



# City of Franklin

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## Legislation Text

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**File #:** 19-0179, **Version:** 1

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**DATE:** February 8, 2019

**TO:** Board of Mayor and Aldermen

**FROM:** Eric Stuckey, City Administrator  
Kristine Tallent, Assistant City Administrator/Chief Financial Officer

**SUBJECT:**

Consideration of Resolution 2019-13, a Resolution to Issue General Obligation Improvement and Refunding Bonds in an Amount Not To Exceed \$61,500,000. (2/14/19 FINANCE 4-0; 02/26/19 WS)

**Purpose**

The purpose of this memo is to provide information to the Franklin Board of Mayor and Aldermen (BOMA) concerning the funding of previous approved capital projects and refunding of the Series 2009 B Build America Bonds with general obligation bonds Series 2019.

**Background**

With the adoption of Phase I of the Capital Investment Program, the Board recognized the parameters of the debt capacity model prepared by Public Financial Management, our financial advisory firm. The Series 2019 Bonds issues general obligation bonds not to exceed \$34.5 million for new capital projects and a maximum of \$27 million for refinancing of the outstanding 2019 B Build America Bonds for savings.

**Financial Impact**

The financial impact of issuing these bonds is incorporated in the debt capacity model and Phase I of the Capital Investment Program. The precise numbers that would accrue to annual debt service will be determined by the prevailing interest rates at the time of issuance. At current market rates, the average annual additional debt service for the Series A new money bonds is \$2.3 million per year.

The estimated annual debt service savings resulting from refinancing of the 2009 B Build America Bonds is \$200,000 per year for the next 10 years. In accordance with requirements of the State of Tennessee Comptroller of the Treasury, the City has submitted a Plan of Refunding and a letter of response from Ms. Sandi Thompson, Director of State and Local Finance, dated February 12, 2019 is attached.

**Recommendation**

Staff recommends approval of the bond resolution, as prepared by our bond counsel