

After consideration of the appeal, the Vendor Protest Appeals Panel shall issue a decision in writing, after which the City shall proceed accordingly. The Vendor Protest Appeals Panel may:

- affirm the Purchasing Manager's decision in whole or in part; or
- overturn the Purchasing Manager's decision in whole or in part.

The decision of the Vendor Protest Appeals Panel shall be final and no further appeals shall be considered by the City.

RESOLUTION 2017-42

**A RESOLUTION ADOPTING A REVISED VENDOR PROTEST PROCEDURE FOR CITY OF FRANKLIN,
TENNESSEE PROCUREMENTS NOT PERTAINING TO THE DESIGN AND/OR CONSTRUCTION OF
NEW INFRASTRUCTURE AND FACILITIES**

WHEREAS, on March 8, 2011, the Board of Mayor and Aldermen of the City of Franklin adopted Resolution No. 2011-10, a resolution adopting a vendor protest procedure for City procurements not pertaining to new construction; and

WHEREAS, on January 14, 2014, the Board of Mayor and Aldermen of the City of Franklin adopted Resolution No. 2014-07, a resolution adopting a vendor protest procedure for City procurements not pertaining to new construction; and

WHEREAS, the Board of Mayor and Aldermen believes it is in the best interest of the City of Franklin to implement a revised procedure for evaluating and responding to vendor protests for procurements not pertaining to the design and/or construction of new infrastructure and facilities in order to update the vendor protest procedure.

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

Section 1. The vendor protest procedure for City procurements not pertaining to new construction adopted by Resolution No. 2014-07, and any and all subsequent changes or revisions, are hereby repealed in their entirety. In place thereof, the vendor protest procedure for City of Franklin procurements not pertaining to the design and/or construction of new infrastructure and facilities, attached as Exhibit A hereto, is adopted.

Section 2. Changes or revisions to the procedure hereby adopted shall be made only by resolution of the Board of Mayor and Aldermen of the City of Franklin.

Section 3. The effective date of the procedure hereby adopted shall be immediate upon passage and adoption of this resolution, the public welfare and the welfare of the City requiring it.

Adopted this ____ day of _____, 2017.

ATTEST:

CITY OF FRANKLIN, TENNESSEE:

BY: _____
Eric S. Stuckey, City Administrator/Recorder

BY: _____
Dr. Ken Moore, Mayor

APPROVED AS TO FORM:

BY: _____
Kristen L. Corn, Assistant City Attorney



Vendor Protest Procedure

for City of Franklin procurements not pertaining to the design and/or construction of new infrastructure and facilities

The City of Franklin (“City”) recognizes that a vendor may, from time to time, feel compelled to lodge a formal protest about some aspect of a City procurement of goods and/or services not pertaining to the design and/or construction of new infrastructure and facilities. In order to promote fair and transparent competitive purchasing, and in order to have a procedure to follow if and when the need arises, the City’s Board of Mayor and Aldermen therefore establishes a procedure for evaluating and responding to Vendor Protests for procurements not pertaining to the design and/or construction of new infrastructure and facilities. This procedure is limited to City procurements (a) that do not pertain to the design and/or construction of new infrastructure and facilities, (b) that are competitively solicited by the City pursuant to public advertisement and sealed submittals, and (c) for which the bid or contract amount is equal to or greater than \$25,000. Procurements that do pertain to the design and/or construction of new infrastructure and facilities are facilitated by the City’s Engineering Department, and any vendor wishing to lodge a protest about a City procurement pertaining to such construction-related purchases should contact the Engineering Department directly.

This Vendor Protest procedure is a mandatory administrative procedure which all aggrieved actual or prospective vendors must utilize and exhaust prior to seeking judicial review or remedy.

For the purposes of this procedure, the City defines the following terms:

- A “Vendor Protest” is a written objection by an Interested Party to a solicitation issued by the City for sealed bids, proposals, offers, statements of qualifications or other submittals, pursuant to public advertisement, in anticipation of a proposed contract for the procurement of goods or services not pertaining to the design and/or construction of new infrastructure and facilities and for which the bid or contract amount is equal to or greater than \$25,000, or a written objection by an Interested Party to a proposed award of such a contract.
- An “Interested Party” is an actual or prospective vendor whose direct economic interest would be affected by the award of a contract for the procurement of goods or services not pertaining to the design and/or construction of new infrastructure and facilities that are competitively bid by the City and where the bid or contract amount is equal to or greater than \$25,000 or by the failure to award such a contract.
- A “Protestor” is an Interested Party who files a Vendor Protest.

A Vendor Protest:

- shall be in writing;
- shall be addressed and directed to the City’s Purchasing Manager;
- may be delivered electronically or otherwise;
- must be received by the City’s Purchasing Office by the applicable deadline listed below;
- shall include the name and address of the Protestor;
- shall reference the relevant procurement solicitation issued by the City;

- shall include a statement of reason for the Vendor Protest, including allegations and evidence sufficient, if uncontradicted, to establish the likelihood of:
 - a material deficiency or impropriety in the procurement solicitation issued by the City, such as:
 - a material defect to the procurement solicitation that caused or would cause a result other than in the absence of such defect and the consequence of which is significant;
 - some aspect of the procurement solicitation that created an unfair and material advantage to one or more prospective respondents to the procurement solicitation; or
 - a material violation of a relevant provision of one or more of the following:
 - a City procedure, policy, resolution, ordinance or other regulation governing the procurement; and/or
 - a state law, federal statute or other regulation governing the procurement;
 - a material error or impropriety in the proposed or actual award of a contract or other procurement decision, such as:
 - an allegation that a procurement is not exempt from the City's standard competitive procurement procedures when such an exemption is claimed by the City;
 - a material error of judgment or fact in evaluating one or more of the responses to the procurement solicitation; or
 - a material violation of a relevant provision of one or more of the following:
 - the respective procurement solicitation issued by the City;
 - a City procedure, policy, resolution, ordinance or other regulation governing the procurement; and/or
 - a state law, federal statute or other regulation governing the procurement.
- may include supporting documents, exhibits, or evidence to substantiate the Vendor Protest;
- shall include a proposed remedy and an explanation of why the proposed remedy should be accepted by the City; and
- shall be signed by the protester.

A Vendor Protest to either a procurement solicitation or a proposed award must be filed by the following applicable deadline:

- A Vendor Protest against an alleged procurement solicitation deficiency or impropriety must be filed prior to the deadline for responding to the solicitation or, if there is no such deadline, within seven (7) calendar days of the date the Protestor first becomes aware of the City's solicitation.
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In the case of a Vendor Protest against a proposed award, the Protestor must direct copies of its Vendor Protest to any and all other parties who have responded to the same procurement solicitation and who have a direct economic interest in the outcome of the Vendor Protest, and must submit proof that such copies have been so provided. Failure to submit such proof shall result in dismissal of the Vendor Protest. The other parties shall be permitted to respond in writing to the Vendor Protest, provided that such response shall be submitted within seven (7) calendar days after the other parties' receipt of the copy of the Vendor Protest. The other parties shall also be permitted to participate in any in-person meetings conducted by the City in regard to the Vendor Protest.



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 - determine that the Vendor Protest does not merit a revision of the City action or decision being protested; or
 - determine that the Vendor Protest does merit a revision of the City action or decision being protested and proceed accordingly to take corrective action, which may include canceling the procurement solicitation, rejecting any and all responses to the solicitation, recommending that a different respondent to the procurement solicitation be awarded the procurement, and/or considering whether and when to start anew.
- If the vendor is dissatisfied with the Purchasing Manager's decision, then the vendor may request in writing that the matter be considered by the Vendor Protest Appeals Panel of the City which shall consist of:
 - the Assistant City Administrator for Finance & Administration, who shall chair the panel;
 - the director of the requisitioning department, or his or her designee; and
 - the Assistant City Administrator for Community Development.

After consideration of the appeal, the Vendor Protest Appeals Panel shall issue a decision in writing, after which the City shall proceed accordingly. The Vendor Protest Appeals Panel may:

- affirm the Purchasing Manager's decision in whole or in part; or
- overturn the Purchasing Manager's decision in whole or in part.

The decision of the Vendor Protest Appeals Panel shall be final and no further appeals shall be considered by the City.

Summary of Draft Actuarial Valuation Report
as of January 1, 2017
for City of Franklin Employees Pension Plan and Trust
Prepared by Acuff and Associates

	7/1/2017	7/1/2016
Number of Participants Included in Valuation		
Active Participants	556	564
Vested Terminated Participants	166	156
Disabled Participants	3	4
Retired Participants and Beneficiaries	183	170
Total	908	894
Unfunded Actuarial Accrued Liability	\$ 24,636,951	\$ 21,592,665
Recommended City Contribution Paid Quarterly	\$ 4,021,340	\$ 3,888,628
As a % of Payroll	13.04%	12.79%
Actuarial Value of Plan Assets on the Valuation Date	\$ 93,312,443	\$ 86,432,411
Actuarial Present Value of Accumulated Plan Benefits	\$ 100,153,251	\$ 90,511,186
Funding Ratio	93.17%	95.94%
Rate in Investment Return, Net of Expenses	7.31%	-2.54%

Source:

Draft Actuarial Report as Presented to Pension Committee 6/5/17



ACUFF & ASSOCIATES
The Retirement Plan Authority

A BETTER PLAN. A BETTER PARTNER. A BETTER RETIREMENT.

Actuarial Valuation Report As of January 1, 2017

Prepared for
DRAFT

CITY OF FRANKLIN EMPLOYEES' PENSION PLAN AND TRUST

BRENTWOOD, TENNESSEE 37027
OFFICE: (615) 726-2410

MEMPHIS, TENNESSEE 38133
OFFICE: (901) 767-3366

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KNOXVILLE, TENNESSEE 37923
OFFICE: (865) 470-4232

SHREVEPORT, LOUISIANA 71119
OFFICE: (318) 635-8006

Introduction

This report has been prepared for the City of Franklin (the "City") by Acuff & Associates, Inc. to:

1. Present the results of a valuation of the City of Franklin Employees' Pension Plan (the "Plan") for the plan year beginning January 1, 2017
2. Review the experience of the Plan for the period ended December 31, 2016
3. Provide the City with the recommended contribution under the Plan for the City's fiscal year beginning July 1, 2017
4. Provide reporting and disclosure information for government agencies and other interested parties

This report contains the results of four classifications, or tiers, of pension benefits for employees.

Tier one: Employees hired before July 1, 2006

Tier two: Employees hired between July 1, 2006 and February 15, 2010

Tier three: Employees hired after February 15, 2010 who elected to contribute to the Plan.

Tier four: Employees hired after February 15, 2010 who elected to contribute to a defined contribution plan. This valuation holds no liability for this group even though there is a possibility of joining the Plan at a later date.

Note: It appears that the contribution to the 401(a) defined contribution plan is sufficient to provide the expected benefit that could accrue for Tier Four employees under the provisions of the Plan.

This report is divided into the following three sections:

Section 1 contains the actuarial results of the valuation. It includes the experience and reporting disclosure for the plan year ending December 31, 2016 and the current normal cost and expected contribution for the year beginning January 1, 2017.

Introduction (Continued)

Section 1.4 shows the determination of the City's recommended contribution for the fiscal year beginning July 1, 2017 as summarized below.

	07/01/2017	4 Quarterly Contributions
Recommended Contribution	\$ 3,915,726	\$ 4,021,340
As a Percent of Expected Covered Payroll	12.70%	13.04%

Section 1.5 provides GASB (Government Accounting Standards Board) Statement Number 67 Information.

Section 2 summarizes the Plan's provisions, provides information relating to the Plan's participants, and describes the funding methods and actuarial assumptions used in determining actuarial liabilities and costs.

Section 3 contains historical information and active participant demographic tables.

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Executive Summary of Principal Valuation Results

A summary of the principal valuation results from the current valuation and last year's valuation follows:

Summary of Data	Actuarial Valuation as of	
	01/01/2017	01/01/2016
Number of Participants Included in Valuation		
Active Participants	556	564
Vested Terminated Participants	166	156
Disabled Participants	3	4
Retired Participants and Beneficiaries	183	170
Total	908	894
Expected Covered Payroll for Participants Included in the Valuation	\$ 30,832,419	\$ 30,410,847
Summary of Actuarial Results		
Present Value of Benefits	\$ 129,177,012	\$ 121,009,985
Actuarial Accrued Liability	\$ 117,949,394	\$ 108,425,076
Unfunded Actuarial Accrued Liability	\$ 24,636,951	\$ 21,592,665
Net Normal Cost - <i>employee & employer</i>	\$ 1,785,128	\$ 1,911,994
Normal Cost Rate	5.79%	6.29%
Recommended Contribution Paid Quarterly	\$ 4,021,340	\$ 3,888,628
As a Percent of Payroll	13.04%	12.79%
Summary of Actuarial Value of Plan Assets and Actuarial Present Values		
Actuarial Value of Plan Assets on the Valuation Date	\$ 93,312,443	\$ 86,832,411
Actuarial Present Value of Accumulated Plan Benefits	\$ 100,153,251	\$ 90,511,186
Funding Ratio	93.17%	95.94%

Section 1.1 – Assets

Reconciliation of Assets

The following is a summary of the asset information as submitted by US Bank.

1.	Market Value of Trust Assets as of January 1, 2016	\$ 86,832,411
2.	Contributions and Disbursements	
a.	Employer Contributions	\$ 1,944,314
b.	Employee Contributions	548,163
c.	Benefit Payments	(4,238,026)
d.	Expenses	(171,371)
e.	Transferred	0
f.	Net	\$ (1,916,920)
3.	Investment Income	
a.	Interest/Dividends	\$ N/A
b.	Realized Gain/(Loss)	N/A
c.	Unrealized Gain/(Loss)	N/A
d.	Other Adjustments	N/A
e.	Net Investment Income/(Loss)	\$ 6,452,638
4.	Market Value of Trust Assets as of December 31, 2016	\$ 91,368,129
5.	Receivable Employer Contribution	1,944,314
6.	Other Receivables	0
7.	Actuarial Value of Assets as of December 31, 2016	\$ 93,312,443
	(4) + (5) + (6)	
8.	Rate of Return	7.51%
9.	Rate of Return Net of Expenses	7.31%

Section 1.1 – (Continued)

Reconciliation of Cash Balance Employee Contributions

	Mandatory	Voluntary	Rollover	Totals
1. As of 01/01/2016	\$6,056,573.10	\$ 258,639.63	\$ 0.00	\$6,315,212.73
2. Employee Contributions	248,618.91	17,912.34	0.00	266,531.25
3. Interest Credited	369,818.86	15,903.33	0.00	385,722.19
4. Payouts	(110,900.04)	(3,914.24)	0.00	(114,814.28)
5. Adjustments	0.00	0.00	0.00	0.00
6. Totals as of 12/31/2016	<u>\$6,564,110.83</u>	<u>\$ 288,541.06</u>	<u>\$ 0.00</u>	<u>\$6,852,651.89</u>

Mandatory Employee Contributions

	Total Accumulated	2016 Contribution
Tier 3	\$ 653,705	\$281,631
Tier 4	\$ 506,676	\$ 293,084

Section 1.2 – Actuarial Results

The following schedule shows the development of the Actuarial Accrued Liability, Unfunded Actuarial Accrued Liability and Normal Cost at the current valuation date and compared to the previous valuation date.

	2017 Valuation @ 7.50%	2016 Valuation @ 7.50%
1. Actuarial Accrued Liability		
a. Active Participants	\$ 56,231,658	\$ 52,316,028
b. Cash Balance Accounts	6,852,652	6,315,213
c. Retired Participants and Beneficiaries	49,725,174	45,093,564
d. Vested Terminated Participants	5,010,744	4,524,075
e. Disabled Participants	129,166	176,196
Total	\$ 117,949,394	\$ 108,425,076
2. Actuarial Value of Assets	93,312,443	86,832,411
3. Unfunded Actuarial Accrued Liability (1) - (2)	\$ 24,636,951	\$ 21,592,665
4. Contribution		
a. Normal Cost	\$ 1,785,128	\$ 1,911,994
b. Expected Employee Contribution	(310,127)	(259,586)
c. Net Normal Cost	\$ 1,475,002	\$ 1,652,408
d. As a Percent of Pay	4.78%	5.43%
e. Amortization Payment	2,301,660	1,999,615
f. January 1, Payment (c. + e.)	\$ 3,776,662	\$ 3,652,023
g. December 31, Payment (f * 1.075)	\$ 4,059,911	\$ 3,925,925
h. Estimated Covered Payroll	\$ 30,832,419	\$ 30,410,847
i. As a Percent of Covered Payroll (g / h)	13.17%	12.91%
j. Contribution at July 1, (f * 1.075 ^{.5})	\$ 3,915,726	\$ 3,786,498
k. As a Percent of Covered Payroll (j / h)	12.70%	12.45%

Section 1.3 – Actuarial Experience

For the cost determined in this report, we used the Entry Age Normal Cost method. Under the Entry Age Normal Cost method, the experience gain or loss is determined by comparing the Expected Unfunded Actuarial Accrued Liability as if all actuarial assumptions had been exactly met during the past plan year to the Actual Unfunded Actuarial Accrued Liability at the valuation date. If the Expected Unfunded Actuarial Accrued Liability exceeds the Actual Unfunded Actuarial Accrued Liability, there is an actuarial gain; conversely, if the Expected Unfunded Actuarial Accrued Liability is less than the Actual Unfunded Actuarial Accrued Liability, there is an actuarial loss.

During the past plan year, the Plan experienced a total net actuarial loss of \$3.3 Million. The total loss is comprised of the following: (1) an asset loss of \$.2M – the actual return net expenses on Plan assets net of expenses was less than the assumed rate of return of 7.50%, (2) a liability loss of \$3.1 Million - the actual Plan experience differed from assumptions related to mortality, salary increases and retirement. The two main decrements causing loss are retirement and terminations. Many retirees compensation in their last year of employment was greater than expected.

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Section 1.3 – Actuarial Experience - (Continued)

1.	Unfunded Actuarial Accrued Liability/(Surplus) as of 01/01/2016	\$ 21,592,665
2.	Expected Increases During the Year	
a.	Normal Cost Due at the Beginning of the Year	\$ 1,911,994
b.	Interest for One Year On	
	(i) Normal Cost	\$143,400
	(ii) Unfunded Actuarial Accrued Liability	1,619,450
	Total Interest (i) + (ii)	<u>\$1,762,850</u>
c.	Total Expected Increases (a) + (b)	\$3,674,844
3.	Expected Decreases During the Year	
a.	Employer Contributions for the Year	\$ 3,888,628
b.	Interest on Employer Contributions from Date of Contribution to the end of the Year	<u>\$52,069</u>
c.	Total Expected Decreases (a) + (b)	\$3,940,697
4.	Expected Unfunded Actuarial Accrued Liability/(Surplus) at End of Year (1) + (2c) - (3c)	\$ 21,326,812
5.	Actual Unfunded Actuarial Accrued Liability/(Surplus)	<u>24,636,951</u>
6.	Actuarial Experience Gain/(Loss) for the Year	<u>\$ (3,310,139)</u>

Section 1.4 – Funding

IRC (Internal Revenue Code) Section 404(a)(1) describes the limitations on tax deductible contributions to a pension trust, and IRC Section 412 sets forth minimum funding standards for non-government entities. Since the City is a government entity and tax consequences can be affected by factors not considered here, we recommend the City seek the advice of counsel with respect to the tax consequences of any contribution to be made. Furthermore, state tax law may differ from federal tax law; the amounts determined below may have some tax consequences to the City and its employees.

On the basis of the valuation as of January 1, 2017, the following is the determination of the recommended contribution amount for the City's fiscal year beginning July 1, 2017.

The recommended contribution is the Normal Cost plus 15-year amortization of the Unfunded Actuarial Accrued Liability as of January 1, 2014, plus 20-year amortization of any future actuarial gains or losses after 2014, plus interest to the date the contribution is actually deposited.

Recommended Quarterly Contribution

Recommended Contribution Schedule		2017 Valuation	2016 Valuation
1.	Net Normal Cost	\$ 1,475,002	\$ 1,652,408
	Amortization Payment	2,301,660	1,999,615
2.	Recommended Contribution at January 1	\$ 3,776,662	\$ 3,652,023
3.	Recommended Contribution July 1	\$ 3,915,726	\$ 3,786,498
4.	As a Percent of Expected Covered Payroll	12.70%	12.45%
5.	Interest to December 31	\$ 283,250	\$ 273,902
6.	Recommended Contribution December 31	\$ 4,059,911	\$ 3,925,925
7.	As a Percent of Expected Covered Payroll	13.17%	12.91%
8.	Quarterly Contributions		
	July 1, 2016 / July 1, 2015	\$ 1,005,335	\$ 972,157
	October 1, 2016 / October 1, 2015	1,005,335	972,157
	January 1, 2017 / January 1, 2016	1,005,335	972,157
	April 1, 2017 / April 1, 2016	1,005,335	972,157
	Total	\$ 4,021,340	\$ 3,888,628
9.	As a Percent of Expected Covered Payroll	13.04%	12.79%
	Estimated Covered Payroll	\$ 30,832,419	\$ 30,410,847

Section 1.5 – GASB Statement Nos. 67 & 68 - (Continued)

Schedule of Changes in the Plan's Net Pension Liability and Related Ratios

Total Pension Liability	2016	2015
Service Cost	\$ 1,911,994	\$ 2,093,993
Interest	7,983,916	7,209,696
Changes of Benefit Terms	0	0
Differences between Expected and Actual Experience	3,866,434	3,542,156
Changes of Assumptions/Method	0	1,852,274
Benefit Payments, Including Refunds of Member Contributions	(4,238,026)	(3,699,996)
Net Change in Total Pension Liability	\$ 9,524,318	\$ 10,998,123
Total Pension Liability - Beginning	108,425,076	97,426,953
Total Pension Liability - Ending (a)	<u>\$ 117,949,394</u>	<u>\$ 108,425,076</u>
Plan Fiduciary Net Position		
Contributions - Employer	\$ 3,888,628	\$ 2,846,724
Contributions - Member	548,163	525,364
Net Investment Income	6,452,638	(1,678,689)
Benefit Payments, Including Refunds of Member Contributions	(4,238,026)	(3,699,996)
Administrative Expense	(171,371)	(584,138)
Other	0	0
Net Change in Plan Fiduciary Net Position	\$ 6,480,032	\$ (2,590,735)
Plan Fiduciary Net Position - Beginning	86,832,411	89,423,146
Plan Fiduciary Net Position - Ending (b)	<u>\$ 93,312,443</u>	<u>\$ 86,832,411</u>
Plan's Net Pension Liability - Ending (a) - (b)	<u>\$ 24,636,951</u>	<u>\$ 21,592,665</u>
Plan's Fiduciary Net Position as a Percentage of the		
Total Pension Liability	79.11%	80.09%
Covered-Employee Payroll	\$ 30,832,419	\$ 30,362,659
Plan's Net Pension Liability as a Percentage of Covered-		
Employee Payroll	79.91%	71.12%

Section 1.5 – GASB Statement Nos. 67 & 68 - (Continued)

Changes in Net Pension Liability

	Increase (Decrease)		
	(a)	(b)	(a) - (b)
	Total Pension Liability (TPL)	Plan Fiduciary Net Position	Net Pension Liability (NPL)
Balances as 12/31/2015	\$ 108,425,076	\$ 86,832,411	\$ 21,592,665
Changes for the Year:			
Service Cost	\$ 1,911,994		\$ 1,911,994
Interest	7,983,916		7,983,916
Difference Between Actual and Expected	3,866,434		3,866,434
Contributions - Employer		3,888,628	(3,888,628)
Contributions - Employee		548,163	(548,163)
Net Investment Income		6,452,638	(6,452,638)
Benefit Payments	(4,238,026)	(4,238,026)	0
Administrative Expense		(171,371)	171,371
Net Changes	\$ 9,524,318	\$ 6,480,032	\$ 3,044,286
Balances as 12/31/2016	\$ 117,949,394	\$ 93,312,443	\$ 24,636,951

Section 1.5 – GASB Statement Nos. 67 & 68 - (Continued)

Net Pension Liability (NPL)

Determination of Net Pension Liability

The components of the Net Pension Liability at December 31, 2016

Total Pension Liability	\$ 117,949,394
Plan Fiduciary Net Position	\$ (93,312,443)
Net Pension Liability	\$ 24,636,951
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	79.11%

Sensitivity of Net Pension Liability to changes in the Discount Rate

	6.50% 1% Decrease	7.50% Current Rate	8.50% 1% Increase
Net Pension Liability	\$133,188,363	\$ 117,949,394	\$105,383,063

Schedule of Investment Returns

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual Money-Weighted Rate of Return	7.31%	-2.54%	6.42%
Net of Investment Expense			

Section 2.1 – Summary of the Plan Provisions

Name of Plan

City of Franklin Employees' Pension Plan

Plan Sponsor & Plan Administrator

City of Franklin

Trustees

City of Franklin

City of Franklin Employee Pension and Trust Investment

Human Resource Director, two (2) members of the Board appointed by the Mayor, two (2) City Employee Representatives elected by the Employee population covered by this Plan, and two (2) Citizen Representatives who shall be appointed initially by the Mayor.

Effective Date

The Plan was originally established effective May 1, 1971. The restated Plan document is effective July 1, 2009. Last amended effective February 15, 2010.

Plan Year

The plan year is the calendar year.

Eligibility

A full-time employee who works 30 hours or more per week will become an active member on the first day of the month after meeting the following requirements:

- Completes one year of continuous service
- Reaches age 21
- An Employee hired on or after February 15, 2010, shall become eligible to participate in the Plan and become a Participant as of the first day of the month immediately following the commencement of the Employee's employment by the City, provided, however, that such Employee shall be eligible to participate in the Plan only upon his election to participate.

Section 2.1 – (Continued)

Credited Service

Credited Service under the Plan is based on completed calendar months during which an Employee has been in continuous employment with the City of Franklin. Periods of absence due to disability, military service, or approved leave are not considered discontinuance of employment.

Plan Compensation

Plan Compensation is W-2 Compensation, including deferrals made under this Plan as mandatory pre-tax employee contributions, any amounts made under a cafeteria (§125) plan, overtime pay, bonuses, holiday pay, fringe benefits (cash or non-cash), deferred compensation, welfare benefits, and other regular pay. Compensation excludes reimbursements or other expense allowances, moving expenses, uniform allowances, and supplemental pay for police officers and firefighters, long-term disability benefits, pay in-lieu-of notice, severance pay, tuition reimbursements, or automobile allowances.

On November 17, 2016, the City approved the creation of a Retirement Health Savings (RHS) Plan that is exempt from income tax when disbursements are made for medical expenses and related health insurance payments and premiums. The initial phase of the RHS plan includes the City Administrator, Assistant City Administrators, and Department Directors. Funds contributed to the RHS plan are not considered wages in pension benefit calculations.

Average Compensation

“Average Compensation” shall mean the average of the Participant’s Compensation over the three (3) consecutive whole calendar years of a Participant’s Employment during which his Compensation was the greatest out of the last ten (10) calendar years, or over a lesser number of Years of Employment actually served provided, however, that for a Participant who was first hired by the City on or after February 15, 2010, “Average Compensation” shall mean the average of the Participant’s Compensation over the five (5) consecutive whole calendar years of a Participant’s Employment during which his Compensation was the greatest out of the last ten (10) calendar years or over a lesser number of Years of Employment actually served.

Accrued Benefit

The Accrued Benefit is determined in the same manner as Normal Retirement Benefit using Average Compensation and Service at date of determination.

Participants’ Cash Balance Accounts are the account balances on the date of determination.

Section 2.1 – (Continued)

Normal Retirement

Eligibility

Normal retirement occurs at age 65 and completion of 5 years of Plan participation. With respect to employees hired before July 1, 2006, normal retirement occurs when they complete 25 years of service.

Benefit

For employees hired before July 1, 1995, the benefit formula is the greater of

- 2% of Average Compensation multiplied by the number of years of Credited Service, less 50% of the monthly Primary Insurance Amount provided under Social Security at the time of retirement, or
- 1% of Average Compensation multiplied by the number of years of Credited Service.

For all retirements and terminations after July 1, 2003, the benefit formula is 2% of Average Compensation multiplied by the number of years of Credited Service.

Cash Balance Accounts

Cash Balance Accounts include the sum of all pre-tax employee contributions, post-tax employee contributions, discretionary City contributions, and interest credits.

Early Retirement

Eligibility

Completion of ten years of Credited Service and attainment of age 55, or completion of 25 years of Credited Service regardless of age.

Benefit

The benefit is determined under the Accrued Benefit formula stated above, which is based on service and compensation to date, and is payable at age 65. A reduced benefit is payable immediately. The reduction for immediate commencement of benefits is 5% per year for each year preceding normal retirement with a prorated adjustment for partial years, rounded to the nearest month. A participant hired before February 15, 2010 who has attained age 62 with twenty years of Credited Service will receive an Early Retirement Benefit without reduction.

Participants hired after July 1, 2006 and before February 15, 2010 can retire after age 55 with at least 25 year of service with no reduction for early retirement.

Participants' Cash Balance Accounts are the account balances on the Early Retirement Date.

Section 2.1 – (Continued)

Late Retirement

Benefit

The late retirement benefit is the greater of the benefit determined under Normal Retirement above calculated as of the Normal Retirement Date actuarially increased to the late retirement date, or the benefit determined under Normal Retirement above recognizing pay and service to the late retirement date.

Participants' Cash Balance Accounts are the account balances on the actual Retirement Date.

Disability Retirement

Eligibility

A participant must be totally and permanently disabled.

Benefit

The benefit is the accrued retirement benefit reduced for early payment or deferred to age 65 if the participant is not otherwise eligible to receive a benefit.

Vesting

A participant will be vested in his Accrued Benefit according to the following schedule adopted after January 1, 2003.

Credited Service	Vested Percentage
Less than 5 years	0%
5 years	100%

A participant is 100% vested immediately in all Cash Balance Accounts.

Death Before Retirement

Eligibility

Attainment of age 21 and one year of Credited Service is required to be eligible for this benefit upon death.

Section 2.1 – (Continued)

Benefit

The beneficiary receives the monthly benefit that can be provided by the actuarial present value of the accrued benefit. If the employee dies before becoming eligible for Early Retirement, the beneficiary may receive a Lump Sum equal to the actuarial present value of the accrued benefit.

Death After Retirement

No benefit is payable unless an optional form of settlement has been elected. Otherwise, the benefit is the employee's contributions, plus interest, less the amount of annuity payments paid.

Annuity Forms

The following forms of settlement are available:

Normal Form

- The normal form for the monthly benefit is a life annuity benefit. However, each participant married at retirement who does not elect otherwise will receive a joint annuity in a reduced amount providing for a 50% continuation to a surviving spouse.
- The normal form for the Cash Balance Accounts is a lump sum. However, it may be converted to an annuity payable for life with a death benefit refund of the account at the Participant's Retirement Date, minus the sum of the monthly payments that have been made.

Optional Forms

- Contingent options at 50%, 75%, or 100% of the benefit being paid to the beneficiary upon death of the retiree
- Five, ten, and fifteen year certain and life annuities
- Social Security adjustment option
- Special option upon request and granted by the City

Contributions

Mandatory Participant Contributions

Employees that elect to participate, who were first hired by the City on or after February 15, 2010, shall make a mandatory contribution to the Plan in an amount equal to 5% of the Participant's Compensation. Employees are 100% vested in total accumulated contribution without interest.

Section 2.1 – (Continued)

Pre-Tax Employee Contributions

Employees hired before July 1, 1995 may contribute from 3% to 10% on a pre-tax basis to a Cash Balance Account. For employees hired on or after July 1, 1995, a 3% pre-tax contribution is required, but an additional contribution up to 7% may be made if elected on a one-time basis.

Post-Tax Employee Contributions

Employees may make a voluntary after-tax contribution of 1% to 10% of annual salary to a Cash Balance Account.

Discretionary City Contributions

The City may make additional contributions to Participants' Cash Balance Accounts on a discretionary basis.

Regular City Contributions

The City will make regular contributions as required to fund the Plan.

Interest on Cash Balance Accounts will be credited each year with interest calculated at the rate for U.S. Treasury Bills as of November 1 of the previous year plus 1%. The minimum interest to be credited will be no less than 6% per year.

Section 2.1 – (Continued)

The rates used to date are:

Year	Rate
1995	9.08%
1996	7.26%
1997	7.48%
1998	7.11%
1999	6.25%
2000	7.15%
2001	6.78%
2002	6.12%
2003	6.00%
2004	6.12%
2005-2016	6.00%

Section 2.2 – Actuarial Basis

What is an Actuarial Valuation?

An actuarial valuation is a mathematical method for measuring the liabilities under a pension plan and for determining a schedule of contributions to finance the plan. The actual cost of a pension plan cannot be determined until its entire experience is complete; however, actuarial techniques determine a pattern of contributions that will finance the liabilities in an orderly fashion. Assumptions are made regarding future experience with regard to the rate of investment return on invested funds; the probability of death, disability, or other termination from employment; the rate of future salary increases; etc. The set of actuarial assumptions and the valuation method selected by the actuary become the basis for making a valuation of the pension plan. The degree of conservatism to be reflected in the actuarial assumptions is a matter of judgment of the actuary and the City offering their best estimates of anticipated experience under the plan.

An actuarial valuation does not determine ultimate pension plan costs; only the actual experience with regard to the many variables involved will establish the true cost of the plan. An actuarial valuation, however, reveals the year to year incidence of contributions necessary to soundly fund pension benefits. The incidence of contributions, also known as funding schedule, may be increasing, level, or decreasing from year to year as a percentage of payroll, depending on the actuarial funding method utilized. Annual actuarial valuations are made to adjust contributions gradually as actual experience emerges. Changes in the assumptions may be required if the experience consistently departs from the valuation assumptions.

Description of Valuation Method - Entry Age Normal Cost Method

Actuarial Liabilities and Contributions shown in this report are computed using the Entry Age Normal Cost Method of funding.

A detailed description of the calculation follows:

The **Normal Cost** is the annual amount that would have to be paid for each member from his original date of entry (employment) to his assumed retirement (termination, disability, or death) date in order to fund his projected benefits, over the whole of his working life (membership in the plan). This computation is made in such a way that each year's annual payment is a level dollar.

The **Unfunded/(Surplus) Actuarial Accrued Liability** is determined by calculating the Present Value of Projected Benefits at that date, and subtracting the Present Value of Future Normal Costs, as determined above, together with any applicable assets of the Fund.

A **Past Service Contribution** (amortization payments) is calculated as the amount needed to fund the Initial Unfunded Actuarial Accrued Liability plus any changes in the Unfunded Actuarial

Section 2.2 – (Continued)

Accrued Liability due to plan changes, assumption changes, or actuarial experience gains / (losses), together with interest thereon, in equal annual installments as required by the regulations. See amortization schedule.

Active participants are treated for funding purpose as terminated participants due to the ceasing of benefit accruals. Therefore, there is no normal cost, and the actuarial accrued liability is equal to the present value of their benefits.

The recommended City's contribution is the Normal Cost plus the Past Service Contribution with interest to expected dates of the contributions.

Economic Actuarial Assumptions

Interest

Funding rates:

Pre-Retirement 7.50% per year, compounded annually, net of expenses

Post-Retirement 7.50% per year, compounded annually, net of expenses

Projected Salary Increase

Salaries are assumed to increase at 3.50% per year.

Cost of Living Increase

Post-Retirement Benefit Increase is assumed to increase at 2.00% per year.

Demographic Actuarial Assumptions

Healthy Mortality

Male: SOA - RP 2000 Mortality Table for males with blue collar adjustment

Female: SOA - RP 2000 Mortality Table for females with blue collar adjustment

Post Disablement Mortality

Male: PBGC for Unhealthy Lives Table for males

Female: PBGC for Unhealthy Lives Table for females

See the Table at the end of this section for selected rates.

Section 2.2 – (Continued)

Termination or Withdrawal from Service

Male: Twice the T-3 Table less 1951 Group Annuity Table for males

Female: Twice the T-3 Table less 1951 Group Annuity Table for males

See the Table at the end of this section for sample values.

Age at Retirement

See the Table at the end of this section for sample values.

Possibility of Disability

Male: 100% of UAW Table for males

Female: 100% of UAW Table for females

See the Table at the end of this section for selected rates.

Expenses

Plan expenses are reflected in the interest funding rate.

Sample Annual Decrement Rates Per 100 Participants

Attained Age	Disability		Termination
	Males	Females	
20	.0300	.0400	13.1550
25	.0300	.0500	10.5408
30	.0400	.0600	9.6624
35	.0500	.0800	8.9472
40	.0700	.1000	7.6824
45	.1000	.1500	6.4298
50	.1800	.2600	3.0490
55	.3600	.4900	.6688
60	.9000	1.2100	.0000
65	.0000	.0000	.0000

Section 2.2 – (Continued)

Sample Annual Decrement Rates Per 100 Participants

Attained Age	Healthy Mortality		Post-Disability Mortality	
	Males	Females	Males	Females
20	.0345	.0191	4.83	2.63
25	.0376	.0207	4.83	2.63
30	.0726	.0293	3.62	2.37
35	.1087	.0519	2.78	2.14
40	.1371	.0878	2.82	2.09
45	.1793	.1387	3.22	2.24
50	.2412	.1963	3.83	2.57
55	.4196	.2795	4.82	2.95
60	.8270	.4949	6.03	3.31
65	1.5539	1.0398	6.78	3.70
70	2.6758	1.8634	7.39	4.11
75	4.3131	3.0887	8.42	4.92
80	7.0547	4.8953	11.28	7.46
85	11.5077	8.3100	16.82	11.28
90	18.1757	13.6686	25.25	16.82
95	25.9466	19.2564	37.89	25.25
100	34.4556	23.7467	56.84	37.89
105	39.7886	29.3116	85.77	56.84
110	40.0000	36.4617	100.00	100.00
115	40.0000	40.0000		
120	100.0000	100.0000		

Section 2.2 – (Continued)

Retirement Decrements

General for Tier 1

Age/Service	<5	5 to 9	10 to 19	20 to 24	25+
Less than 40	0.000	0.000	0.000	0.000	0.000
40	0.000	0.000	0.000	0.000	0.001
41	0.000	0.000	0.000	0.000	0.001
42	0.000	0.000	0.000	0.000	0.001
43	0.000	0.000	0.000	0.000	0.001
44	0.000	0.000	0.000	0.000	0.001
45	0.000	0.000	0.000	0.000	0.001
46	0.000	0.000	0.000	0.000	0.001
47	0.000	0.000	0.000	0.000	0.001
48	0.000	0.000	0.000	0.000	0.001
49	0.000	0.000	0.000	0.000	0.001
50	0.000	0.000	0.000	0.000	0.125
51	0.000	0.000	0.000	0.000	0.125
52	0.000	0.000	0.000	0.000	0.125
53	0.000	0.000	0.000	0.000	0.125
54	0.000	0.000	0.000	0.000	0.125
55	0.000	0.000	0.100	0.100	0.125
56	0.000	0.000	0.050	0.050	0.100
57	0.000	0.000	0.050	0.050	0.075
58	0.000	0.000	0.050	0.050	0.075
59	0.000	0.000	0.050	0.050	0.075
60	0.000	0.000	0.050	0.050	0.125
61	0.000	0.000	0.050	0.050	0.125
62	0.000	0.000	0.250	0.500	0.500
63	0.000	0.000	0.150	0.250	0.250
64	0.000	0.000	0.150	0.250	0.250
65	0.000	0.500	0.500	0.500	0.500
66	0.000	0.500	0.500	0.500	0.500
67	0.000	0.500	0.500	0.500	0.500
68	0.000	0.500	0.500	0.500	0.500
69	0.000	0.200	0.200	0.500	0.500
70+	0.000	1.000	1.000	1.000	1.000

Section 2.2 – (Continued)

Retirement Decrements

General for Tiers 2 and 3

Age/Service	< 5	5 to 9	10 to 19	20 to 24	25+
Less than 55	0.000	0.000	0.000	0.000	0.000
55	0.000	0.000	0.100	0.100	0.125
56	0.000	0.000	0.050	0.050	0.100
57	0.000	0.000	0.050	0.050	0.075
58	0.000	0.000	0.050	0.050	0.075
59	0.000	0.000	0.050	0.050	0.075
60	0.000	0.000	0.050	0.050	0.125
61	0.000	0.000	0.050	0.050	0.125
62	0.000	0.000	0.250	0.500	0.500
63	0.000	0.000	0.150	0.250	0.250
64	0.000	0.000	0.150	0.250	0.250
65	0.000	0.500	0.500	0.500	0.500
66	0.000	0.500	0.500	0.500	0.500
67	0.000	0.500	0.500	0.500	0.500
68	0.000	0.500	0.500	0.500	0.500
69	0.000	0.500	0.500	0.500	0.500
70+	0.000	1.000	1.000	1.000	1.000

Section 2.2 – (Continued)

Retirement Decrements

Police and Fire Tiers 2 and 3

Age/Service	< 5	5 to 9	10 to 20	20 to 24	25	26	27	28
Less than 55	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
55	0.000	0.000	0.100	0.100	0.200	0.200	0.200	0.200
56	0.000	0.000	0.050	0.050	0.200	0.400	0.400	0.400
57	0.000	0.000	0.050	0.050	0.200	0.400	0.600	0.600
58	0.000	0.000	0.050	0.050	0.200	0.400	0.600	0.800
59	0.000	0.000	0.050	0.050	0.200	0.400	0.600	0.800
60	0.000	0.000	0.050	0.050	0.200	0.400	0.600	0.800
61	0.000	0.000	0.050	0.050	0.200	0.400	0.600	0.800
62	0.000	0.000	0.250	1.000	1.000	1.000	1.000	1.000
63	0.000	0.000	0.150	1.000	1.000	1.000	1.000	1.000
64	0.000	0.000	0.150	1.000	1.000	1.000	1.000	1.000
65	0.000	0.500	0.500	1.000	1.000	1.000	1.000	1.000
66	0.000	0.500	0.500	1.000	1.000	1.000	1.000	1.000
67	0.000	0.500	0.500	1.000	1.000	1.000	1.000	1.000
68	0.000	0.500	0.500	1.000	1.000	1.000	1.000	1.000
69	0.000	0.100	0.100	1.000	1.000	1.000	1.000	1.000
70+	0.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

Section 2.2 – (Continued)

Other Assumptions

Years of Service Subsequent to the Valuation Date

It is assumed that each participant will earn one year of service in each future year.

Assumed Age of Commencement for Deferred Vested Benefits

Age 65

Assumed Age of Commencement for Disabled Benefits

Age 55

Actuarial Value of Assets

The Actuarial Value of Assets is equal to the Market Value plus any employee and/or employer contributions due for the plan year.

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Section 2.3 – (Continued)

	Active Participants	Inactive Participants			Total	Expected
		Terminated Deferred Benefits	Disabled With Deferred Benefits	Receiving Benefits		
1. As of January 1, 2016	564	156	4	170	894	
2. Changes in Status:						
a. Age Retirements	(18)	0	0	18	0	18
b. Disability Terminations	0	0	0	0	0	0
c. Deaths Without Benefits	(1)	0	(1)	(5)	(7)	5
d. Deaths With Benefits	0	0	0	0	0	0
e. Non-Vested Terminations	(18)	N/A	N/A	0	(18)	10
f. Vested Terminations	(10)	10	0	N/A	0	30
g. Expiration of Benefits	N/A	N/A	N/A	0	0	
h. Lump Sums	0	0	0	0	0	
i. Data Correction	0	0	0	0	0	
j. New Entrants	39	0	N/A	0	39	
3. Net Change	(8)	10	(1)	13	14	
4. As of December 31, 2016	556	166	3	183	908	

Section 3.1 – Historical Yearly Comparison

	01/01/2013	01/01/2014	01/01/2015	01/01/2016	01/01/2017
Number of Active Participants	572	562	560	564	556
Expected Payroll	\$ 28,902,947	\$ 27,440,025	\$ 28,177,068	\$ 30,410,847	\$ 30,832,419
Average Earnings	\$ 51,984	\$ 49,353	\$ 50,678	\$ 54,696	\$ 55,454
Number of Active Participants Age 65 or Over	13	13	12	17	10
Number of Retired Participants and Beneficiaries	128	138	155	170	183
Pensions to be Paid	\$ 2,653,331	\$ 2,892,206	\$ 3,367,517	\$ 3,952,053	\$ 4,419,701
Number of Vested Terminated Participants	123	137	146	156	166
Annual Pensions to be Paid	\$ 811,172	\$ 921,619	\$ 1,041,618	\$ 1,153,844	\$ 1,245,262
Number of Disabled Participants	3	4	4	4	3
Annual Pensions to be Paid	\$ 26,750	\$ 26,750	\$ 27,411	\$ 27,771	\$ 19,885
Present Value of Benefits	\$100,695,151	\$ 101,820,337	\$110,699,479	\$121,009,985	\$ 129,177,012
Present Value of Accumulated Benefits	\$ 69,757,870	\$ 77,113,277	\$ 84,467,387	\$ 90,511,186	\$ 100,153,251
Actuarial Value of Assets	\$ 63,532,465	\$ 84,471,689	\$ 89,423,146	\$ 86,832,411	\$ 93,312,443
Normal Cost Rate	6.9%	6.8%	7.4%	7.2%	5.8%
Normal Cost	\$ 1,988,187	\$ 1,859,464	\$ 2,093,993	\$ 1,911,994	\$ 1,785,128
Recommended Contribution as of July 1/Quarterly	\$ 4,033,372	\$ 2,417,920	\$ 2,846,724	\$ 3,888,628	\$ 4,021,340
Contribution as Rate of Payroll	14.0%	8.8%	10.1%	12.8%	13.0%
Actual Contribution	\$ 15,072,104	\$ 2,354,417	\$ 2,846,724	\$ 3,888,628	N/A

	Salary Scale 3.5%	Salary Scale 4.0%
1. Actuarial Accrued Liability		
a. Active Participants	\$ 56,231,658	\$ 57,541,425
b. Cash Balance Accounts	6,852,652	6,852,652
c. Retired Participants and Beneficiaries	49,725,174	49,725,174
d. Vested Terminated Participants	5,010,744	5,010,744
e. Disabled Participants	129,166	129,166
Total	<u>\$ 117,949,394</u>	<u>\$ 119,259,161</u>
2. Actuarial Value of Assets	93,312,443	93,312,443
3. Unfunded Actuarial Accrued Liability (1) - (2)	\$ 24,636,951	\$ 25,946,718
4. Contribution		
a. Normal Cost	\$ 1,785,128	\$ 1,889,621
b. Expected Employee Contribution	<u>(310,127)</u>	<u>(311,518)</u>
c. Net Normal Cost	\$ 1,475,002	\$ 1,578,103
d. As a Percent of Pay	4.78%	5.09%
e. Amortization Payment	2,301,660	2,421,175
f. January 1, Payment (c. + e.)	\$ 3,776,662	\$ 3,999,278
g. December 31, Payment (f. * 1.075)	\$ 4,059,911	\$ 4,299,224
h. Estimated Covered Payroll	\$ 30,832,419	\$ 30,981,368
i. As a Percent of Covered Payroll (g / h)	13.17%	13.88%
j. Contribution at July 1, 2017 (f * 1.075 ^{.5})	\$ 3,915,726	\$ 4,146,539
k. As a Percent of Covered Payroll (j / h)	12.70%	13.38%



CITY OF FRANKLIN



3RD QUARTER REPORT

FY 2017

Excellence

Innovation

Teamwork

Integrity

Action-Oriented

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CITY OF FRANKLIN – 3RD QUARTER REPORT 2017

Executive Summary

Quarter Ended March 31, 2017

- The General Fund shows a current year surplus of \$6.6 million. The surplus is higher compared to last year as the 2017 property tax rate provided an additional \$5 million in property tax to the General Fund. (Of this additional amount, \$2.9 million is designated for capital projects.)
- In the General Fund, local sales taxes are up almost 5% over last year.
- With recent development activity,
 - building permit revenue is up 16%.
 - road impact fees are about 15% lower than last year. Facilities taxes are about 12% lower. These revenues are dependent on timing and type of development.)
 - water/sewer development fees are about 16% lower than last year. These revenues are also dependent on timing and type of development.)
- In the Capital Projects Fund, the City expects reimbursements from other funds and bonds to fund the deficit.



CITY OF FRANKLIN – 3RD QUARTER REPORT 2017

All Funds Summary

Fund	Beg Fund Balance	Revenue	Expenditures	End Fund Balance	Change	Fund Summary on Page
General	\$39,249,586	\$51,883,124	\$45,278,315	\$45,854,395	\$6,604,809	3
Street Aid	\$373,415	\$2,413,578	\$1,800,340	\$986,653	\$613,238	4
Sanitation & Envir. Services.	\$767,350	\$5,824,792	\$6,564,803	\$27,339	(\$740,011)	5
Road Impact	\$5,019,848	\$5,589,636	\$4,313,782	\$6,295,702	\$1,275,854	6
Facilities Tax	\$6,976,276	\$3,134,233	\$160,347	\$9,950,162	\$2,973,886	7
Stormwater	\$4,873,735	\$1,931,091	\$2,052,156	\$4,752,670	(\$121,065)	8
Drug	\$515,642	\$101,557	\$115,758	\$501,441	(\$14,201)	9
Hotel/Motel	\$2,634,109	\$2,629,824	\$2,169,602	\$3,094,331	\$460,222	10
In Lieu of Parkland	\$4,425,966	\$153,743	\$0	\$4,579,709	\$153,743	11
Transit	\$374,758	\$2,018,396	\$1,963,012	\$430,142	\$55,384	12
CDBG	\$85,185	\$169,792	\$134,483	\$120,494	\$35,309	13
Debt Service	\$5,000	\$12,073,620	\$11,547,689	\$530,931	\$525,931	14
Capital Projects	(\$7,887,886)	\$5,517,757	\$8,058,817	(\$10,428,946)	(\$2,541,060)	15
Water & Wastewater Operations	*	\$31,193,154	\$23,727,512	*	\$7,465,642	16
Water & Wastewater Dev. Fees	*	\$17,172,950	\$13,365,689	*	\$3,807,261	17

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



CITY OF FRANKLIN – 3RD QUARTER REPORT 2017

General Fund

	Current YTD Actuals	Prior YTD Actual	Percent Current YTD to Prior YTD	Budget	Percent Current YTD to Budget
Revenues					
Local Sales Tax	\$24,403,773	\$23,309,616	104.7%	\$33,183,778	73.5%
State Shared Taxes	8,989,954	7,945,946	113.1%	10,821,651	83.1%
Property Taxes	9,698,831	5,086,661	190.7%	5,981,618	162.1%
Alcohol Taxes	2,937,463	2,841,830	103.4%	3,888,566	75.5%
Grants	229,013	1,670,782	13.7%	1,828,300	12.5%
Franchise Fees	1,992,499	2,020,673	98.6%	2,536,790	78.5%
Building Permits & Fees	2,265,796	1,949,624	116.2%	2,682,396	84.5%
Court Fines & Fees	403,161	354,710	113.7%	500,036	80.6%
In Lieu of Tax (Local)	298,347	326,438	91.4%	271,369	109.9%
Interest Income	31,353	133,938	23.4%	217,582	14.4%
Other Revenues	632,934	512,188	123.6%	2,765,027	22.9%
Total Revenues	51,883,124	46,152,406	112.4%	64,677,113	80.2%
Expenditures:					
Salaries & Wages	23,351,788	20,968,328	111.4%	32,207,850	72.5%
Employee Benefits	9,734,558	8,839,155	110.1%	12,993,246	74.9%
Utilities	1,645,476	1,641,712	100.2%	2,125,757	77.4%
Contractual Services	2,563,866	2,044,409	125.4%	2,989,936	85.7%
Repair & Maintenance Services	1,502,881	1,418,579	105.9%	2,016,161	74.5%
Debt Service & Lease Payments	1,924,725	1,803,366	106.7%	2,378,967	80.9%
Reimbursement from Other Funds	(2,030,389)	(1,947,937)	104.2%	(2,707,180)	75.0%
Transfers To Other Funds	854,785	351,413	243.2%	1,296,796	65.9%
Capital (>\$25,000)	119,887	87,612	136.8%	2,668,950	4.5%
Other Expenditures	5,610,738	6,475,406	86.6%	8,706,630	64.4%
Total Expenditures	45,278,315	41,682,043	108.6%	64,677,113	70.0%
Total Unallocated Funds	6,604,809	4,470,363	147.7%	0	0.0%

FUND SUMMARY

- The General Fund shows a current year surplus of \$6.6 million. The surplus is higher than last year as the 2017 property tax rate provided an additional \$5 million in property tax to the General Fund. (Of this additional amount, \$2.9 is designated for capital projects.)
- Local sales tax exceeds last year by almost 5%. State shared taxes exceed last year by 13%.
- Due to recent development activity, building permits are up 16% over last year.
- Interest income is lower than anticipated due to accounting rules that require entries for unrealized gains or losses on investments that would be realized if the City sold the investment. The City holds its investments until maturity. The fund has earned \$161,678 of interest with a \$130,325 unrealized loss.
- Although some capital equipment in Police and Fire have been purchased, the primary amount budgeted in Capital over \$25,000 is TOC expenditures. Current estimates are that \$500,000 of the \$2 million budgeted for TOC will be spent by year-end.

CITY OF FRANKLIN – 3RD QUARTER REPORT 2017

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	\$373,415	\$287,224	130.0%	\$333,098	112.1%
State Shared Taxes	1,456,284	1,447,408	100.6%	1,939,747	75.1%
Property Taxes	623,685	526,008	118.6%	689,756	90.4%
Interest Income	769	206	373.0%	300	256.4%
Transfer From General Fund	332,840	0	0.0%	332,840	100.0%
Total Revenues	2,786,993	2,260,846	123.3%	3,295,741	84.6%
Expenditures:					
Repair & Maintenance Services	1,799,702	1,712,943	105.1%	2,962,440	60.8%
Other Expenditures	638	948	67.3%	0	0.0%
Total Expenditures	1,800,340	1,713,891	105.0%	2,962,440	60.8%
Total Unallocated Funds	986,653	546,955	180.4%	333,301	296.0%

FUND SUMMARY

- Gasoline taxes are almost equivalent to last year. (The fee is set on gallons sold rather than price.)
- Expenditures are for the paving activity.
- The transfer from the General Fund of \$332,840 is for filling of sidewalk gaps within the community.

CITY OF FRANKLIN – 3RD QUARTER REPORT 2017

Sanitation Fund

	Current YTD Actuals	Prior YTD Actual	Percent Current YTD to Prior YTD	Budget	Percent Current YTD to Budget
Revenues					
Beginning Fund Balance	\$767,350	\$618,294	124.1%	\$613,691	125.0%
Grants	0	11,272	0.0%	0	0.0%
Interest Income	95	0	0.0%	0	0.0%
Sanitation Collection Services	3,958,382	3,850,601	102.8%	5,571,252	71.1%
Tipping Fees	1,698,881	2,394,066	71.0%	3,173,347	53.5%
Other Revenues	167,434	183,387	91.3%	627,628	26.7%
Total Revenues	6,592,142	7,057,620	93.4%	9,985,918	66.0%
Expenditures:					
Salaries & Wages	1,501,052	1,341,065	111.9%	2,048,135	73.3%
Employee Benefits	728,261	643,689	113.1%	956,348	76.2%
Utilities	63,129	51,790	121.9%	72,055	87.6%
Contractual Services	3,000	0	0.0%	10,000	30.0%
Repair & Maintenance Services	454,371	446,081	101.9%	717,319	63.3%
Debt Service & Lease Payments	515,875	700,489	73.6%	625,193	82.5%
Transfers To Other Funds	797,902	8,320	9,589.7%	623,956	127.9%
Capital (>\$25,000)	164,899	0	0.0%	164,900	100.0%
Other Expenditures	2,336,314	3,113,239	75.0%	4,335,076	53.9%
Total Expenditures	6,564,803	6,304,673	104.1%	9,552,982	68.7%
Total Unallocated Funds	27,339	752,947	3.6%	432,936	6.3%

FUND SUMMARY

- Collection services revenue is almost 3% higher than last year.
- Tipping fees are 29% lower than last year. This decrease is due to the transfer station no longer accepting construction and demolition debris.

CITY OF FRANKLIN – 3RD QUARTER REPORT 2017

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	\$5,019,848	\$397,976	1,261.3%	\$4,243,275	118.3%
Interest Income	18,882	5,708	330.8%	1,000	1,888.2%
Road Impact Fees	5,622,248	6,606,877	85.1%	6,810,334	82.6%
Road Impact Credits	(51,494)	(267,394)	19.3%	0	0.0%
Total Revenues	10,609,484	6,743,167	157.3%	11,054,609	96.0%
Expenditures:					
Contractual Services	1,550,603	0	0.0%	3,637,141	42.6%
Transfers To Other Funds	2,763,179	1,769,323	156.2%	2,737,999	100.9%
Total Expenditures	4,313,782	1,769,323	243.8%	6,375,140	67.7%
Total Unallocated Funds	6,295,702	4,973,844	126.6%	4,679,469	134.5%

FUND SUMMARY

- Road impact fees are about 15% lower than last year. (These revenues are dependent on timing and type of development.)

CITY OF FRANKLIN – 3RD QUARTER REPORT 2017

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	\$6,976,276	\$6,717,764	103.8%	\$6,815,787	102.4%
Interest Income	(30,784)	42,063	(73.2%)	10,000	(307.8%)
Facilities Taxes	3,165,017	3,601,783	87.9%	2,900,000	109.1%
Total Revenues	10,110,509	10,361,610	97.6%	9,725,787	104.0%
Expenditures:					
Utilities	3,066	1,279	239.8%	0	0.0%
Contractual Services	1,865	5,878	31.7%	0	0.0%
Repair & Maintenance Services	33,590	6,797	494.2%	0	0.0%
Capital (>\$25,000)	91,568	3,431,417	2.7%	4,132,956	2.2%
Other Expenditures	30,258	126,268	24.0%	141,833	21.3%
Total Expenditures	160,347	3,571,639	4.5%	4,274,789	3.8%
Total Unallocated Funds	9,950,162	6,789,971	146.5%	5,450,998	182.5%

FUND SUMMARY

- Facilities taxes are about 12% lower than last year. (These revenues are dependent on timing and type of development.)
- Interest income is a negative amount due to accounting rules that require entries for unrealized gains or losses on investments that would be realized if the City sold the investment. The City holds its investments until maturity. The fund has earned \$39,716 of interest with a \$70,500 unrealized loss.
- Although some capital equipment has been purchased, most of the capital budgeted in 2017 is for fire station 7 construction that has not yet occurred.



CITY OF FRANKLIN – 3RD QUARTER REPORT 2017

Stormwater Fund

	Current YTD Actuals	Prior YTD Actual	Percent Current YTD to Prior YTD	Budget	Percent Current YTD to Budget
Revenues					
Beginning Fund Balance	\$4,873,735	\$4,783,235	101.9%	\$4,706,201	103.6%
Building Permits & Fees	128,919	40,403	319.1%	85,000	151.7%
Interest Income	(13,361)	64,621	(20.7%)	10,000	(133.6%)
Stormwater Fees	1,797,325	1,784,463	100.7%	2,569,224	70.0%
Other Revenues	18,208	36,801	49.5%	50,000	36.4%
Total Revenues	6,804,826	6,709,523	101.4%	7,420,425	91.7%
Expenditures:					
Salaries & Wages	662,559	567,457	116.8%	931,076	71.2%
Employee Benefits	315,321	271,442	116.2%	420,724	74.9%
Utilities	31,417	43,146	72.8%	53,765	58.4%
Contractual Services	151,952	120,804	125.8%	176,456	86.1%
Repair & Maintenance Services	87,542	63,617	137.6%	115,385	75.9%
Debt Service & Lease Payments	85,182	85,182	100.0%	230,580	36.9%
Capital (>\$25,000)	396,161	277,999	142.5%	2,672,357	14.8%
Other Expenditures	322,022	336,377	95.7%	609,279	52.9%
Total Expenditures	2,052,156	1,766,024	116.2%	5,209,622	39.4%
Total Unallocated Funds	4,752,670	4,943,499	96.1%	2,210,803	215.0%

FUND SUMMARY

- Stormwater fees are almost equivalent to last year.
- Interest income is a negative amount due to accounting rules that require entries for unrealized gains or losses on investments that would be realized if the City sold the investment. The City holds its investments until maturity. The fund has earned \$30,964 of interest with a \$44,325 unrealized loss.

CITY OF FRANKLIN – 3RD QUARTER REPORT 2017

Drug Fund

	Current YTD Actuals	Prior YTD Actual	Percent Current YTD to Prior YTD	Budget	Percent Current YTD to Budget
Revenues					
Beginning Fund Balance	\$515,642	\$295,296	174.6%	\$489,890	105.3%
Interest Income	2,217	1,256	176.5%	1,000	221.7%
Drug Fines Received	47,555	123,214	38.6%	95,397	49.8%
Other Revenues	51,785	160,163	32.3%	27,613	187.5%
Total Revenues	617,199	579,929	106.4%	613,900	100.5%
Expenditures:					
Other Expenditures	115,758	68,051	170.1%	142,500	81.2%
Total Expenditures	115,758	68,051	170.1%	142,500	81.2%
Total Unallocated Funds	501,441	511,878	98.0%	471,400	106.4%

FUND SUMMARY

- Drug fine collections are over 61% lower than last year. (This is due primarily to a single receipt in 2016 for over \$80,000. Excluding this receipt, collections are almost equivalent to last year.) This revenue is dependent on court actions.

CITY OF FRANKLIN – 3RD QUARTER REPORT 2017

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	\$2,634,109	\$2,749,596	95.8%	\$3,232,656	81.5%
Interest Income	7,280	4,730	153.9%	4,000	182.0%
Hotel/Motel Taxes	2,622,544	2,508,511	104.5%	3,479,849	75.4%
Total Revenues	5,263,933	5,262,837	100.0%	6,716,505	78.4%
Expenditures:					
Contractual Services	9,320	137,841	6.8%	23,000	40.5%
Repair & Maintenance Services	1,551	0	0.0%	0	0.0%
Transfers To Other Funds	1,171,806	983,481	119.1%	1,125,086	104.2%
Capital (>\$25,000)	319,581	214,286	149.1%	566,666	56.4%
Other Expenditures	667,344	848,676	78.6%	887,680	75.2%
Total Expenditures	2,169,602	2,184,284	99.3%	2,602,432	83.4%
Total Unallocated Funds	3,094,331	3,078,553	100.5%	4,114,073	75.2%

FUND SUMMARY COFFINANC

- Hotel/Motel tax collections are almost 5% higher than last year.



CITY OF FRANKLIN – 3RD QUARTER REPORT 2017

In Lieu of Parkland Fund

	Current YTD Actuals	Prior YTD Actual	Percent Current YTD to Prior YTD	Budget	Percent Current YTD to Budget
Revenues					
Beginning Fund Balance	\$4,425,966	\$2,494,076	177.5%	\$4,372,436	101.2%
Interest Income	16,289	5,586	291.6%	5,000	325.8%
In Lieu of Parkland Fees	137,454	1,873,945	7.3%	1,202,525	11.4%
Total Revenues	4,579,709	4,373,607	104.7%	5,579,961	82.1%
 Total Unallocated Funds	 4,579,709	 4,373,607	 104.7%	 5,579,961	 82.1%

FUND SUMMARY

- Almost \$138,000 has been collected in 2017.
- There are no expenditures currently budgeted for this fund in 2017.



CITY OF FRANKLIN – 3RD QUARTER REPORT 2017

Transit Fund

	Current YTD Actuals	Prior YTD Actual	Percent Current YTD to Prior YTD	Budget	Percent Current YTD to Budget
Revenues					
Beginning Fund Balance	\$374,758	\$189,607	197.6%	\$146,073	256.6%
Grants	1,398,683	824,991	169.5%	1,184,899	118.0%
Interest Income	5,053	2,901	174.2%	3,200	157.9%
Transit Fares	85,415	70,423	121.3%	85,000	100.5%
Transfer From General Fund	521,945	351,413	148.5%	963,956	54.1%
Other Revenues	7,300	7,300	100.0%	9,700	75.3%
Total Revenues	2,393,154	1,446,635	165.4%	2,392,828	100.0%
Expenditures:					
Capital (>\$25,000)	245,861	58,725	418.7%	305,000	80.6%
Other Expenditures	1,717,151	1,198,483	143.3%	1,993,603	86.1%
Total Expenditures	1,963,012	1,257,208	156.1%	2,298,603	85.4%
Total Unallocated Funds	430,142	189,427	227.1%	94,225	456.5%

FUND SUMMARY

- Transit has needed only slightly over ½ of its operating subsidy due to grant revenue collections.

CITY OF FRANKLIN – 3RD QUARTER REPORT 2017

CDBG Fund

	Current YTD Actuals	Prior YTD Actual	Percent Current YTD to Prior YTD	Budget	Percent Current YTD to Budget
Revenues					
Beginning Fund Balance	\$85,185	\$20,211	421.5%	\$28,257	301.5%
Grants	169,028	239,377	70.6%	280,410	60.3%
Interest Income	764	237	322.0%	150	509.3%
Total Revenues	254,977	259,825	98.1%	308,817	82.6%
Expenditures:					
Contractual Services	64,483	84,248	76.5%	165,000	39.1%
Repair & Maintenance Services	70,000	120,000	58.3%	120,000	58.3%
Other Expenditures	0	31,372	0.0%	1,975	0.0%
Total Expenditures	134,483	235,620	57.1%	286,975	46.9%
Total Unallocated Funds	120,494	24,205	497.8%	21,842	551.7%

FUND SUMMARY

- Through the 3rd quarter, 47% of budgeted expenditures have been incurred. Grant revenue has offset the expenditures incurred.

CITY OF FRANKLIN – 3RD QUARTER REPORT 2017

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	\$5,000	\$709	705.6%	\$1,609	310.7%
Property Taxes	6,710,855	7,232,613	92.8%	7,503,769	89.4%
Interest Income	4,355	2,885	150.9%	5,000	87.1%
Rebate on BAB/RZEDB Bonds	425,523	840,316	50.6%	904,051	47.1%
Transfer from Sanitation Fund	797,902	8,320	9,589.7%	623,956	127.9%
Transfer from Road Impact Fund	2,763,179	1,769,323	156.2%	2,874,529	96.1%
Transfer from Hotel/Motel Tax Fund	1,171,806	983,481	119.1%	1,113,993	105.2%
Transfer from Water & Sewer Fund	200,000	200,000	100.0%	200,000	100.0%
Total Revenues	12,078,620	11,037,647	109.4%	13,226,907	91.3%
Expenditures:					
Debt Service & Lease Payments	11,547,689	9,844,512	117.3%	13,220,298	87.3%
Total Expenditures	11,547,689	9,844,512	117.3%	13,220,298	87.3%
Total Unallocated Funds	530,931	1,193,135	44.5%	6,609	8,033.4%

FUND SUMMARY

- The fund shows a current year surplus due to property tax billings that occurred on October 1.

CITY OF FRANKLIN – 3RD QUARTER REPORT 2017

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	(\$7,887,886)	(\$10,104,657)	78.1%	\$0	0.0%
Property Taxes	623,685	526,008	118.6%	0	0.0%
Grants	1,696,367	741,788	228.7%	0	0.0%
Interest Income	1,185	0	0.0%	0	0.0%
Facilities Taxes	871,880	912,853	95.5%	0	0.0%
Other Revenues	2,324,640	3,075,211	75.6%	0	0.0%
Total Revenues	(2,370,129)	(4,848,797)	48.9%	0	0.0%
Expenditures:					
Contractual Services	177,349	74,638	237.6%	0	0.0%
Repair & Maintenance Services	0	7,972	0.0%	0	0.0%
Capital (>\$25,000)	3,311,702	4,854,278	68.2%	0	0.0%
Other Expenditures	4,569,766	1,471,824	310.5%	0	0.0%
Total Expenditures	8,058,817	6,408,712	125.7%	0	0.0%
Total Unallocated Funds	(10,428,946)	(11,257,509)	92.6%	0	0.0%

FUND SUMMARY

- The City expects reimbursements from other funds and bonds to fund the deficit.

CITY OF FRANKLIN – 3RD QUARTER REPORT 2017

Water/Sewer Operations

	Current YTD Actuals	Prior YTD Actual	Percent Current YTD to Prior YTD	Budget	Percent Current YTD to Budget
Revenues					
Interest Income	\$53,497	\$65,615	81.5%	\$78,000	68.6%
Customer Service	21,529,277	19,667,971	109.5%	25,844,177	83.3%
Other Revenues	9,610,380	952,069	1,009.4%	228,800	4,200.3%
Total Revenues	31,193,154	20,685,655	150.8%	26,150,977	119.3%
Expenditures:					
Salaries & Wages	2,900,920	2,539,802	114.2%	4,309,565	67.3%
Employee Benefits	1,314,712	1,232,585	106.7%	1,864,329	70.5%
Utilities	1,123,736	1,210,546	92.8%	1,729,026	65.0%
Contractual Services	495,292	825,504	60.0%	496,875	99.7%
Repair & Maintenance Services	297,024	289,799	102.5%	346,000	85.8%
Debt Service & Lease Payments	1,576,198	1,399,479	112.6%	1,544,597	102.0%
Transfers To Other Funds	200,000	200,000	100.0%	200,000	100.0%
Capital (>\$25,000)	8,198,899	3,159,354	259.5%	6,026,035	136.1%
Other Expenditures	7,620,731	6,365,799	119.7%	8,626,083	88.3%
Total Expenditures	23,727,512	17,222,868	137.8%	25,142,510	94.4%
Total Unallocated Funds	7,465,642	3,462,787	215.6%	1,008,467	740.3%

FUND SUMMARY

- Customer service revenue is almost 10% more than last year.
- Capital over \$25,000 of \$8.2 million is due primarily to water plant improvements. The February bond issue reimbursed these water plant expenses.

CITY OF FRANKLIN – 3RD QUARTER REPORT 2017

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	\$83,727	\$72,313	115.8%	\$0	0.0%
Customer Service	15,617	27,000	57.8%	0	0.0%
Access Fees	2,142,187	2,832,630	75.6%	0	0.0%
System Development Fees	1,688,639	1,726,756	97.8%	0	0.0%
Other Revenues	13,242,780	8,153	162,429.1%	0	0.0%
Total Revenues	17,172,950	4,666,852	368.0%	0	0.0%
Expenditures:					
Contractual Services	21,000	0	0.0%	0	0.0%
Debt Service & Lease Payments	2,224,087	2,081,033	106.9%	0	0.0%
Transfers To Other Funds	8,640,907	0	0.0%	0	0.0%
Capital (>\$25,000)	2,438,742	213,869	1,140.3%	0	0.0%
Other Expenditures	40,953	24,967	164.0%	0	0.0%
Total Expenditures	13,365,689	2,319,869	576.1%	0	0.0%
Total Unallocated Funds	3,807,261	2,346,983	162.2%	0	0.0%

FUND SUMMARY

- Access fees and system development fees are about 16% lower than last year. (These revenues are also dependent on timing and type of development.)
- Other revenues include the \$12 million bond issue for water plant improvements.

CITY OF FRANKLIN – 3RD QUARTER REPORT 2017

On the Horizon

Tuesday, June 13, 2017	Second Reading of Budget (Public Hearing)
Tuesday, June 27, 2017	Third and Final Reading
Saturday, July 1, 2017	New Fiscal Year Begins
July 2017	No Budget and Finance Committee meeting this month

Finance Department Contact Information

109 3rd Avenue South

Tel 615-791-1457

Fax 615-791-1955

franklintn.gov





City of Franklin
Monthly Reports for June 2017
EXECUTIVE SUMMARY

Schedule 1: Local Sales Tax

Year-to-date, the City has received \$24.4 million compared to \$23.3 million in the previous year, a difference of \$1,094,157 or 4.7%. The State of Tennessee sales tax collections, year-to-date, are \$6.34 billion compared to \$6.16 billion in the prior year, a difference of \$180 million or 3.0%.

For budget comparisons, the City originally anticipated collections of \$24.5 million through nine months of the fiscal year. Through the month of March, the City has received approximately 1% less than budgeted collections. As a further comparison, the March collection of \$2.8 million compares to \$2.2 million in 2012, \$2.3 million in 2013, \$2.4 million in 2014, \$2.5 million in 2015 and \$2.7 million in 2016.

Schedule 2: Building Permits

Following a high level of collection in 2016, 2017 year-to date compared to 2016 actual is 10% higher, and compared to 2017 budget is 33% higher.

Schedule 3: Road Impact Fees

Following the highest year of collection in 2016, 2017 year-to-date compared to 2016 actual is 16% lower, and compared to 2017 budget is lower by 4%.

Schedule 4: Facilities Tax (City)

Following the highest year of collection in 2016, 2017 year-to-date compared to 2016 actual is almost 16% lower, and compared to 2017 budget is 39% higher.

Schedule 5: Facilities Tax (County)

Following the highest year of receipt from the County in 2016, 2017 year-to-date compared to 2016 actual is almost 11% lower, and compared to 2017 budget is lower by 5%.

Schedule 6: Conference Center

The City's ½ share of profit for April 2017 is \$36,074.



City of Franklin

Finance Department - Monthly Reports

Schedule 1:		Local Sales Tax	Fund	General	Account:	110-31300-00000
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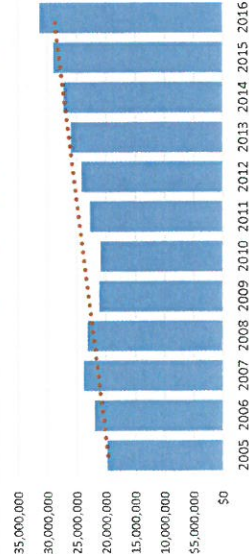
Summary: Tennessee Code Annotated 67-6-702 authorizes the levy of a local sales tax. The maximum rate authorized is 2.25%. The current rate is 2.25%. The tax is applied only to the first \$1,600 of any single article of personal property. The City receives 1/2 of the 2.25% rate collected within the City. Williamson County receives the other 1/2, plus an administrative fee of 1% of the City's 1/2 of the tax.

Monthly Report for May 2017: The local sales tax remittance from the State of Tennessee for May was \$2,812,649 compared to \$2,689,471 for the same month in 2016, an increase of \$123,178 or 4.6%. [The May remittance is for sales tax collected during the month of March, representing the ninth month of the fiscal year on an accrual basis.] During the same period, the State of Tennessee sales tax collections were down 4.03% from the prior year.

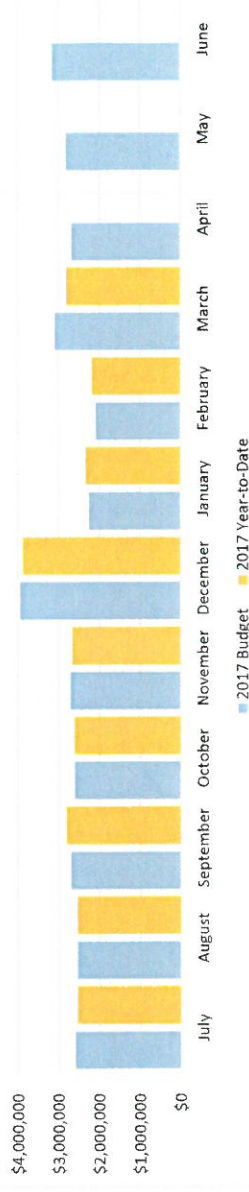
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For budget comparisons, the City originally anticipated collections of \$24.5 million through nine months of the fiscal year. Through the month of March, the City has received approximately 1% less than budgeted collections. As a further comparison, the March collection of \$2.8 million compares to \$2.2 million in 2012, \$2.3 million in 2013, \$2.4 million in 2014, \$2.5 million in 2015 and \$2.7 million in 2016.

Yearly Summary



2017 Month by Month Summary



Fiscal Year	Amount	\$ Inc./ (Dec.) from Prior Year	% Inc./ (Dec.) from Prior Year
2005	\$19,786,230	\$1,489,548	8.1%
2006	\$22,005,703	\$2,219,473	11.2%
2007	\$23,885,264	\$1,879,561	8.5%
2008	\$23,185,434	(\$699,830)	-2.9%
2009	\$21,152,554	(\$2,032,880)	-8.8%
2010	\$20,969,821	(\$182,733)	-0.9%
2011	\$22,720,666	\$1,750,845	8.3%
2012	\$24,197,413	\$1,476,747	6.5%
2013	\$25,995,733	\$1,798,320	7.4%
2014	\$27,254,742	\$1,259,009	4.8%
2015	\$28,943,994	\$1,689,252	6.2%
2016	\$31,309,366	\$2,365,372	8.2%

Average Increase (Decrease) \$ 1,084,390 **4.7%**



City of Franklin

Finance Department - Monthly Reports

Schedule 2:

Building Permits

Fund

General Fund

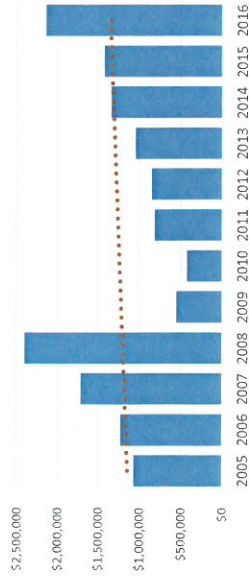
Account:

110-32120-00000

Summary: A part of General Fund Revenues, these fees are paid to the City to offset and pay for the staffing costs borne by the City to extend services due to construction growth. There has been growth in both residential and commercial sides of development. This revenue has been difficult to predict by month because permits are often obtained and fees paid in advance of construction.

Monthly Report for April 2017: Following a high level of collection in 2016, 2017 year-to-date is exceeding 2016 by 10%, and compared to 2017 budget is higher by 33%.

Yearly Summary



2017 Month by Month Summary



Fiscal Year	Amount	\$ Inc./ (Dec.) from Prior Year	% Inc./ (Dec.) from Prior Year
2005	\$1,064,261	\$275,053	34.9%
2006	\$1,228,209	\$163,948	15.4%
2007	\$1,710,865	\$482,656	39.3%
2008	\$2,395,129	\$684,264	40.0%
2009	\$559,112	(\$1,836,017)	-76.7%
2010	\$430,901	(\$128,211)	-22.9%
2011	\$820,111	\$389,210	90.3%
2012	\$855,409	\$35,298	4.3%
2013	\$1,046,947	\$191,538	22.4%
2014	\$1,343,978	\$297,031	28.4%
2015	\$1,426,188	\$82,210	6.1%
2016	\$2,136,322	\$710,134	49.8%
Average Increase (Decrease)		\$ 112,260	19.3%

Month	2016 Actual	2017 Budget	2017 Year-to-Date	\$ Inc./ (Dec.) from 2016 Actual	% Inc./ (Dec.) from 2016 Actual	\$ Inc./ (Dec.) from 2017 Budget	% Inc./ (Dec.) from 2017 Budget
July	\$219,601	\$182,227	\$121,004	(\$98,597)	-44.9%	(\$61,223)	-33.6%
August	\$107,814	\$89,465	\$210,112	\$102,298	94.9%	\$120,647	134.9%
September	\$194,999	\$161,812	\$180,020	(\$14,979)	-7.7%	\$18,208	11.3%
October	\$184,004	\$152,688	\$262,602	\$78,598	42.7%	\$109,914	72.0%
November	\$153,876	\$127,688	\$135,926	(\$17,950)	-11.7%	\$8,238	6.5%
December	\$144,063	\$119,545	\$210,630	\$66,567	46.2%	\$91,085	76.2%
January	\$146,071	\$121,211	\$123,906	(\$22,165)	-15.2%	\$2,695	2.2%
February	\$184,600	\$153,183	\$307,583	\$122,983	66.6%	\$154,400	100.8%
March	\$170,519	\$141,498	\$204,555	\$34,036	20.0%	\$63,057	44.6%
April	\$193,006	\$160,158	\$115,135	(\$77,871)	-40.3%	(\$45,023)	-28.1%
May	\$198,688	\$164,873					
June	\$239,081	\$198,391					
Total	\$2,136,322	\$1,772,738	\$1,871,473	\$17,292	10.2%	\$46,200	32.8%
Average							
Total			\$172,920			\$461,999	



City of Franklin

Finance Department - Monthly Reports

Schedule 3:

Road Impact Fees

Fund

Road Impact

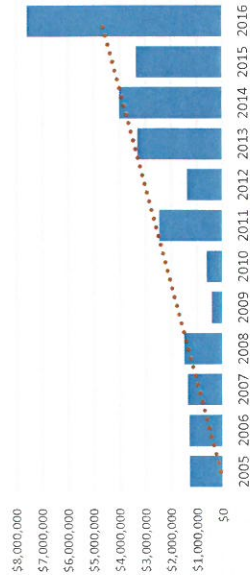
Account:

128-32800-00000

Summary: The Road Impact Fund is a special revenue fund created for the accounting of expenditures in accord with City Ordinance 88-13 on the proceeds of road impact fees from new development. These funds can be used to pay for new arterial roads, directly or through payment of debt service on bonds associated with the projects. After completing an update of the major thoroughfare plan, the City re-examined the structure of road impact fees which was approved in April 2011.

Monthly Report for April 2017: Following the highest level of collection in 2016, 2017 year-to-date compared to 2016 is 16% lower, and compared to 2017 budget is lower by 4%.

Yearly Summary



2017 Month by Month Summary



Fiscal Year	Amount	\$ Inc./ (Dec.) from Prior Year	% Inc./ (Dec.) from Prior Year
2005	\$1,300,285	\$137,115	11.8%
2006	\$1,309,544	\$9,259	0.7%
2007	\$1,381,660	\$72,116	5.5%
2008	\$1,509,963	\$128,303	9.3%
2009	\$426,916	(\$1,083,047)	-71.7%
2010	\$629,194	\$202,278	47.4%
2011	\$2,466,846	\$1,837,652	292.1%
2012	\$1,391,645	(\$1,075,201)	-43.6%
2013	\$3,306,075	\$1,914,430	137.6%
2014	\$4,021,752	\$715,677	21.6%
2015	\$3,358,431	(\$663,321)	-16.5%
2016	\$7,586,724	\$4,228,293	125.9%
Average Increase (Decrease)		\$ 535,296	43.3%

Month	2016 Actual	2017 Budget	2017 Year-to-Date	\$ Inc./ (Dec.) from 2016 Actual	% Inc./ (Dec.) from 2016 Actual	\$ Inc./ (Dec.) from 2017 Budget	% Inc./ (Dec.) from 2017 Budget
July	\$733,816	\$636,327	\$243,473	(\$490,343)	-66.8%	(\$392,854)	-61.7%
August	\$215,478	\$186,851	\$555,634	\$340,156	157.9%	\$368,783	197.4%
September	\$500,364	\$433,890	\$296,383	(\$203,981)	-40.8%	(\$137,507)	-31.7%
October	\$956,474	\$829,405	\$1,292,910	\$336,436	35.2%	\$463,505	55.9%
November	\$1,438,657	\$1,247,529	\$235,324	(\$1,203,333)	-83.6%	(\$1,012,205)	-81.1%
December	\$367,975	\$319,089	\$1,031,651	\$663,676	180.4%	\$712,562	223.3%
January	\$273,088	\$236,808	\$327,710	\$54,622	20.0%	\$90,902	38.4%
February	\$1,652,231	\$1,432,729	\$1,112,247	(\$539,984)	-32.7%	(\$320,482)	-22.4%
March	\$454,061	\$393,738	\$526,916	\$72,855	16.0%	\$133,178	33.8%
April	\$357,387	\$309,908	\$189,294	(\$168,093)	-47.0%	(\$120,614)	-38.9%
May	\$469,946	\$407,513					
June	\$167,247	\$377,548					
Total	\$7,586,724	\$6,811,334	\$5,811,542	(\$113,799)	-16.4%	(\$21,473)	-3.6%
Average							
Total				(\$1,137,989)		(\$214,731)	

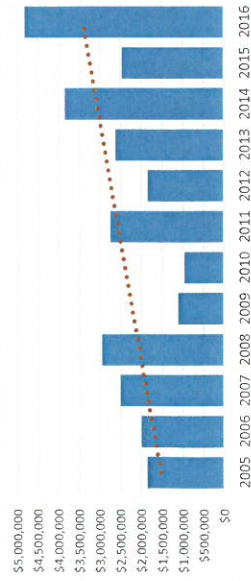
Schedule 4:

Schedule 4:	Facilities Tax (City)	Fund	Facilities Tax	Account:
				130-31600-00000

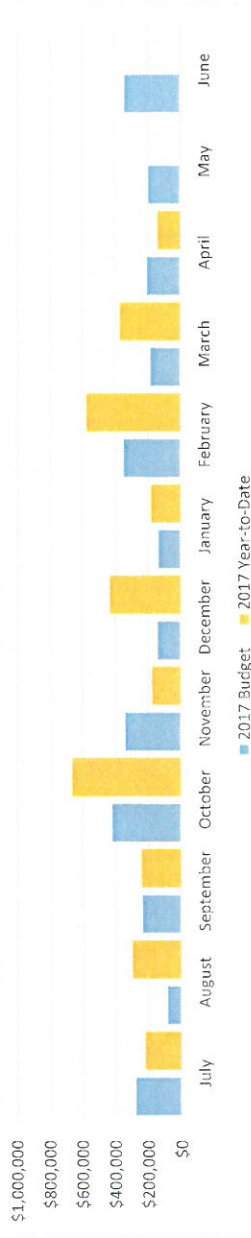
Summary: A special revenue fund used to account for the proceeds authorized by a private act of the Tennessee General Assembly of 1987 for the City to levy and collect a privilege tax on new development to provide that new development contribute its fair share of providing new public facilities made necessary by growth. Such taxes may be expended **only** on police, fire, sanitation, and parks and recreation.

Monthly Report for April 2017: Following the highest level of collection in 2016, 2017 year-to-date compared to 2016 is almost 16% lower, and compared to 2017 budget is higher by 39%.

Yearly Summary



2017 Month by Month Summary



Fiscal Year	Amount	\$ Inc./ (Dec.) from Prior Year	% Inc./ (Dec.) from Prior Year
2005	\$1,854,164	\$794,164	74.9%
2006	\$2,000,000	\$145,836	7.9%
2007	\$2,500,000	\$500,000	25.0%
2008	\$2,956,284	\$456,284	18.3%
2009	\$1,115,914	(\$1,840,370)	-62.3%
2010	\$963,748	(\$152,166)	-13.6%
2011	\$2,748,927	\$1,785,179	185.2%
2012	\$1,845,690	(\$903,237)	-32.9%
2013	\$2,617,339	\$771,649	41.8%
2014	\$3,848,783	\$1,231,444	47.0%
2015	\$2,468,473	(\$1,380,310)	-35.9%
2016	\$4,827,968	\$2,359,495	95.6%

Average Increase (Decrease)	\$313,997	29.3%
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Month	2016 Actual	2017 Budget	2017 Year-to-Date	\$ Inc./ (Dec.) from 2016 Actual	% Inc./ (Dec.) from 2016 Actual	\$ Inc./ (Dec.) from 2017 Budget	% Inc./ (Dec.) from 2017 Budget
July	\$460,763	\$278,520	\$221,540	(\$239,223)	-51.9%	(\$56,980)	-20.5%
August	\$138,739	\$83,864	\$299,262	\$160,523	115.7%	\$215,398	256.8%
September	\$405,920	\$236,984	\$242,795	(\$163,125)	-40.2%	\$5,811	2.5%
October	\$693,869	\$419,426	\$663,512	(\$30,357)	-4.4%	\$244,086	58.2%
November	\$561,169	\$339,212	\$176,544	(\$384,625)	-68.5%	(\$162,668)	-48.0%
December	\$235,832	\$142,554	\$432,916	\$197,084	83.6%	\$290,362	203.7%
January	\$227,208	\$137,341	\$180,975	(\$46,233)	-20.3%	\$43,634	31.8%
February	\$575,877	\$348,103	\$575,155	(\$722)	-0.1%	\$227,052	65.2%
March	\$302,406	\$182,797	\$372,318	\$69,912	23.1%	\$189,521	103.7%
April	\$336,678	\$203,513	\$140,530	(\$196,148)	-58.3%	(\$62,983)	-30.9%
May	\$325,313	\$196,643					
June	\$564,194	\$341,041					

	\$4,827,968	\$2,910,000	\$3,305,547	(\$63,291)	-16.1%	\$93,323
	<i>Total</i>	<i>Total</i>	<i>Total</i>	<i>Average</i>	<i>Average</i>	<i>Average</i>
				(\$632,914)		\$933,233
				<i>Total</i>		<i>Total</i>



City of Franklin

Finance Department - Monthly Reports

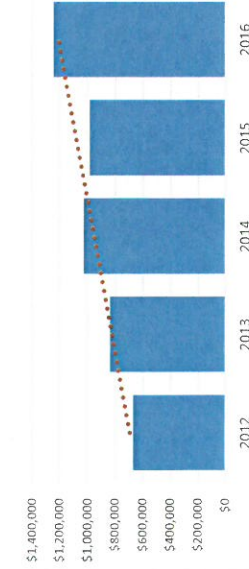
Schedule 5:		Facilities Tax (County)	Fund	Capital Projects	Account:	310-31600-00000
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Summary: City's share of Williamson county's Adequate School Facilities Tax. 30% of the proceeds are distributed to the incorporated cities within the county, and an additional 30% is divided pro rata among the incorporated cities based on population in the last decennial census. All funds are to be used for the purpose of providing public facilities, the need for which is reasonably related to new development. The County uses 100% of its amount for public school purposes.

Monthly Report for April 2017: Following the highest level of collection in 2016, 2017 year-to-date compared to 2016 is almost 11% lower, and compared to 2017 budget is lower by 5%.

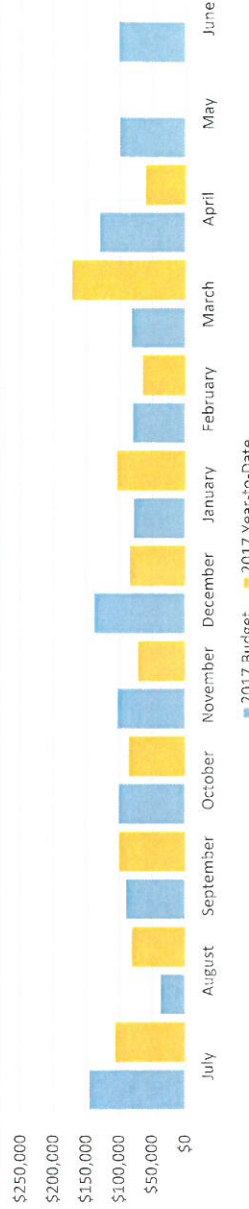
Note: Recorded in Capital Projects Fund beginning in FY 2011 (as per Resolution 2010-69)

Yearly Summary



Fiscal Year	Amount	\$ Inc./ (Dec.) from Prior Year	% Inc./ (Dec.) from Prior Year
2005			
2006			
2007			
2008			
2009			
2010			
2011			
2012	\$672,961	\$672,961	100.0%
2013	\$838,523	\$165,562	24.6%
2014	\$1,026,933	\$188,410	22.5%
2015	\$982,605	(\$44,328)	-4.3%
2016	\$1,241,241	\$258,636	26.3%
Average Increase (Decrease)		\$ 248,248	33.8%

2017 Month by Month Summary



Month	2016 Actual	2017 Budget	2017 Year-to-Date	\$ Inc./ (Dec.) from 2016 Actual	% Inc./ (Dec.) from 2016 Actual	\$ Inc./ (Dec.) from 2017 Budget	% Inc./ (Dec.) from 2017 Budget
July	\$143,941	\$144,956	\$105,603	(\$38,338)	-26.6%	(\$39,354)	-27.1%
August	\$101,030	\$37,500	\$81,772	(\$19,258)	-19.1%	\$44,272	118.1%
September	\$89,284	\$89,914	\$99,841	\$10,557	11.8%	\$9,927	11.0%
October	\$100,660	\$100,660	\$86,075	(\$14,585)	-14.5%	(\$14,585)	-14.5%
November	\$101,862	\$102,581	\$72,223	(\$29,639)	-29.1%	(\$30,358)	-29.6%
December	\$137,145	\$138,113	\$84,727	(\$52,418)	-38.2%	(\$53,386)	-38.7%
January	\$78,117	\$78,668	\$103,741	\$25,624	32.8%	\$25,073	31.9%
February	\$79,539	\$80,100	\$65,668	(\$13,871)	-17.4%	(\$14,432)	-18.0%
March	\$81,274	\$81,848	\$172,230	\$90,956	111.9%	\$90,382	110.4%
April	\$129,225	\$130,137	\$61,077	(\$68,148)	-52.7%	(\$69,060)	-53.1%
May	\$98,950	\$99,648					
June	\$100,215	\$100,922					
Total	\$1,241,241	\$1,185,047	\$932,957	(\$10,912)	-10.5%	(\$55,152)	-5.2%
Average				Average (\$109,120)	Average (\$51,520)		
Total				Total (\$109,120)	Total (\$51,520)		

MARRIOTT

May 12, 2017

Schedule 6

Kristine Tallent ACA/CFO
City of Franklin, Tennessee
109 Third Avenue South
Franklin, TN 37064

Dear Ms. Tallent

Please find enclosed the Consolidated Profit and Loss Statement for the Cool Springs Conference Center for period end April 30, 2017.

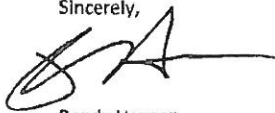
A summary of the financial and distribution date is as follows:

COOL SPRINGS CONFERENCE CENTER
April, 2017

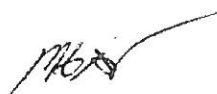
	CURRENT MONTH			YEAR-TO-DATE		
	ACTUAL	BUDGET	LAST YR	ACTUAL	BUDGET	LAST YR
GROSS REVENUE	642	690,409	779,756	5,790,800	5,993,495	5,649,194
HOUSE PROFIT	121,997	97,300	191,084	636,360	603,119	658,971
Less: FIXED EXPENSES	17,725	19,622	35,434	190,925	188,869	189,328
NET INCOME	104,272	77,678	155,650	445,435	414,250	469,644
Less: FF&E RESERVE 5%	32,124	34,520	38,976	289,540	299,675	282,460
NET CASH FLOW	72,148	43,157	116,674	155,895	114,575	187,184
TOTAL CURRENT BALANCE DUE TO OWNERS	72,148.00					
TOTAL DUE TO/(FROM) CITY OF FRANKLIN	36,074.00					
TOTAL DUE TO/(FROM) WILLIAMSON COUNTY	36,074.00					

The financial statements 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.

Sincerely,



Randy Hansen
Controller



Michael Sanders
General Manager

FRANKLIN MARRIOTT COOL SPRINGS
700 COOL SPRINGS BLVD
FRANKLIN, TENNESSEE 37067 USA
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MARRIOTT.COM/BNACS