

FINANCIAL MANAGEMENT COMMITTEE

Minutes for July 25, 2017

Bedford County Business Complex – Suite 110, 4:15 PM

Present – Stanley Smotherman, Janice Brothers, Tony Smith, Don Gallagher, Jeff Yoes, Don Embry and Ex-Officio, Robert Daniel.

Absent – Chairman Eugene Ray,

Others – Commissioners John Brown, Linda Yockey, Bill Anderson, Jimmy Woodson, Tony Barrett, Biff Farrar, Julie Sanders and Chuck Heflin; Sheriff Austin Swing; Director of Bedford County Jail Tim Lokey; Circuit Court Judge Charles Rich; Circuit Court Clerk Michelle Murray; District Attorney Rob Carter; Chancery Court Judge J. B. Cox; Chancery Court Clerk Curt Cobb; Probation Director Joyce Reed; County Architect John Davis; EMS Director Ted Cox; EMS Asst. Director Brett Young; Bedford County Board of Ed members, Chad Graham, Amy Martin, Glen Forsee and Diane Neeley; BOE Secretary Suzanne Alexander; Director of Bldg & Zoning Chris White; Asst. Director of TCAT Laura Monks; HR Director Anita Epperson; Solid Waste Director Diane Forbes; County Architect John Davis; Times Gazette Reporter John Carney; Deputy Director of Finance Lori Schuler and Colette Bales.

1. **Call Meeting to Order** – Vice Chairman Stanley Smotherman
2. **Prayer-** Tony Smith
3. **Approval of Minutes for June 27, 2017, Financial Management Committee** – Motion made to approve, (Yoes, Brothers) unanimous.
4. **Old Business** - None
5. **New Business**
 - A. **Solid Waste** – Director Diane Forbes stated in her report the following: new steps will soon be delivered to the El Bethel Convenience Center for the newspaper and glass containers; container boxes were dropped off for the Bell Buckle Moon Pie Festival as well as the Duck River Cleanup; handled calls and complaints about raw sewage on the ground at Oak Circle and disposal of concrete and fill material; worked on quarter and year-end reports as well as audit information for auditors. Forbes also stated she will be attending the TDEC/SCDD center training the latter part of July. June landfill charges were 1006.34 tons -- \$24,574.82.
 - B. **Human Resources** – HR Director Anita Epperson stated there were seven (7) new hires and one (1) employee who resigned. Epperson stated during the month of June she has worked on the following: Two (2) management consultations; two (2) employee relation issues; posted new jobs to Josh Carney to post on county website and Facebook page; distributed the Mayor’s updated Employee Policy Manual, effective July 1, 2017; FMLA; attended HR class online; Title VI self-survey for county; as well as phone consults.
 - C. **Architect - John Davis** – Davis stated the engineering reports for the Cascade High School project have come back and were presented to the school board for review. Davis also stated work is continuing on the planning of the Regions Bank.
 - D. **Monthly Reports**
 - Compared to same time last year, total collections for:
 - Property Tax collections, ahead \$26,046
 - Prior Year Property Tax Collections, less \$11,770
 - Circuit Court/Clerk & Master Collections, ahead \$32,169
 - Sales Tax Collections, ahead \$105,293
 - Mineral Severance Tax Collections, ahead \$1,582
 - Juvenile Detention report reflects a projected loss of \$287,900
 - Traffic School report reflects a projected profit of \$175,766
 - Analysis report expenditures average for June was 100%.

Year to Date Average for: Travel – 73.41%, Utilities – 76.99%, Natural Gas – 50.85%, Food Supplies – 86.44%, Maintenance of Vehicles – 74.78%, Diesel – 48.77%, Gasoline – 66.90%, Legal Services – 83.44%.

E. Other Monthly Reports

EMS Report – Fiscal Billing vs. Collection rate for June was 53%. Call service for June was 627; average emergency response times were 5 minutes in the city and 11 in the county.

Motion made to approve all monthly reports, (Brothers, Gallagher) unanimous.

F. Quarterly Financials – Robert stated Quarterly Financials are basically the same information as stated in the Monthly Financials. Motion made to forward Quarterly Financials to County Commission (Yoes, Smith) unanimous. *Item to be placed on the August 8, 2017 County Commission agenda.*

G. Resolution – Tennessee Consolidated Retirement System (County and E-911) – Robert stated since E-911 does not have their own TCRS retirement code, the retirement contributions have been reported under the county retirement code. The proposed resolution will allow E-911 to have a separate retirement code to report their TCRS retirement contributions. Motion made to approve (Brothers, Smith) unanimous.

Item to be placed on the August 8, 2017 County Commission agenda.

H. MOU and Resolution – School Building Program – Robert stated the schools have gone over the amount budgeted for Cascade High School, estimating an additional \$4.5 million to finish the project. At the same time the school system wants to add a new wing at Learning Way and a new vocational school building at SCHS.

In order for the Board of Ed to make the payments on the note, the county commission would have to adopt a resolution. After the resolution is adopted by the county commission, a Memorandum of Understanding (MOU) between the county and the school system would be signed which agrees the BOE will be making the debt payments. Robert stated the total amount of the loan is \$9,940,000. “If we borrow less than 10 million it is considered bank qualified and the banks can deduct 80% of the carrying costs, if you go over 10 million additional fees/costs would be added”. Robert also stated, “we can do part of it in this calendar year and part of it in the next calendar year, that’s why this resolution states you can do more than one loan”.

Superintendent Don Embry stated, “As far as the budget is concerned, we’re looking at about \$550,000 a year that would be taken out of the operating budget, we would primarily look at using our capital outlay money that we already budget; we know that eventually money saved on transportation from busing kids back and forth from SCHS to Vocational School could be potentially used down the road. “It’s not ideal that we have to pay for this out of our budget but we feel we can handle it.”

Embry also stated with the offer of \$2.6 million from the State of Tennessee for the current vocational school, these funds could go towards the proposed vocational school at SCHS. “To build the annex at a later date would cost around \$6 million by itself; but we have an opportunity here for the funds to go towards the annex at SCHS”. Embry continued stating, “we are trying to meet the immediate needs that we know we have...our system is continually growing and we don’t feel like we can wait 10 or 15 years before doing something else on a building project, we feel like we need to do it now, we’re behind already, we have needs and this is not going to take care of all the needs but the school board is ready to step up out of its own budget to help take care of our part”.

Robert reiterated the need to move fairly quickly on the Cascade High School project, “the school system could be faced with an arbitrage penalty which means we did not draw down the money fast enough”. An arbitrage penalty could range from 1.5 to 3%.

Commissioner Anderson stated he understood the need to proceed with Cascade HS now, but could not see borrowing money now for the other two (2) projects when you don’t know how much they’re going to cost.

Robert once again stated the resolution allows you to borrow the second portion in the next calendar year.

Commissioner Julie Sanders asked why SCHS has so much of the vocational classes but Cascade and Community High Schools don’t have that? Superintendent Embry stated it was real simple, SCHS has 1500 students, they’re three times bigger than Community & Cascade. Comm. Sanders asked if the same classes were being offered to them as what is being offered at SCHS. Embry stated, “No, they’re not; you have more kids, more teachers, you have more offerings”. Embry continued stating, “Some of them will be offered, we’re looking at offering classes at Community & Cascade that are unique that SCHS doesn’t have”.

Commissioner Heflin asked Robert, “If this resolution passes we are not tied into a particular dollar amount other than it cannot exceed \$9,940,000”? Robert stated that is correct.

Comm. Heflin then asked the committee would they be coming back asking the county for additional tax revenue because the school system has taken on this project. Superintendent Embry stated, "Obviously we cannot predict what is going to happen two, three, five years down the road; at the same time it may be better than what it is now, we know we get money from the state, we know the money we get from the state is earmarked towards capital outlay money that we put in capital outlay and will continue using for that".

School board member, Chad Graham made it clear the board has taken a lot of time looking at this request; they have looked at the strength of the fund balance as well as funds that are re-occurring within the budget.

Commissioner Jimmy Woodson asked Don Embry if the additional money being borrowed for Cascade High School going to make the building originally like it was when the bids first went out or is it including changes that have been discussed? Embry stated the basic plan of the building itself is the same, there were some changes made as far as different types of light fixtures.

Heflin asked what the vote from the school board was, Embry replied 7:2. School board member, Diane Neeley answered stating she did vote No. Neeley stated she was fine with moving forward with the Cascade High School but felt like more of the needs were for the elementary schools gaining more space. Neeley stated she did not view the vocational school as the biggest need at this time, "it is something we want; it has benefit and will benefit the community eventually".

Commissioner Biff Farrar gave his opinion stating the proposed projects; Cascade HS and wing for Learning Way should be done in phases. Farrar stated we do not know what the costs are going to be.

Comm. Farrar continued asking commissioners in the audience who had actually been in and toured the vocational building they are proposing to sell; only a few raised their hands. Comm. Farrar then asked commissioners to go tour the building and look at what they have before deciding to give it away for \$2.6 million. He also asked to compare in size the current vocational school to what will be built at SCHS. "If you vote to sell the current vocational school you are voting to increase the taxes in this county".

Farrar reiterated to do the projects in phases; "do what is necessary, Cascade HS should be done in phase one, wing at Learning Way should be phase two, and maybe an elementary school for phase three".

Commissioner Linda Yockey asked Embry how many classrooms the addition at Learning Way would add. Embry stated there are eight (8) additional classrooms on the plans; however there are four (4) portables being used so that would leave a net of four (4) classrooms.

Comm. Yockey then referred to a new vocational school stating, "This is a window of opportunity where we can modernize our vocational offerings and move into this century of how things are being taught as TCAT does; if we don't do it now it will never get done".

Commissioner Heflin asked Robert who determined the current vocational school property being worth \$2.6 million, "when we dispose of property isn't it put out for public sale"? Robert stated it was an offer given by the State of Tennessee. Heflin then stated, "While looking through the 81 Act it says the purchasing agent has to be the one to dispose of it through a public sale". Robert agreed stating there would be a public auction or public sale and would consider the state offer as one of the bids.

Commissioner Tony Smith agreed stating, "We all know we need Cascade High School and Learning Way as well as needing the vocational training...however the kids at Cascade and Community High Schools are kids just like the ones in Shelbyville, either all of them get it or none of them get it".

Motion made and recommended to approve the resolution to borrow up to \$9,940,000 in phases and consider the MOU in terms of prioritizing (Gallagher, Yoes). No opposing votes, motion passed by unanimous vote.

Item to be placed on the August 8, 2017 County Commission agenda.

I. Discussion of Justice Center – Robert stated the county/county commission has issued debt for the justice center based on an estimate of \$29,630,124 which is the construction part of the bid. One million dollars was put in for land purchase and improvements; which at this time they do not know what the improvements will be until they get in there. Robert also stated a construction manager has been hired; the construction manager will be working with the architect to make sure the project stays within the budget. If the construction manager gets in below the budget he will get 30% of the savings and the county will get 70% of the savings. Robert stated at this time nothing has been bid nor has anything been decided. Commissioner Anderson asked if the project goes over budget will they have to come back to county commission to request additional funds. Robert stated once the construction manager has met with the architect and worked out the details the construction manager will give a guaranteed maximum price.

Commission Heflin asked when they will be able to get a copy of the construction manager contract. Robert stated the contract is currently being drafted by John T. and once the contract is finalized it will be distributed to everyone who wants one.

Judge Rich stated he wished the commission would look at the possibility of forming a committee regarding the justice center. Judge Rich stated there have been meetings with architects and plans he has are not much different than the plans lying in Mayor Ray's office. Rich continued saying things have come out in the paper which looks like people are trying to get away with something or trying to sneak something through, and there is nothing farther away from the truth. Rich stated we may not get what we want but there hasn't been a penny spent yet. And to say there is a cost overrun on the front page of the paper when that is an absolute dishonest statement. "These kinds of false statements import all kinds of images and thoughts that are just not right and they reflect on us" Rich stated. Rich continued to say if you need to be better informed set up a system that can inform you.

Commissioner Heflin stated a transition team was supposed to part of the process and that hasn't been put together yet. Tim Lokey stated nothing has been decided therefore a transition team has not been put together yet. Robert agreed stating we are not ready for a transition team; we are still in the design phase. Once we get through the design phase, meet with the construction manager then you will meet with the transition team, from there it is about moving from the old jail to the new jail, how you transport the prisoners. Rich also stated that a copy of the proposed plans are located in Mayor Ray's office and anyone who wants to look at them are more than welcome to go look at them.

6. Other Business – None

7. Announcements: None

8. Adjourned: 5:45 PM (Smith, Brothers) unanimous.