

**CITY OF FRANKLIN  
FINANCE COMMITTEE MEETING MINUTES  
September 22, 2009**

- I. The September 22, 2009 Finance Committee Meeting was called to order at 6:30 p.m. in the Hearing Room of Franklin City Hall.

Present were Members Ciche (arrived 6:40 p.m.), Arvanetes (arrived 6:34 p.m.), Kust, Bowe (arrived 6:40 p.m.), Alderman Solomon, Alderman Wilhelm, and Alderman Taylor. Also present was Director of Finance & Treasurer Cal Patterson (left at 7:42 p.m.).

- II. Citizen Comment Period: No citizen comments were made.

- III. Approval of the July 28, 2009 Finance Committee Meeting Minutes

Motion made by Alderman Taylor and seconded by Alderman Wilhelm to approve the July 28, 2009 Finance Committee Meeting Minutes as submitted. Upon vote, Ayes-5, Noes-0, Motion carried.

- IV. Establishment of 2010 Budget Review Assignments

Director of Finance and Treasurer Patterson presented this item to the Committee. Informational item only – no action required.

- V. City of Franklin Post Employment Benefits Trust Report

Director of Finance and Treasurer Patterson presented this item to the Committee. Informational item only – no action required.

- VI. 2010 and 2011 OPEB Actuarial Report

Director of Finance and Treasurer Patterson presented this item to the Committee. Informational item only – no action required.

- VII. City of Franklin Defined Benefit Pension Plan Investment Report

Director of Finance and Treasurer Patterson presented this item to the Committee. Informational item only – no action required.

- VIII. 2009 City of Franklin Defined Benefit Retirement (DPW) Income Plan Actuarial Report

Director of Finance and Treasurer Patterson presented this item to the Committee. Informational item only – no action required.

- IX. Update on Fixed Income Investment Activity

Director of Finance and Treasurer Patterson presented this item to the Committee. Informational item only – no action required.

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X. Payment Related to Ryan Road Reconstruction from 27th Street to the Root River

Motion made by Alderman Taylor and seconded by Member Ciche to recommend to the Common Council the payment of the undisputed portion of the bill to the State DOT totaling \$100,478.83, reserving \$29,500.49 pending an answer from the State DOT and allowing the Capital Improvement Fund to borrow from other Capital funds, if necessary, to meet the related cash flow needs from this issue and the Rawson Avenue billing issue. Upon vote, Ayes-All (6-0), Motion carried.

XI. General Fund Financial Report – August 2009

Director of Finance and Treasurer Patterson presented this item to the Committee.

Selected comments related to Fund Balance from citizen members included:

*My recommendation is to let this amount fall through. Your revenues are down but the economy is also down-let it fall through (to fund balance). That's what our fund balance is there for, to protect us in a low year. If at the point where we review the 2010 budget and we can not balance, at that point then you are going to have to look at which personnel or what programs you are not going to provide. I think right now trying to do it is premature and that is part of why our fund balance is where it is. It's to protect the City in a global dip and that is what you have.*

*Relative to your thinking and your thought process for 2010 with 100 days left in the calendar year. If the elected officials and Mayor choose to make further staffing reductions those things are all related. In making them at budget time with unemployment, benefits and so forth, the benefit is pushed back; so if you think that you are making cuts to affect 2010 you are only going to get a portion of them. I am not proposing that, but five police positions or three firefighters or whatever, if that is the route to be taken the level of cost is such that a delay will result until you see the benefit. That is no different than any other community; we are so dominant in resource cost (payroll and benefits), that is the nature of the beast that we deal with all the time.*

*If I could just add, and it is important for this group, if you look at the City's balance sheet the reason they recommend that you have a fund balance at the target range that we have (20% to 25%) is to cover these types of unanticipated, unbudgeted, or abnormal situations. The bigger caveat there is what the rating agencies look at; what decision making do the powers to be do in response to the issue, do they let the Fund balance run all the way down to zero because they think it is going to turn around tomorrow and not make any changes. It is no different than what we deal with on the personal or business side. What is management going to do now to offset, combat these issues; revenue is down what are you doing to offset that. Expenses are going down is it going to be permanent or temporary and how are you going to bring them back. That is the balancing act to take out these wild swings. I think that if the Fund balance policy is a sound policy it should do the kind of buffering that we are talking about right here. It can't do it permanently, it can't do it long term, but it should be able to take out these anomalies.*

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*And to those out there that are saying that we have to balance this thing immediately today I would say okay I understand your concern, but the reality is that is why we put the saving account (fund balance) there if I did not want you to have this flexibility I would have never let you tax me for it in the first place. Because you are sitting on my money. That is the mechanism that is suppose to be there. It is not that materially different than the household. You need the reserve to offset these unpredictable or non forecasted items. Someone can say that you did a bad job, and maybe they are right, but you know what the reality is. You go with the best information you had and made decisions on that information and you ride with the results. To me, I look at it as the policies that we have are functioning within the parameters that we have set up.*

Motion made by Member Bowe and seconded by Alderman Taylor to recommend to the Common Council to allow the estimated shortage of \$352,788 in General and \$281,434 in OPEB related to fall to the Fund Balance due to the revenue reductions incurred. Upon vote, Ayes-All (6-0), Motion carried.

**XII. Council Actions**

Chairman Solomon reviewed the most recent Council actions on Finance Committee related items. Informational item only – no action required.

**XIII. Discussion of Future Topics for Finance Committee Consideration**

No items were presented.

**XIV. Next Meeting Dates:**

Wednesday, Oct. 7, 6:30 p.m.–Regular Finance Committee Meeting

Tuesday, Oct. 13, 3 p.m.–Finance Committee Department Budget Review Meeting

Monday, Oct. 19, 6 p.m.–Finance Comm. Budget Recommendation Finalization (if necessary)

Wednesday, Nov. 4, 6:30 p.m.–Joint Council/Finance Committee Budget Work Session

Thursday, Nov. 5, 6:30 p.m.–Joint Council/Finance Comm. Budget Work Session (if necessary)

Tuesday, Nov. 17, 6:30 p.m.–Council Meeting (Public Hearing on 2010 Annual Budget)

Tuesday, Nov. 17, 6:30 p.m.–Council Meeting (Consideration of 2010 Budget Adoption)

Chairman Solomon reviewed the upcoming meeting dates with the Committee. Informational item only – no action required.

**XV. Adjournment**

Motion made by Alderman Taylor and seconded by Member Arvanetes to adjourn the September 22, 2009 Finance Committee Meeting at 7:59 p.m. Upon vote, Ayes-All, Motion carried.