

NOTIFICATION TO COUNTY MAYOR OF COMMITTEE MEETING BY MEMBERS OF MAURY COUNTY COMMISSION

The Special Called Budget Committee met on Thursday July 30, 2015 at approximately 4:30 PM in the Maury County Tom Primm County Commission Room with the following Committee Members present:

CRAIG HARRIS, SONNY SHACKELFORD, SUE STEPHENSON, STEWART PARKER
DONNA COOK AND STEVE HAZARD

OTHERS PRESENT: Gerald Adkison, Ronnie Attkisson, Talvin Barner, Davis Burkhalter, Gwynne Evans, Mike Fulbright, Don Morrow, Terry Potts, Eric Previti, William (Tot) Roddy, Ricky Sims, Gary Stovall, Scott Sumners, Debbie Turner, Linda Whiteside, Tommy Wolaver, Doug Lukonen and Media.

MINUTES OF MEETING

I. CALL TO ORDER:

Chairman Harris called the meeting to order.

II. OPENING PRAYER:

Commissioner Shackelford gave the opening prayer.

III. REVIEW AND APPROVAL OF MEETING AGENDA:

Commissioner Parker made a motion to Approve. Seconded by Commissioner Stephenson. There were no lights. Chairman Harris called for the vote. Motion carries 6-0.

IV. DELEGATIONS:

Mr. Bart Whatley is from Culleoka in the 8th District and the commissioners that represent his district are Commissioner Potts and Commissioner Turner. Mr. Whatley would like to make three points tonight. There are many reasons for people to move to Maury County and he has been seeing some positive numbers about Maury County and articles in the paper and if Maury County can keep their taxes low he thinks that would be an asset for Maury County. When people look for a County to move into they look at taxes. Mr. Whatley stated he would hope that Maury County would remain an island of liberty and that is people move to Maury County and they know that we are going to keep our citizens safe, good jobs, and excellent schools and taxes will be low. He stated he would encourage everyone to listen to Scott Cepicky. Mr. Whatley is asking the commission to not raise taxes.

Mr. Daniel Cooper is from the 5th District and the commissioners that represent his district are Commissioner Sumners and Commissioner Hazard. Mr. Cooper stated the question is does Maury County need a tax increase. Mr. Cooper stated if Maury County needs a little more tax increase then keep it down at 3 cents and if Maury County does not need the money and the commission raises the taxes you will have that money in reserves for other ideas. Mr. Cooper stated if the County doesn't need the money and

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there are other funds get the money from somewhere else, the general fund and that money be used.

Mr. Scott Cepicky is from the 9th District and the commissioners that represent his district are Commissioner Shackelford and Commissioner Parker. Mr. Cepicky stated he is the Chairman of the Maury County Republican Party Executive Committee and they have penned a letter to the Maury County Commission asking them not to raise taxes. Mr. Cepicky stated they have heard from other commissioners about other alternatives there are to a tax increase and Mr. Cepicky stated he would ask to consider all of those options. Mr. Cepicky asked the commission if they knew in 2014 where Maury County ranked as far as tax rate out of 95 counties. Mr. Cepicky stated that Maury County is the 22nd highest in the State in 2014.

Mr. Bob Crigger is from the 4th District and the commissioners that represent his district are Commissioners Fulbright and Commissioner Attkisson. Mr. Crigger wanted to thank the Commission for their diligence and their work on the budget. Mr. Crigger stated he understood it was a complex matter and he stated he would hope they would continue in their diligence because in the end each commissioner will be able to say job well done. Mr. Crigger stated it is his desire after the discussion tonight the commission will change its mind and not raise taxes on the good people of Maury County. Mr. Crigger stated he has three arguments against the tax increase. Mr. Crigger stated first because you have a surplus you can use that to pay for Central High School and create a budget for maintenance and still have a surplus left over. Mr. Crigger stated it takes an open mind and maneuvering within the budget. Mr. Crigger stated you can fund all the needs for the County but it starts with a desire not to raise taxes. Mr. Crigger stated second consider what a tax increase would mean to the good people of Maury County. Mr. Crigger stated as a government entity you have an endless supply of revenue that resides in the pocketbook of every Maury County resident. As residents they have a limited supply of revenue. If the residents are taxed that means extra money is taken out of their pockets. There are only two options. They can absorb the cost by sacrificing areas in the residents' budget or they will have to work more to replace the money that is taken from the residents. If the County has a surplus and Mr. Crigger stated he knows they do and what kind of message is that sending to the residents of Maury County. Since there will be a surplus do not raise the taxes in Maury County and third there is an economic and financial storm approaching America in the very near future. Mr. Crigger stated when the market crashed in September, 2008 the United States was 10 trillion dollars in debt. The national debt now stands at 18.3 trillion dollars in debt. The United States is legally bankrupt. Mr. Crigger stated when our economy and financial system collapses under the weight of our debt if the people of Maury County is burdened with more taxes how will the people be able to survive the collapse that is coming and if the County is not living within its budget. How will they function to serve the people of Maury County because it is your duty to serve the people of Maury County? Mr. Crigger stated since you will have a surplus Mr. Crigger is asking the commission to live within the means that you do have and do not raise taxes in Maury County.

Ms. Betty Henry stated she lived in Arden Village which is in the North End of Maury County and she is in District 6 and her commissioners are Commissioner Adkison and Commissioner Stephenson. Ms. Henry stated she was the second one to purchase a home

in Arden Village and there are nine homes being built right now and in the four years they have lived there has been 30 homes built and sold. Across the street there is a new subdivision and 3 or 4 miles south is another subdivision that is growing fast. Ms. Henry stated all of these new people moving into Maury County are going to increase the County taxes and give you more money to spend but a tax increase may want to make them move to another County. Ms. Henry stated there are a lot of people in Maury County who cannot afford a tax increase. Ms. Henry stated she is asking the Commissioners to please not vote for a tax increase.

Ms. Valerie Wilson stated she lives in District 9 and she stated she is here as a mother and a grandmother and she has children who want to purchase a home but it is a struggle to come up with the money for these things. Ms. Wilson stated she appreciated everything the Commission does but think about the ramifications of raising taxes and please look at the alternatives because it will work. Ms. Wilson stated to go with the alternative and the people will respect that. Ms. Wilson stated to please not raise taxes.

V. NEW BUSINESS

A. 2015-2016 Budget Work Session:

Chairman Harris stated what he would like to do with the help of Mr. Lukonen is go over where we are at and Chairman Harris will have Mr. Ashley McNulty come to the podium if anyone has any questions pertaining to debt structure, debt issues or possibly bond rating. Chairman Harris stated the Budget Committee had approved with a 5-1 vote to be presented to the Commission to consider. At the last full commission meeting it was to be postponed to the next Commission and to go back and be revisited by the Budget Committee to follow up on a few general questions that were asked. In an overall presentation the Budget Committee had asked and approved for there to be a 12 cent tax increase 9 cents would go towards the new debt for the school and 1 cent would be going into the 189 fund and then the Committee would ask the State to consider letting the Commission set up another account to hold money for maintaining facilities or facilities expansion. Chairman Harris stated the State notified the Budget Committee they could not do that. Mr. Lukonen stated especially if they were going to maintain school buildings they could not do it out of 101 but the 189 fund would allow the County to do that. Chairman Harris stated basically what they would have to do is to amend the existing budget since it has been approved to consider putting those 2 pennies into the 189 fund. Chairman Harris stated basically it would be 9 cents going into debt service and 3 cents going into the 189 fund to balance that budget with 1 penny and an additional 2 pennies to establish some reserves for maintenance and repair of our buildings. Chairman Harris stated the budget has been approved and what will have to be done here is to amend the existing budget that was presented. Chairman Harris stated he had talked to the Comptroller's Office and there was a question as to whether or not the new law applies to our County from the stand point of getting an extension to submit the County's approved budget. County Attorney Murphy stated you have to have the budget in by August 15 to meet the September 30 deadline and you have to show extenuating circumstances. County Attorney Murphy stated they put in the resolution Director Weber's health conditions as being one of the extenuating circumstances. County Attorney Murphy stated there are three sections that were

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amended and they did amend the general section and it does apply and CTAS did verify that. Chairman Harris stated that request would be coming from the Mayor to extend the budget to September 30, 2015. Chairman Harris stated the Comptroller told him that with extraordinary circumstances with Director Weber being out there is going to be information coming regarding their interpretation of extraordinary circumstances and it is going out to all counties. Chairman Harris stated they should be receiving that information soon. Chairman Harris stated with our budget director being out that is a valid reason in his opinion. Chairman Harris stated he would open the floor for general discussion on the budget. Chairman Harris stated this discussion would be centered around on how the commission is going to fund a couple of the deficit budgets and basically the appropriations through the Tax Levy. Mr. Ashley McAnulty stated the bond issue and the need for the 9 cents going to the Debt Service Fund. The Debt Service for Central High School and the New Debt Service will be ranging from \$1,500,000.00 out to about \$3,600,000.00 principal and interest for the final maturity of those bonds and they are a 20 year bond issue and that is the purpose of establishing a tax rate or a funding mechanism for that fund to take care of that new debt that was added recently. That is something that will not be one or two years it will go for the 20 year duration of that bond issue for the project that is underway right now. With the General Fund the annual needs that occur throughout the course of the year and that surplus in the amount of \$10,000,000.00 is at one point in time during the year and that \$10,000,000.00 fluctuates. It actually goes up and down based on expenditures of the county, collection on your tax payments that are due and so it does not sit at \$10,000,000.00 all during the year. Mr. McAnulty stated in November you are going to see little or no tax collections coming in but you are going to see the same amount of expenditures that you would have had in May or June of that year. From the rating agency standpoint he cannot speak for the rating agency but Mr. McAnulty does know based on their methodology each time you go through a bond issue or periodic basis they will come and monitor the county and do an evaluation based on various factors and those factors are a 40 or 50 page document and it is multiple factors. It is things like what is the general economy of the County look like, what is the State's economy look like, what does the management of the County's finances and how are they managed and what sort of policies and procedures are in place to maintain the County's bond rating. A portion of that analysis is on the finance and budgeting of the County. They look at various factors such as what is the operating fund balance, and the debt service fund. They look at in the 30% plus range for an AA issuer like Maury County as a percent of your total revenues for the County and when that amount fluctuates below that it could impact your bond rating. Once you set your tax rate unlike a corporation and unlike personally you cannot increase your cost of your item sold mid-year. You set your tax rate and that is what is used the course of the year. Once it is set it is set. You do not want to set it to \$0.00 or break even because in the event that you do that you could have an unexpected occurrence. You try to maintain enough in there that you have an adequate balance that you can fully function or operate and provide the services that are expected of the County. That is the summary version of what the Government Finance Officers recommends for Counties and Cities in Tennessee and throughout the Country. Mr. McAnulty reminded everyone that Maury County is an

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AA2 rated County and Maury County is in the top twenty counties in Tennessee in terms of bond rating, which is a very good rating so Maury County is two steps away from AAA rating. Williamson County and Hamilton County are the only AAA rated counties. Mr. McAnulty stated the Tax Rate is based on the assessments of the County so when you look at the total assessments of Maury County compared to other counties you will see there is a difference there. Mr. McAnulty stated Williamson County has an assessment based to tax about six times the size of Maury County so when you look at their tax rate it is about the same tax rate but they are taxing a much larger assessed valuation of that County versus another County. Chairman Harris asked Mr. McAnulty if Maury County's bond rating is lowered how much could that cost Maury County on an interest rate on a future bond. Mr. McAnulty stated if the bond rating is lowered it depends on how much it is lowered but an AA3 could be as much as 20 to 30 basis points and that is based on the current market. Mr. McAnulty stated you can see during different times of the year you could see that disparity widen or shrink. Commissioner Cook asked Mr. McAnulty if he had not analyzed Maury County's 101 General Fund. Mr. McAnulty stated that is correct. Mr. McAnulty stated he does know where Maury County is in terms of your ability to service your debt but he had asked the Budget Department to look at the 101 fund. Commissioner Cook stated Maury County is doing really well and Maury County is in a wonderful position as they are looking at the northeast section of the County and Maury County is proud of the low tax rate because that is why people are moving here. Commissioner Cook asked Mr. McAnulty if he was familiar with GFOA. Mr. McAnulty stated yes this is the Government Finance Officers Association. Commissioner Cook asked Mr. McAnulty if he was familiar with the instant bond rating the County will get when they can be certified. Mr. McAnulty stated he is not familiar with that. Commissioner Cook stated that is a nationwide organization that Commissioner Cook looks forward to presenting to the Commission in the next couple of months. Commissioner Cook stated this will be work with the Budget Office in order to bring statistics and material and data to residents, business owners and this information would be made available on the web-site. Commissioner Cook stated this will increase the bond rating. Mr. McAnulty stated he is not familiar and as of last week he had met with both rating agencies so he is not familiar with that. Mr. McAnulty stated in terms of increasing your bond rating based on data being presented on the State's Web-Site he did not anticipate any. Commissioner Cook stated she had been in touch with the Tennessee Comptroller's Office and this was recommended to her by Jerry Durham at the Tennessee Comptroller's Office and Rutherford County, Williamson County, Brentwood and Franklin and Bedford County have done their GFOA Certification and it increases your bond rating. Commissioner Cook stated she wanted Mr. McAnulty to get in touch with Mr. Durham at the Tennessee Comptroller's office about the increase in bond rating with the GFOA Certification. Commissioner Morrow asked Mr. McAnulty if at some point if Maury County's bonds got too low that could hurt on selling bonds. Mr. McAnulty stated that is correct. Mr. McAnulty stated Maury County has an AA2 rating and he is attuned with Debt Service Fund the 151 fund. Mr. McAnulty stated when the County issues bonds there is adequate funds in that for those Debt Service Payments. Mr. McAnulty stated he knows by State Law and your private act and your bond documents it states

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very clearly the County will make their Debt Service Payment and if you do default on those there has been enough allowed in the Debt Service Fund to be able to make that Debt Service payment for one year. Commissioner Sumners asked how often the County was evaluated for a bond rating. Mr. McAnulty stated the County is evaluated when you go to market to get the issue bonds and they reserve the right to monitor or evaluate your rating at any time. Mr. McAnulty stated typically it runs every year but they reserve the right if there is something that might have occurred during the course of the year or a major employers leaves the community. They do reserve the right to come in and evaluate your financial condition at any point in time. Commissioner Sumners stated the Commission is going to have to come up with a policy on what is a good and healthy fund balance. Commissioner Sumners stated looking at the cash history from this point to five years ago, he thinks the lowest the fund balance got at this year was \$6,000,000.00 and as high as \$13,000,000.00. Commissioner Sumners stated they needed to decide as a body what a good feasible fund balance is. Commissioner Burkhalter asked Mr. McAnulty would the next step be an AA2 1 rating. Mr. McAnulty stated yes. Commissioner Burkhalter asked how the County could get to an AA2 1 rating. Mr. McAnulty stated it is a combination of factors. The tax base figures into your bond rating, your full value you're per capita. Your total valuation of the County per individual in the population of the County, your fund balance is a percentage of revenues which Maury County is currently at 37% of revenues as of June 30, 2014.. There are multiple factors and each one is weighted a little differently. Commissioner Burkhalter asked Mr. McAnulty if Maury County was closer to an AA2 1 or AA3 rating. Mr. McAnulty stated he believed Maury County would be closer to an AA2 1 rating. Chairman Harris stated when the Commission decided and approved the funding of Central High School there was a letter that accompanied the request for the bond issue from the Comptroller's Office. Chairman Harris asked Mr. McAnulty if he interpreted the letter to say the Commission would increase tax revenues by the 8 pennies. Mr. McAnulty stated it is. The letter described 100% repayment of the bonds for Central High School within 20 years. Under state law Maury County could have issued bonds up to 40 years. Chairman Harris asked if Maury County was to not approve the 8 cents as the letter stated would that put Maury County in jeopardy with the State or the Comptroller's office. Mr. McAnulty stated it would also create a draw on the Debt Service Fund and that would put Maury County below the 80% of your annual Debt Service. Mr. McAnulty stated it is important to maintain the Debt Service to make your Debt Service payments. Chairman Harris asked County Attorney Murphy if that was also his interpretation. County Attorney Murphy stated he talked with the State Comptroller's office. He talked with Mr. Steve Osborne and his specific question to him was regarding the letter and when the Debt plan was submitted to the State Comptroller's Office County Attorney Murphy stated his concern was if the County submits a budget at some point in time and in that budget it does not match the plan that was submitted to you back in April 14. Attorney Murphy stated his specific question was if Maury County does not meet or exceed what was submitted to you what will the Comptroller do with Maury County's budget. Mr. Osborne stated that was a good questions and he would have to talk to his supervisor. Mr. Osborne called Attorney Murphy back and his indication was as long as your budget balanced this

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year, meaning if you shifted pennies to cover that in Debt Service the Comptroller would be okay. Mr. Osborne cautioned about using fund balances. Mr. Osborne stated it could be done this year to shift pennies over but you may not be able to meet Debt plan that you had if your fund balances continue to go down. Commissioner Shackelford asked about the GFOA. Commissioner Shackelford stated he would be supportive to whatever needs to be done as the budget committee to achieve the GFOA certification. Commissioner Shackelford stated he would like to know what it would take to get Maury County to the next AA level and look beyond not this year but five years and ten years. Commissioner Shackelford stated he would like to see the GFOA getting implemented into the budget department and working towards a higher bond rating because the growth is coming. Mr. McNulty stated the higher the bond rating the lower the cost for borrowing. Commissioner Morrow asked if there was a formula the counties used for their reserves or for debt service. Mr. McNulty stated there is not one specific formula or percentage they use because every instance is different. Commissioner Roddy asked Mr. McNulty in his opinion if they started to pull from 101 to the 189 fund and out of the \$10,000,000.00 in his estimation of his opinion how far down could they take the \$10,000,000.00 and still have a healthy viable fund balance for the unexpected or unordinary. Mr. McNulty stated he feels that is for the commission to decide and he knows the Budget Office has prepared some information for the commission on the 101 fund and in terms of the \$10,000,000.00 there is not \$10,000,000.00 surplus all throughout the year. The \$10,000,000.00 surplus may be a \$3,000,000.00 surplus in November. Chairman Harris stated the County does not have a \$10,000,000.00 surplus. Mr. Lukonen stated the County has to have enough cash to operate in the 101 fund. An average month of expenditures can be \$2,500,000.00. It is at its lowest point in late September and this year there was an increase in September. Mr. Lukonen stated the County reached in the low point with \$6,000,000.00 this year in cash in the 101 fund. Mr. Lukonen stated if you take 2 to 3 months of expenditures that puts you between \$5,000,000.00 and \$7,500,000.00. You have to take into account the risk of something bad happening. To be prepared for the future it is best to be conservative. Chairman Harris stated the State's recommendation was 2 times or 3 times your monthly expenditures. Commissioner Sumners asked Mr. McNulty what the funding percentage was in the 151 account. Mr. McNulty stated you would be at 80% if you moved 8 cents over. Mr. McNulty stated that is because you have taken on new debt. He stated the County has added \$1,862,000.00. The new debt service is taking a draw on that fund but they went from 100% to 80%. Chairman Harris stated he would like to make some comments later on how the fund balance has got this high. Chairman Harris stated there has been a lot of maintenance issues and school issues that have not been funded and the County is paying the price now. Chairman Harris stated he thinks the County is in a period of where there is some aging facilities in the school system and there are going to be some great demands on new facilities. Commissioner Parker asked if Mr. McNulty if he could give any insight how the bond was received when issued. Mr. McNulty stated the County received 7 bids from National Underwriters and they all aggressively looked for the lowest interest rate for the County. Commissioner Parker asked Mr. McNulty if he had any insight into where large portions of this bond may have ended up. Mr. McNulty stated he does not. He

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stated the bond that was issued could be held by multiple investors all over the country. Chairman Harris stated the Jail Debt that is within the Debt structure does exhaust in 2017. Chairman Harris stated those monies from the Wheel Tax will revert to the Jail's operations at that time however the Jail, exceeded their budget this year and also the Capital Expenditures Report for 2018 there is a \$7,000,000.00 request for Jail expansion. Commissioner Cook stated it is extremely important for the legislative body and Maury County Government employees moving forward if Maury County does not raise taxes. It is extremely important the commission focuses on management of our funds. Commissioner Cook stated the commission is committed in investing in our education system in Maury County and that is what will help move us up. Commissioner Cook stated the bond that was created the option of moving pennies from 101 to Debt Service Account 151 was not presented. Mr. McAnulty stated the idea was that 101 was using the funds necessary to fund 101 and 151 as Debt Service Fund was to stand on its own and that is why you have a Debt Service Fund is to carve that out and protect it to make sure you make your annual Debt Service payment as required. Commissioner Cook stated the County's Debt payment is \$10,983,000.00 which is not due until March of next year and the County has that amount budgeted to pay out.. Mr. McAnulty stated the goal has been to preserve 80% or better in the Debt Service Fund. Mr. McAnulty stated that is the decision of this body as to how much is put in the 101. Mr. McAnulty stated that one area he is concerned with is if you start shifting funds from 101 to 151 at some point if the 101 does not naturally grow at a fast level then at some point you are going to deplete that General Fund balance by funding your Debt Service fund using that. Mr. McAnulty stated that 9 cents to the 151 will take care of your Debt Service going forward. Commissioner Cook stated that nine pennies is \$1,500,000.00 and that is what 9 pennies equals that the Commission needs to move if they do not propose to raise property taxes and that is the amount of money that will be moved. Commissioner Cook stated as long as the County is diligently managing our County operating budget and the County employees are on board and Mr. McAnulty stated he cannot say with certainty the bond rating will change or it want. Chairman Harris stated he has a difference of opinion on how the fund balance has got as high as it is. Chairman Harris stated the funding of some issues have been neglected in the past. Chairman Harris wanted to bring a few things to everyone's attention. The previous commission pulled 5 cents from the 189 fund. The 189 is the Capital Expenditure Account. That money was never put back into the 189 fund. It was pulled there to cover a deficit position in the Solid Waste Department. The Solid Waste Department is running a deficit budget again. The money was pulled from the 189 and that is about \$824,000.00 of Capital Expenditures that is not there anymore. Chairman Harris stated there were requests this year of \$10,649,532.00. Chairman Harris stated the commission is only funding \$1,418,839.00 so there is \$9,230,693.00 was that not funded. Of the \$1,418,839.00 that was funded \$344,000.00 was Sheriff's vehicles by mandate and \$781,464.00 for school buses by State mandate. Chairman Harris stated that is \$1,125,000.00 and that represents 79% of what the total capital expenditures includes. Of the \$10,000,000.00 that was requested the committee declined \$2,533,825.00. Chairman Harris stated next year's budget request from the School board does not include the \$2,500,000.00 is an additional \$19,256,536.00 and it is

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comprised of HVAC system of \$1,765,487.00, facilities \$9,971,649.00 an athletic upgrades of \$7,519,400.00. Chairman Harris stated that is a lot of upgrades the County has neglected to consider throughout the years. Chairman Harris stated there are other schools to consider. These schools have not been replaced in many years. There are schools that are busting at the seams in elementary schools in Spring Hill and there is going to be needs for more. The fund balances have gone up and if some of these items had been funded there would not be an excess fund balance. Chairman Harris stated the Highway Department presented some things a couple of months ago on the bridges. Chairman Harris stated there are 277 bridges over 20 feet and those are the only ones that are monitored by the State. There are 26 that are listed as poor and there is one that is critical and it crosses the Duck River and 4 of the 26 are listed as poor and cross the Duck River. There is an additional 314 bridges that are under 20 feet that are not monitored by the State and they cannot be replaced with State Aid monies. Chairman Harris stated that \$11,000,000.00 is not a lot of money. Chairman Harris stated Greens Mills Road was recently paved and it cost \$1,600,000.00. Chairman Harris stated when you are looking at a \$28,000,000.00 budget and the cost of some of these repairs it really brings it down to it is not a lot of money. Chairman Harris stated he feels there is a big issue in the Solid Waste Department and in the budget in the past is a \$2,000,000.00 request to upgrade or redo our transfer station. Chairman Harris stated the County is running out of landfill space. Chairman Harris stated he wanted to point out that 5 cents was taken out of the previous year's budget that was going into capital expenditure and they put it in Solid Waste and they are now operating at a deficit budget. Chairman Harris stated when the County depletes the reserves it could affect the bond rating. Commissioner Wolaver asked Mr. Lukonen on the County reappraisal how many tax increases has Maury County experienced in the last seven years. Mr. Lukonen stated it started out Maury County was at a higher rate and it went down to 2.597 and last year it went up to 2.62 and that was due to small expenditures and reappraisal so there has not been much of a tax increase at all in the past seven years. Commissioner Wolaver stated this County is growing and Maury County's tax base is going to continue to grow. Commissioner Wolaver stated there needs to be some kind of compromise. Commissioner Evans stated in 1950 when the four lane highway now called 31 was built it was Williamson County that reneged on the deal. It was supposed to have gone all the way into Franklin. That's the reason there is a 2 lane highway instead of four lane highway. Commissioner Evans stated at Spring Hill High School last year's high enrollment was 960 as of today on paper there are 1,058 and that is not counting walk ins. That is what registered early. Commissioner Evans stated Spring Hill High School has the largest freshman class and it is over 50% larger than they have ever had before. The capacity is about 1,200. Commissioner Evans stated he could foresee this year with growth that Spring Hill could hit around 1,100. Spring Hill High School could be at capacity in less than a year or possibly two years. Chairman Harris stated Maury County is 3rd out of 95 counties that was poised for growth. Commissioner Sims stated that \$3,400,000.00 was spent above and beyond the budget in amendments but if you look at the estimated final position it looks like there is going to be a surplus of \$1,989,000.00 but that doesn't take into account there are two lines for accounts receivable and there is \$829,000.00 accounts payable estimate is \$424,000.00 and that

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leaves another \$404,000.00 that could be added to the \$1,989,000.00. Commissioner Sims stated what he is proposing is that the 9 cents be moved out of the 101 fund for one year to fund the 151 fund and in March the County put whatever the County thinks they need on a Wheel Tax and let the voters decide. It won't be yes or no it will be the County is going to raise property taxes 20 cents or it is the County is going to raise the Wheel Tax \$40.00 or whatever the need is and designate \$25.00 of the Wheel Tax to specifically the school debt that's 12 cents and 12 cents can be pulled back out of the 151 and use in other areas. The other \$25.00 or whatever they chose it to be would go into an account in the 189 designated for building maintenance. Commissioner Sims stated what he is proposing will not affect fund balance or surplus. He is only talking about taking the surplus that was generated this year Commissioner Sims stated the fund balances are a result of the hard work and diligence stewardship of the County Department Heads and elected officials. Commissioner Sims stated again to take 9 cents out of the 101 move it into Debt Service for one year and put it on the March Presidential primary and in his opinion it needs to be \$50.00, with \$25.00 going into specifically school debt and the other \$25.00 going into the 189 fund specifically for building maintenance. Commissioner Sims stated he would like to see by a show of hands how many commissioners would support this. Commissioner Turner stated the commissioners were elected to be good stewards of taxpayer money and that is what the commission is charged with is to be physically responsible to the people who own Maury County and that is our citizens and people that pay those taxes. Commissioner Turners stated the Commission owes it to them to look and explore every option that the Commission has before they automatically take an easy way out and a quick way out and start raising the taxes on the people. Commissioner Turner stated she would support what was best as long as every option has been explored. Commissioner Sumners stated what he sent out yesterday on his handout he had talked about at the beginning of the budgeting process this year and he is not sure it actually resonated and it was hard to explain without putting it on paper. Commissioner Sumners stated just to give an explanation at the top is the current tax rate and the percentages of those funds and then the money the property tax generates for those funds. The penny rate in 2014/2015 was 161.922. This year it was 164.726. Commissioner Sumners stated he would have liked to have seen the department heads budget on the 161.922. That was a difference of \$2,804.00. Commissioner Sumners stated he has e-mailed out two options but he does have a third option. Commissioner Sumners stated what he has done is include all the funds except for the schools. The needed pennies to create a fund inside the 189 account and it will take 2 pennies out of the general fund and ½ penny out of highway and 1 penny out of debt .34 pennies out of Solid Waste. The new proposal will be 69.26 cents for the General Fund, 15 cents for the Highway Fund if you fund on previous years penny rates. The year the county funds on 161.922 and next year you fund on 164.726. The year after that the commission funds on whatever it grows that year and the year after that they fund on what it grows on that year. You are always a year behind on the penny rate to help grow this fund to what they need it to be at to fund our buildings. The schools can do the exact same thing with their penny rate. The plan is to fund on your penny rate a year behind to build up this fund. You don't get the increase until the next year. Commissioner Sumners stated he would like

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to see this happen this year. Commissioner Sumners liked Commissioner Sims idea of taking 9 cents from the General Fund this one year only as a trial. Commissioner Sumners stated he would like to see the schools do this also but in a separate pot. The schools would be in charge of doing their own. Mr. Lukonen stated they can both be in the 189 but they cannot be in the same account. You can segregate County buildings and repairs and it has to be an item that is not reoccurring. Commissioner Sumners stated this does not cost the County anything to do this. Chairman Harris stated if he is understanding right that you are setting the penny rate or keeping it this year and then you are putting the budget under the revenue. Chairman Harris stated some Departments can't do that. Commissioner Sumners stated he would like to see this happen this year but he's not sure if there is any support for that or not. Commissioner Sumners stated he is planting the seeds for next year to budget what they get and how they spend it and to watch the discretionary spending throughout the year. Commissioner Sims stated this is the first long term plans that he has seen to have reoccurring maintenance money. Commissioner Sims stated Commissioner Sumners is correct you can move 9 cents out of his proposal in the General Fund and that only reduces it by \$1,400,000.00 and there was a \$2,500,000.00 real surplus in the 101 alone. The net result is there is still going to be a surplus even if you take Commissioner Sumners recommendation. Commissioner Sims stated he liked option 2. Commissioner Stephenson stated she would like to make a motion to amend the budget by moving 9 cents from the General 101 Fund to the 151 fund. Commissioner Cook seconded. Mr. Lukonen stated the total deficit for all funds comes down to \$3,282,000.00 and \$2,700,000.00 in the 101 and \$200,000.00 in the Highway Department Commissioner Stephenson made a motion to reduce the tax rate to \$2.62 with reducing County General from .7359 to .6259 and reducing capital projects from .0654 to .0554. Commissioner Cook seconded. Mr. Lukonen stated his total deficit is \$3,282,946.00 and that is all funds. The deficit for 101 is \$2,700,530.00. Commissioner Burkhalter stated by taking these pennies from the 101 this year only he does not see a problem. The reason he does not see a problem is the commission went line by line with the expenses. Commissioner Burkhalter stated there are revenue numbers budgeted less than they took in this year. Commissioner Burkhalter stated they estimated property taxes in the 131 fund less than we took in this year. Commissioner Burkhalter stated he hopes the Budget Department will bring a report every month showing how much the County has spent over what was budgeted. Commissioner Burkhalter stated he thinks the Commission can make these numbers work. There were no lights. Chairman Harris called for the vote. Commissioner Parker No, Commissioner Hazard Aye, Commissioner Cook Aye, Commissioner Shackelford, No, Chairman Harris No, Motion fails for lack of majority. There were no lights. Chairman Harris stated there are 9 pennies for additional increase for Debt Service and 1 penny to balance the 189 fund and an additional 2 cents into the 101 fund. It is an additional property tax and it is supposed to support a 4 cents worth of expenditures towards County and School Maintenance projects. For a total of 12 cents of a property tax increase. Chairman Harris stated the decision is since they cannot allocate those monies to a new fund they have to allocate anything above 9 cents towards the 189 fund. Chairman Harris stated Director Weber had suggested \$500,000.00 in total revenue than what was taken in.

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Commissioner Burkhalter stated the number that you are looking at far as what was under budgeted was \$800,000.00 because 2 cents was added to that. Commissioner Burkhalter stated the County has under budgeted so many of our revenues that it is forcing the County to have a tax increase. Commissioner Burkhalter stated that only 92% was spent out of the 101 budget this year. Commissioner Hazard thinks there are other things that can be done. County Attorney Murphy stated if the Comptroller does not approve the commission extension and if there is not something by August 31 then the Comptroller is going to come and they are going to set the tax rate. If the Comptroller comes in and sets it they will put 8 cents in the Debt Service if they come in and set it. Commissioner Sims asked how many times has the Comptroller stepped in and done that. County Attorney Murphy stated this is a brand new law. County Attorney Murphy stated if the Commission does not get a budget passed that may become an audit finding and those sort of things do impact your bond rating. Commissioner Turner stated she remembers the second or third meeting she asked for revenue numbers. Commissioner Sumners stated to Commissioner Hazard he would not let Commissioner Hazard take the fall for his vote because he was sitting in for Commissioner Hazard that night the vote was approved 5-1. Commissioner Sumners stated he was comfortable with that and he is not comfortable with it right now. Commissioner Sumners thinks a compromise to this impasse is a one year trial. If it doesn't work the commissioners can go back to the people and say it didn't work and we tried to not raise the taxes on you. Commissioner Potts stated he would continue to support 9 cents for Central High School. Commissioner Potts stated it is a compromise. Commissioner Potts stated he would say to raise it to 9 cents and then go with Commissioner Sims proposal next time. Commissioner Parker made a motion to raise the tax rate 9 cents to go into the 151 Debt Service Fund to cover the Debt Service to fund new Central High School facility. Seconded by Commissioner Shackelford. Commissioner Sims stated Commissioner Burkhalter makes a good point by saying there are under estimated revenues that have created a need for a tax increase. Commissioner Sims stated he would not vote for a 9 cent tax increase. Commissioner Whiteside stated she voted for Central and if need be she would vote for the tax but with this new information she thinks they could try it for a year and not raise taxes on the people. Commissioner Shackelford would like to make an amendment to Commissioner Parker's motion to include 4 cent reduction in 101 but to increase 4 cents into the 189. Seconded by Commissioner Parker. Commissioner Parker asked Mr. McAnulty if he thought that Moody's or Standard & Poor's would view this as a positive if the commission decided to take the 9 cents to service debt from the General fund without raising taxes at all. Mr. McAnulty stated the concern from the rating agency would be if you were drawing on your General Fund if you came with a deficit balance. Commissioner Parker asked Mr. McAnulty when they made the call with the rating agencies did we tell them we were going to raise our tax rate 8 cents. Mr. McAnulty stated yes the commission would generate additional revenue to pay for the new debt service. Commissioner Parker stated Maury County is going to have to build a least one new school and maybe two and add on to another one and the County is going to need to borrow money to do that. Commissioner Parker stated they are going to have to raise taxes unless they see some miraculous sales tax growth because Maury

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County is not getting it from property taxes. The bottom line is that Maury County told the bond rating agencies what we were going to do and now the commission is saying they don't want to do it. Commissioner Stephenson stated in the 171 there is around \$400,000.00. Commissioner Stephenson stated she wanted to remind everyone that there is \$400,000.00 that is in the 171 and it is designated for County buildings. Commissioner Turner asked Mr. McNulty if Standard & Poor would think that it would be good for a governing body in the position that Maury County is in to proceed with a tax increase knowing that we have high conservative revenue numbers plus would they think it would be a wise business decision for Maury County to not know exactly if they have accurate figures. Mr. McNulty stated he was not privy to the knowledge that went into the revenue estimates. Mr. McNulty stated it is not out of the ordinary for counties and cities in Tennessee to budget conservatively on the revenue number. The rating agency probably will not look at the budget process. Commissioner Turner stated to please let our Senior Accountant get those figures the Commission needs. Mr. Lukonen stated he could approve the Accounts Receivable Journal Entry's that would change the revenue numbers the County has. Mr. Lukonen stated he has access to everything he needs. Commissioner Cook stated as the budget committee the Budget Office works under supervision of the Budget Committee so Commissioner Cook is asking Chairman Harris as Chairman of the Budget Committee if he cannot request that Mr. Lukonen post accurate revenue numbers. Commissioner Cook asked Chairman Harris if he could not as chairman request Director Weber give Mr. Lukonen the opportunity to post the Accounts Receivable Entries. Chairman Harris stated he does not have the authority to sign off on the PO's or anything. Chairman Harris stated he does not have the authority that Director Weber has. Chairman Harris stated this is a personnel issue and he has been advised not to. Director Weber is on medical leave. Attorney Murphy stated the personnel issue item was not on the agenda so he would not recommend the commission talk about it. Chairman Harris stated Mr. Lukonen has got the numbers updated and this is the best he can do. Mr. Lukonen stated he updated the actual numbers and that increased the numbers in the 101 by \$743,784.00 and for the 131 fund which was the mineral severance tax which is \$66,900.00 and the 151 there was various revenues increasing it \$130,750.00 included in that is half of the Wheel Tax revenue. In the 207 fund revenues increased \$137,022.00 with various income sources. Chairman Harris stated the County is running a \$474,000 deficit to the 101 fund. That includes the 4 cents. There is \$422,000.00 additional dollars for capital expenditures. Mr. Lukonen stated you would have to adjust the revenue budget for the accounts receivable that was just entered and he just allocated accordingly. Chairman Harris stated there is the amendment to the motion that is on the floor to take 4 pennies from the 101 and allocate it to the 189 fund. Chairman Harris stated the motion that is on the floor is to move the 4 cents from the 101 to the 189 being allocated to account for the schools. Commissioner Parker seconded. Chairman Harris called for the vote. Commissioner Parker Aye, Commissioner Hazard No, Commissioner Cook No, Commissioner Stephenson No, Chairman Harris Aye, Commissioner Shackelford Aye. Motion fails for lack of majority. The original motion is on the floor to increase the Tax Levy for the 151 fund 9 cents and that is to cover the Debt Service required for Central High School bond

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issue. Commissioner Sims stated when they voted for Central High School he did not know they were committing for a tax increase to fund it. Commissioner Sims stated his vote was to commit that he would move 8 cents into that fund because he knew there was enough money within the budget to do that without a tax increase. There were no lights. Chairman Harris called for the vote. Commissioner Parker Aye, Commissioner Hazard No, Commissioner Cook No, Commissioner Stephenson No, Chairman Harris Aye, Commissioner Shackelford Aye. Motion fails for lack of majority. Commissioner Stephenson made a motion to redistribute 8.5 cents out of the 101 fund and to allocate it to the 151 fund. Commissioner Hazard seconded. Commissioner Sumners stated he would like to see more penny allocation within the funds to fund capital repairs and maintenance of buildings. Chairman Harris stated there is a \$1,215,000.00 deficit in the 101 and \$133,000.00 deficit in the Highway Department. Chairman Harris stated the County would be running a deficit of \$236,759.00 in 189 and the last time Chairman Harris spoke with Director Weber the year end fund balance on what that was going to be was around \$300,000.00. The revenues have been adjusted and Chairman Harris stated there is a \$1,215,000.00 deficit in the 101 fund with this scenario. The total deficit across the board with that scenario is \$1,500,000.00 deficit. Commissioner Sims stated he would encourage the budget committee to pass this on for the full commission to vote on and as our official budget on Monday night. The total deficit across the board with this scenario is \$1,545,586.00. The total expenditures projected for the 189 fund was \$1,218,000.00. Commissioner Cook stated she echoed Commissioner Sims comments and she urges the Budget Committee to please pass this on to the full commission. There were no lights. Chairman Harris called for the vote. Commissioner Parker No, Commissioner Hazard Aye, Commissioner Cook Aye, Commissioner Stephenson Aye, Chairman Harris No, Commissioner Shackelford No. Motion fails for lack of majority. Commissioner Parker made a motion to request the Comptroller to come in and assist because they are at an impasse. Motion fails for lack of a second. Commissioner Sumners thinks they need to get something to the full commission and if the full commission wants to amend it or they can send it back. Attorney Murphy stated his recommendation is that it goes forward Monday and to do the tax rate first and then the appropriations. Commissioner Shackelford made a motion to establish the tax levy as the first resolution at a \$2.74 tax rate. Motion carries 6-0.

VI. ANNOUNCEMENTS:

Chairman Harris stated the Special Called Full Commission meeting will be Monday, August 3, 2015 after the Health & Environment. Meeting.

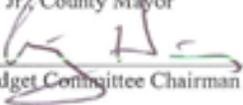
VII. ADJOURNMENT:

A. There was a Motion made to adjourn the meeting at approximately 9:32 PM.

APPROVED


Charlie Norman, Jr., County Mayor

SIGNED


Craig Harris, Budget Committee Chairman

