



AGENDA
Utility Management Review Board
June 2, 2016
10:00 am
Room 31, Legislative Plaza
301 Sixth Avenue North
(6th Avenue between Charlotte Avenue and Union Street)
Nashville, Tennessee

Call to Order

Approval of minutes		April 7 th , 2016	Pg. 3
		May 5 th , 2016	Pg. 8
Status – Financial Distress	Witt Utility District	Hamblen/Jefferson Counties	Pg. 11
Status – Investigation	Clay Gas Utility District	Clay County	Pg. 27
	Iron City Utility District	Lawrence County	Pg. 32
	Lone Oak Utility District	Sequatchie County	Pg. 53
	Bedford County Utility District	Bedford County	Pg. 55
	Cookeville Boat Dock Road	Putnam County	Pg. 58
Contested Case – Hearing	Cookeville Boat Dock Road	Putnam County	Pg. 61
Customer Complaint	Hood. v. Ocoee UD		Pg. 75
Miscellaneous:	Complaint Statistics		Pg. 132
	Oversight List		Pg. 133
	Compliance Report		Pg. 135
	Next UMRB regular meeting		Pg. 137
	Open Discussion		

Visitors to the Legislative Plaza are required to pass through a metal detector and must present photo identification. Individuals with disabilities who wish to participate in this meeting or to review filings should contact the Office of Administration, Comptroller of the Treasury, to discuss any auxiliary aids or services need to facilitate such participation. Such contact may be in person or by writing, telephone or other means, and should be made prior to the scheduled meeting date to allow time to provide such aid or service. Contact the Office of the Comptroller (John Greer) for further information.

505 Deaderick Street, Suite 1700
James K. Polk State Office Building
Nashville, TN 37243-1402
Telephone (615) 401-7879
Fax (615) 741-1551
John.Greer@cot.tn.gov

UMRB Minutes

April 10, 2016

**MINUTES
of the
UTILITY MANAGEMENT REVIEW BOARD MEETING
April 7, 2016
10:00 am**

Chair Ann Butterworth detected a quorum and called to order the meeting of the Utility Management Review Board (Board) in Room 31 of the Legislative Plaza in Nashville, Tennessee.

Board members present and constituting a quorum:

Ann Butterworth, Chair, Comptroller Designee
Tom Moss, Vice-Chair, Department of Environment and Conservation (TDEC) Commissioner Designee
Pat Riley, Gibson County Utility District Manager
Rebecca Hunter, Hixson Utility District Commissioner
Kevin Botts, Consumer Representative
Bruce Giles, First Utility District of Knox County Manager
Jim Hunter, West Wilson Utility District Commissioner
Tim Pelham, West Warren Viola Utility District Manager

Members Absent:

Jason West, Second South Cheatham Utility District Commissioner

Staff Present:

John Greer, Comptroller's Office
Kirbie Ferrell, Comptroller's Office

Counsel Present:

Betsy Knotts, Comptroller's Office

Approval of Minutes

Ms. Butterworth stated that the first item on the agenda was the consideration of the minutes of the December 3, 2015 meeting. Ms. Hunter moved approval of the minutes with no changes. Mr. Botts seconded the motion, which was unanimously approved.

Ms. Knotts read the mission of the Board and the conflict of interest statement.

Cases – Financial Distress

Mr. Greer presented the following financial distress cases:

Bangham Utility District

The district was referred to the Board for having a negative net change in net position for two consecutive years. Bangham has since taken steps to recover. The Board moved to endorse the district's actions by formal order. The order also included a requirement for the district to submit a formal update to the Board after 6 months.

Ms. Hunter moved the formal endorsement and Mr. Pelham seconded the motion, which passed unanimously.

Status – Financial Distress

Mr. Greer explained that status reports are presented simply to update the Board on certain matters specific to the entities involved. No action is taken unless specified by members. The entities will continue to be monitored by the Board until compliance is reached. Mr. Greer presented the following cases:

Lakeview Utility District

The manager of Lakeview Utility District was present to provide comments on the status of the district. The manager detailed the steps the District has taken to improve over the last 15 years which included a \$9 million investment in new infrastructure. The district services 1,500 customers and has a goal of seeing positive cash flow each year. Rates were increased January 1, 2016. The manager also provided a packet detailing the system's budget for 2016 and expressed concern over figuring out the difference between expensing and capitalizing and the role of depreciation in his system.

The Board took no action.

Witt Utility District

At the previous meeting, the Board requested rate increase information, a comprehensive update on construction and cost, and a corrected AWWA worksheet. Two of the three documents were only received within the week prior to the meeting. The manager for the Witt Utility District was present to discuss the district. The manager discussed changes he made to the district since he took over the system in 1996 and answered questions pertaining to an audit of the system he provided to the Board. During the discussion, it was brought to the Board's attention that the commissioners for Witt Utility District have not received the required training to serve in the commissioner role.

Because the Board did not receive the requested information by the deadline, the December order still stands. The Board chose to amend the order to include verification of commissioner training in compliance with the statute. If the commissioners are not in compliance, the county executive must appoint new commissioners.

The initial motion was made by Mr. Moss and seconded by Mr. Botts. Receiving no objections, the motion carried unanimously.

Investigation – Status

Cookeville Boat Dock Road Utility District

At the previous Board meeting the Board voted to initiate an investigation with a six month time parameter. Ms. Knotts summarized the following Board recommendations that were made at the prior meeting:

- **The UMRB expressed a *significant* concern over the size of the District's customer base and the amount of District funds appropriated to H & H Underground.**
- **The UMRB strongly recommended that the District utilize other resources to bid out vendors during the 6-month period of the investigation and to inform the UMRB of the District's decisions and any related documentation throughout the entire bidding process.**
- **The UMRB encouraged the District to move towards successful implementation and compliance with the District's newly adopted policies and to keep the UMRB informed of every material matter during the 6-month investigation period.**

Ms. Knotts explained that the District had not complied with these recommendations and read the findings from the Comptroller's office's investigation which was independent of the investigation by the Board. Ms. Knotts read the statutory provision relevant to commissioner removal, TCA Section 7-82-307(b)(3)(A), in its entirety.

Mr. Pelham made the motion to initiate, Mr. Giles seconded the motion and it carried unanimously.

Water Loss – Cases

Mr. Greer explained that water loss cases are presented simply to inform the Board on certain matters specific to the entities involved. No action is taken unless specified by members. The entities will continue to be monitored by the Board until compliance is reached. Mr. Greer presented the following cases:

Saltillo Utility District

The Saltillo Utility District was referred for a validity score of 69. After reviewing the district's documents, it became apparent to the Board that the district had confusion on what various water terms meant. The Board decided that in order to clear up this confusion and request corrected documents, someone should be designated to assist them.

The Board moved to secure the appropriate resources to provide detailed information on water methodology. By requesting to have a circuit writer sent out to the district, the district would be able to correct their sheets and use the new information going forward. The city would be required to report back in three months and returned a detailed questionnaire for validity score information.

The motion was made by Mr. Botts and seconded by Mr. Moss. Receiving no objections, the motion carried unanimously.

Bristol-Bluff City Utility District

After reviewing the case, the Board decided that the city had taken the proper steps to correct a short-term problem.

The Board took no action.

Water Loss – Status

Holston Utility District

Holston Utility District was referred to the Board for having excessive non-revenue water of 48.2%. At the previous meeting the Board voted to require the District to provide a corrected AWWA worksheet and information on the cost of purchased water. The city returned the corrected worksheet and provided all of the numbers and process that led them to their totals.

The Board took no action.

Petition

Hallsdale-Powell Utility District

The Board took no action.

Customer Complaint

Stroop v. Winchester Springs Center Grove Utility District

The Board received more numerical information on the case. These numbers seemed to indicate that there was either a meter failure or the meter was read incorrectly. For a one month period, the Stroop household was said to have leaked 636,100 gallons of water, which is equivalent to the amount of water in an Olympic sized swimming pool.

After reviewing the information, the Board chose to make a motion to require the District to put a policy in place to address meter failure. They should apply this policy retroactively to the Stroop case. After doing so, the district will need to report to Staff by July 15th.

Mr. Botts made the motion, which was seconded by Ms. Hunter. Receiving no objections, the motion carried unanimously.

Hood v. Ocoee Utility District

Representing the District: Don Scholes
Representing Mr. Hood: Gary L. Henry

After hearing from both parties, the Board decided that the developer must submit a written complaint to the Ocoee Utility District Board before returning to the UMRB.

The Board made the official motion to approve the motion to dismiss while adding in the disclaimer that if the written complaint filed by the developer is located, the Board will determine that the local Board took no action and they will then hear the case.

The motion was made by Mr. Pelham and second by Mr. Moss, before carrying unanimously.

Miscellaneous

Annual Water Loss Report

A compilation of customer **complaint statistics** was included in the packet.

The next UMRB regularly scheduled meeting is June 2, 2016.

Ms. Butterworth adjourned the meeting at 11:50 am.

Respectfully submitted,

Ann Butterworth
Chair

UMRB Minutes

May 5, 2016

MINUTES
of the
UTILITY MANAGEMENT REVIEW BOARD MEETING
May 5, 2016
1:00 pm

Chair Ann Butterworth detected a quorum and called to order the meeting of the Utility Management Review Board (UMRB) in the Video Conference Center, James K. Polk Building, Nashville, TN.

Board members present and constituting a quorum:

Ann Butterworth, Chair, Comptroller Designee
Tom Moss, Vice-Chair, Department of Environment and Conservation (TDEC) Commissioner Designee
Pat Riley, Gibson County Utility District Manager
Rebecca Hunter, Hixson Utility District Commissioner
Kevin Botts, Consumer Representative
Bruce Giles, First Utility District of Knox County Manager
Jim Hunter, West Wilson Utility District Commissioner
Tim Pelham, West Warren Viola Utility District Manager

Members Absent:

Jason West, Second South Cheatham Utility District Commissioner

Staff Present:

John Greer, Comptroller's Office
Kirbie Ferrell, Comptroller's Office

Counsel Present:

Betsy Knotts, Comptroller's Office

Contested Case Hearing Training

Judge Steve Darnell from the Administrative Procedures Division of the Secretary of State's office provided the UMRB with a 2-hour training on the procedural requirements of contested case hearings held pursuant to the Uniform Administrative Procedures Act, T.C.A. § 4-5-101 et seq. Judge Darnell answered UMRB member questions throughout the presentation.

Overview of the UMRB Statutory Authority

Ms. Knotts and Mr. Greer presented a training on the statutory duties and authority of the UMRB, pursuant to T.C.A. § 7-82-701 et seq.

Updating Informal Hearing Procedures

Ms. Knotts presented the draft informal hearing forms and asked the UMRB to provide Staff with comments and feedback. Ms. Knotts expects the UMRB to finalize and formally endorse informal hearing forms before the end of the calendar year.

Mr. Greer announced the next **regularly scheduled UMRB meeting** would be on June 2, 2016, at 10:00am, in room 31 of Legislative Plaza.

Ann Butterworth
Chair

Status

Financial Distress



STATE OF TENNESSEE
Utility Management Review Board
James K. Polk State Office Building
505 Deaderick Street, Suite 1700
Nashville, Tennessee 37243-1402
Phone (615) 401-7879 Fax (615) 741-1551

April 22, 2016

Honorable Bill Brittain
Hamblen County Mayor
511 W. 2nd North Street
Morristown, TN 37814

Commissioners and Manager
Witt Utility District
P.O. Box 486
Morristown, TN 37815

Dear Sirs:

Enclosed is the official order for the Witt Utility District from the UMRB. If you have any questions, please feel free to email me at betsy.knotts@cot.tn.gov or call (615) 401-7954.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Betsy Knotts".

Betsy Knotts
Counsel to the UMRB



BEFORE THE TENNESSEE UTILITY MANAGEMENT REVIEW BOARD

IN THE MATTER OF:

**T.C.A. § 7-82-401(g)—FINANCIAL DISTRESS
WITT UTILITY DISTRICT**

AMENDED ORDER

Pursuant to T.C.A. § 7-82-401(g), the Tennessee Utility Management Review Board (the "UMRB") reviewed on December 3, 2015, and April 7, 2016, the financially distressed status of Witt Utility District (the "District"). Based on the District's financial deficiencies, the UMRB directs the District to submit the following documents/information to the Board **no later than May 15, 2016**:

1. Copies of each District commissioner's most recent training statement, as described and required to be on file at the District pursuant to TCA § 7-82-308(f)(3);
2. Comprehensive update on all construction projects and any funding related to those projects; and
3. Update on District rates, including any proposed increase or financial justification for no increase.

If any of the District commissioners have not received training and are not in compliance with TCA § 7-82-308(f)(3), the District shall notify the county executive promptly so that new commissioners may be appointed.

Entered this 7th day of April, 2016.

Ann V. Butterworth, Chair
Utility Management Review Board

BRANSTETTER, STRANCH & JENNINGS, PLLC

THE FREEDOM CENTER
223 ROSA L. PARKS AVENUE
SUITE 200
NASHVILLE, TENNESSEE 37203
TELEPHONE (615) 254-8801
FACSIMILE (615) 255-5419

CECIL D. BRANSTETTER, SR., 1920-2014
KARLA M. CAMPBELL
BEN GASTEL*
R. JAN JENNINGS*
JOE P. LENISKI, JR.
DONALD L. SCHOLES
MIKE STEWART
JAMES G. STRANCH, III
J. GERARD STRANCH, IV
MICHAEL J. WALL

ASSOCIATES:
RAQUEL L. BELLAMY
SEAMUS T. KELLY
ANTHONY A. ORLANDI
K. GRACE STRANCH

OF COUNSEL:
ROBERT E. RICHARDSON, JR. **

May 11, 2016

* ALSO ADMITTED IN GA
** ONLY ADMITTED IN OH

Via email and hand delivery

Betsy Knotts
Assistant General Counsel
Comptroller of the Treasury
Suite 1700, James K. Polk Building
505 Deaderick St.
Nashville, TN 37243

Re: Witt Utility District Response to UMRB Amended Order

Dear Betsy

Terry Harris, Manager of Witt Utility District (the District). asked me to assist him in responding to the UMRB's Amended Order dated April 7, 2016.

I have enclosed three pages to respond to the three requests for documents and information in the Amended Order. I have enclosed the 2015 Annual Statement of Commissioner Training on file in the District's office for Commissioner Charles Hall and Commissioner Jerry Shaver. You will see that they attended no continuing education classes in 2015. The third Commissioner, Tom Rouse, was appointed to his first term as a Commissioner in February of 2016.

All three Commissioners attended Commissioner Training at TAUD on April 27-28, 2016. I have enclosed the Certificates of training issued by TAUD to all three Commissioners for the 12 hours of classes attended.

I have enclosed a document which provides information on the three construction projects which the District has recently completed or anticipate completing in 2016, including the funding for these construction projects.

I have enclosed the information requested which outlines the District's existing rates and future plans regarding rate increases. Mr. Harris indicates that the Board will be considering whether to implement a small rate increase in its June Board meeting to be effective October 1, the beginning of the District's next fiscal year. Mr. Harris or I can update you with the Board's action on a potential rate increase after this June Board meeting.

In the Amended Order the UMRB directed that the Commissioners notify the County Mayor if they have not complied with the utility district commissioner training requirements set forth in T.C.A § 7-82-308(f). I do not believe that the failure of Commissioner Charles Hall and Commissioner Jerry Shaver to meet the 12 hour commissioner training requirement within one year of their most recent appointment disqualifies them from serving out their current terms of office.

The commissioner training requirements set forth in T.C.A § 7-82-308(f) address the training requirements of new commissioners and incumbent commissioners who were serving on a utility district board on June 30, 2010. If an incumbent commissioner was in office on June 30, 2010, the commissioner was required to attend 12 hours of commissioner training and continuing education within one year after the reappointment of the commissioner after June 30, 2010. Incumbent commissioners were not required to get their 12 hours of training until one year after they were reappointed to a new term of office after June 30, 2010.

On June 30, 2010, both Commissioner Hall and Commissioner Shaver were incumbent commissioners. Therefore, they were not required to obtain their first 12 hours of commissioner training until they were reappointed after June 30, 2010. They were required to get 12 hours of commissioner training within one year of this reappointment. Commissioner Hall was not reappointed to a new four year term until January 28, 2013, for a new term beginning March 9, 2013 and ending March 8, 2017. Commissioner Shaver was not reappointed to a new four year term until March 3, 2014, for a new term beginning March 9, 2014 and ending March 8, 2018. See enclosed orders of appointment. Under T.C.A § 7-82-308(f), Mr. Hall was required to get 12 hours of commissioner training before March 8, 2014. Commissioner Shaver was required to get 12 hours of commissioner training on or before March 8, 2015.

Neither Commissioner Hall nor Commissioner Shaver received 12 hours of commissioner training within one year of the date of their first reappointment after June 10, 2010. The only training each Commissioner has received since their reappointment was the 12 hours of commissioner training they received on April 27-28, 2016. The penalty for the failure of a commissioner to receive the required commissioner training is set forth in T.C.A § 7-82-307(h)(5). This subsection provides:

A utility district commissioner who fails to meet the training and continuing education requirements set forth in § 7-82-308(h) or (i) before the end of the commissioner's term of office shall not be eligible for reappointment or reelection to another term of office. For the purposes of this subdivision (b)(5), the continuing education period used to determine whether a utility district commissioner has met the training and continuing education requirements set forth in § 7-82-308(h) or (i) shall be the last full continuing education period before the utility district commissioner's term of office ends.

Betsy Knotts
May 11, 2016
Page 3

The penalty for the failure of a commissioner to meet the required training requirements is the inability to serve another term of office as a commissioner. The application of this penalty applies to the last full continuing education period before the commissioner's term of office ends. Commissioner Hall's current term of office ends on March 8, 2017. Commissioner Shaver's current term of office ends on March 8, 2018. Because neither Commissioner received 12 hours of commissioner training within one year of the date of their first reappointment after June 10, 2010, they are unable to be reappointed to another four year term of office when their current terms end.

The application of the penalty for the failure a commissioner to meet his or her training and continuing education requirements seems awkward under T.C.A § 7-82-307(h)(5) as it applies to new commissioners or the first reappointment of incumbent commissioners in office on June 30, 2010. When a commissioner does not meet the requirement that he or she receive 12 hours of training within one year of appointment, there is no way the commissioner can cure this failure for the rest of the commissioner's four year term. The only penalty set forth by the legislature for the failure of a commissioner to meet the training requirements is the ineligibility to serve another term of office. Therefore, the present law creates a situation where a commissioner who fails to meet the 12 hours training requirement in his or her first year of office continues to be eligible to serve the commissioner's current term of office, but is ineligible to serve another term upon the completion of the commissioner's current term of office. I do not see anything in T.C.A §§ 7-82-307 or 7-82-308 which makes such a commissioner ineligible to serve out his or her current term of office. While I can see the rationale behind making a commissioner ineligible to continue serving as a commissioner upon the failure to get 12 hours of training within 12 months of appointment, the legislature has not yet established this penalty.

Therefore, Mr. Hall and Mr. Shaver should be able to continue to serve out their current terms of office even though they did not obtain 12 hours of commissioner training within one year after their reappointment after June 10, 2010. Because I believe the law allows them to continue to serve out their current terms of office, they have not contacted the Hamblen County Mayor about appointing someone to finish out their current terms of office.

I would be glad to discuss with issue with you in further if you would like to do so.

Sincerely yours,



DONALD L. SCHOLES

Enclosures

c: Terry Harris

Commissioner Training

Enclosed are the 2015 Annual Statement of Commissioner Training which are now on file with the District. Commissioner Mike Rouse is a new Commissioner who was appointed in February of 2016 so there is no Annual Statement for him. All three Commissioners attended 12 hours of Commissioner Training at TAUD on April 27-28, 2016. I have enclosed the Certificates confirming their attendance at this training.

Construction Projects

The District has three construction projects which it has completed or will be completed later this year. These three construction projects have been or are being financed by a \$1,261,000 loan and \$369,000 grant from Rural Development. This loan closed on February 26, 2016.

Installation of Monte Vista Water Tank

The District has recently constructed a new 700,000 gallon concrete water storage tank on land it purchased in 2013. This tank is 100% complete. The District plans to place this tank in service around June 30, 2016. There is a final change order pending on this project which will reduce the contract price by \$8,000 for work completed by District employees on this project.

Installation of East Croxdate Water Tank

The District has recently constructed a new 230,000 gallon water storage tank on a small parcel it purchased in 2011 adjacent to an existing tank. This tank is 100% complete and was placed in service on May, 2, 2016. There is a final change order pending on this project which will reduce the contract price by \$2,800 for work completed by District employees on this project.

Installation of 12 inch Water Line to Monte Vista Water Tank

The District plans to install a new 12 inch water line from Old Highway 25E Road to the new Monte Vista water tank. The District projects that this water line will be completed by September of 2016. This project will be financed with the balance of the proceeds from the Rural Development loan and grant which amount is approximately \$20,000 and the two reductions in the contract prices for the Monte Vista and East Croxdale tanks.

Currently, the District has no other construction projects planned which will require the issuance of any additional debt.

Rate Information

Monthly Rates Effective September 30, 2011

Minimum bill for first 1,500 gallons - \$21.10
Over 1,500 gallons - \$6.95 per 1,000 gallons

Monthly Rates Effective April 2014

Minimum bill for first 1,000 gallons - \$24.00
Over 1,000 gallons - \$7.25 per 1,000 gallons

The District's fiscal year is October 1 – September 30. Therefore, additional revenue from April 2014 rate increase was only reflected for 5 months during the October 1, 2014 – September 30, 2015 fiscal year. The District's audited financial statements reflect a positive change in Net Position in the amount of \$93,184 for that fiscal year.

The April 2014 rate increase was put into place to provide additional revenue to cover the new debt payment to Rural Development from the \$1,261,000 loan.

After reviewing the 2015 audit, the Board requested that the General Manager review changing the District's rate structure over the next five years to have annual rate increase in small increments each year rather than implementing one large rate increase every few years as the District has been doing. The General Manager is scheduled to discuss his review and recommendations on a rate increase for 2016 at the June Board meeting. This rate increase will be designed to cover projected increases in the District's operating expenses for its fiscal year beginning October 1, 2016.

Charles M. Hall

has attended and participated in the

Commissioner Training

*An Approved Commissioner Training Course Presented by the
Tennessee Association of Utility Districts*

Date: April 27-28, 2016

Location: TAUU Training Station

Hours: 12



Bob Freudenthal, Executive Director

Tennessee Association
of Utility Districts



Great For Tennessee's Future

Mike Hunter Rouse

has attended and participated in the

Commissioner Training

*An Approved Commissioner Training Course Presented by the
Tennessee Association of Utility Districts*

Date: April 27-28, 2016

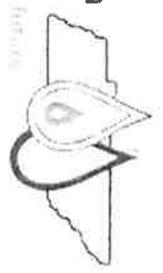
Location: TAU Training Station

Hours: 12



Bob Freudenthal, Executive Director

Vital for Tennessee's Future



Tennessee Association
of Utility Districts

Jerry A. Shaver

has attended and participated in the

Commissioner Training

*An Approved Commissioner Training Course Presented by the
Tennessee Association of Utility Districts*

Date: April 27-28, 2016

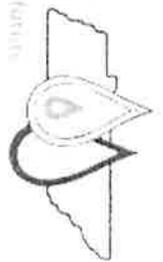
Location: TAUUD Training Station

Hours: 12



Bob Freudenthal, Executive Director

Tennessee Association
of Utility Districts



Voted Top Tennessee Utility



WITT UTILITY DISTRICT

BEFORE THE COUNTY MAYOR OF HAMBLLEN COUNTY, TENNESSEE

In re:)
WITT UTILITY DISTRICT OF HAMBLLEN)
AND JEFFERSON COUNTIES, TENNESSEE)

ORDER APPOINTING COMMISSIONER

Upon certification by the Board of Commissioners of Witt Utility District of Hamblen and Jefferson Counties, Tennessee, certifying an upcoming vacancy on said Board of Commissioners by the expiration of the term of Commissioner Jerry Shaver and certifying a list of three names nominated for appointment to fill such vacancy in accordance with T.C.A. c 7-82-307(a);

It Is Therefore Ordered, Adjudged and Decreed, that the nominee of Jerry Shaver is hereby appointed to the Board of Commissioners of the Witt Utility District of Hamblen and Jefferson Counties, Tennessee, to serve from March 9, 2014 until March 8, 2018.

Entered, this _____ day of _____, 2014.

Alan Palmieri
secret

3rd day of March 2014

Bill Britain

**J. BRITAIN, COUNTY MAYOR
HAMBLLEN COUNTY, TENNESSEE**

Alan Palmieri

**ALAN PALMIERI, COUNTY MAYOR
JEFFERSON COUNTY, TENNESSEE**



WITT UTILITY DISTRICT

BEFORE THE COUNTY MAYOR OF HAMBLEN COUNTY, TENNESSEE

In re:)
WITT UTILITY DISTRICT OF HAMBLEN)
AND JEFFERSON COUNTIES, TENNESSEE)

ORDER APPOINTING COMMISSIONER

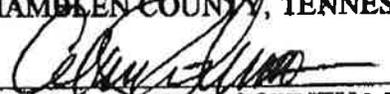
Upon certification by the Board of Commissioners of Witt Utility District of Hamblen and Jefferson Counties, Tennessee, certifying an upcoming vacancy on said Board of Commissioners by the expiration of the term of Commissioner Charles Hall and certifying a list of three names nominated for appointment to fill such vacancy in accordance with T.C.A. c 7-82-307(a);

It Is Therefore Ordered, Adjudged and Decreed, that the nominee of Charles Hall is hereby appointed to the Board of Commissioners of the Witt Utility District of Hamblen and Jefferson Counties, Tennessee, to serve from March 9, 2013 until March 8, 2017.

Entered this the 28th day of January, 2013.



BILL BRITAIN, COUNTY MAYOR
HAMBLEN COUNTY, TENNESSEE



ALAN PALMERI, COUNTY MAYOR
JEFFERSON COUNTY, TENNESSEE

Status

Investigation

- | | | |
|-----------|----------------------------------|---------------|
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| 2. | Iron City | Pg. 32 |
| 3. | Lone oak | Pg. 53 |
| 4. | Bedford County | Pg. 55 |
| 5. | Cookeville Boat Dock Road | Pg. 58 |



STATE OF TENNESSEE
UTILITY MANAGEMENT REVIEW BOARD
505 DEADERICK STREET, SUITE 1700
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7879
FAX (615) 741-1551

December 18, 2015

Mr. Ray Norris, President
Clay County Gas Utility District
424 Brown Street
Celina, TN 38551

Dear Mr. Norris:

The Utility Management Review Board (UMRB) met on December 3, 2015, to review the financially distressed status of the Clay County Gas Utility District (District). The UMRB took formal action to initiate a 6-month long investigation of the District pursuant to T.C.A. § 7-82-709(a).¹ The investigation will focus on the financial, technical, and managerial capacity of the District's system—it is in the best interest of the District to cooperate and communicate with our office to the fullest extent possible during this investigation.

As a first step in the investigation, please provide the contact information for the private corporations with which the District has executed formal management, billing, service, and gas purchase agreements. Please confirm that the District has no in-house employees and that the District only utilizes the entities with which it has formally contracted for services or other operational purposes.

If you have any questions, please contact me at (615) 401-7954 or Betsy.Knotts@cot.tn.gov. You may also contact John Greer at (615) 401-7879 or John.Greer@cot.tn.gov.

Very truly yours

A handwritten signature in black ink, appearing to read "Betsy Knotts".

Betsy Knotts
Counsel to the UMRB

¹ Notwithstanding any law to the contrary, the utility management review board shall have the authority, in the case of public water systems of utility districts, to investigate, with the assistance of the department of environment and conservation and the comptroller of the treasury, and determine the financial, technical, and managerial capacity of the systems to comply with the requirements of the federal and the state acts; and to require systems to take appropriate action to correct any deficiencies in such areas, including, but not limited to, changes in ownership, management, accounting, rates, maintenance, consolidation, alternative water supply, or other procedures. The utility management review board also may approve or disapprove such corrections as a condition for any public water system of a utility district to receive assistance from the authority under § 68-221-1206(a)(3).

Clay Gas Utility District

Natural Gas America's Best Energy Value

P.O. BOX 307
Celina, TN 38551-0307
Phone (931) 243-4070

January 7, 2016

Ms. Betsy Knotts
Counsel to the UMRB

Dear Ms. Knotts,

Pursuant to your letter dated December 18, 2015 please find below the list of entities that provide Clay Gas Utility District with the services outlined in your request.

1. Sentra Gas, located in Tompkinsville, KY (owned by Magnum Hunter) performs the day to day local service required to insure that our system is maintained in a safe and legal manner for the safety of all. The two Sentra Gas employees also handle customer service calls and perform the meter readings monthly. Further, Magnum Hunter purchases natural gas for Clay Gas Utility District. Our contact for Magnum Hunter is Mr. Michael Wallen, Senior VP of Operations, 120 Prosperous Place, Suite 201, Lexington, KY 40509. Phone is (859) 263-6727 and email is mwallen@mhp.energy.
2. We have a contract with James F. Scarlett, CPA, P.C. for accounting and billing as well as payment of bills for Clay Gas. Further Mr. Scarlett delivers the prepared checks to the monthly board meetings for the signatures and also discusses the monthly financial package with the board. Mr. Scarlett's contact info is 306 N. Church Street, P.O. Box 357, Livingston, TN 38570. Phone is (931) 823-5557 and email is James@jfscarlett.com.
3. We have a contract with David Melton, CPA to perform our annual audit. Mr. Melton's contact info is 201 W. Main Street, McMinnville, TN 37110. Phone is (931) 259-4988 and email is David@davidmeltoncpa.com. We hired Mr. Melton in 2015 due to the fact that our prior annual audit had been performed late

for two years by our original audit firm which resulted in a letter from the comptroller's office and the board felt a change was appropriate.

4. We pay a part time Chamber of Commerce employee \$100.00 monthly to pick up the mail from the lock box three days each week, open it and fax invoices to Mr. Scarlett. The clerk also deposits all checks into the Clay Gas Utility District local bank account.

If any further information is needed please contact me at your convenience.

Sincerely,

A handwritten signature in black ink that reads "Ray Norris". The signature is written in a cursive style with a large initial "R" and a distinct "N".

Ray Norris
President

Offer to Purchase for Cash

all or some of the outstanding principal amount of

Clay Gas Utility District of Clay County, Tennessee Gas System Revenue Bonds, Series 1998

<u>Principal Amount</u>	<u>Maturity Date</u> <u>(December 1)</u>	<u>CUSIP</u>
\$10,000	2001	18355PAC1
\$90,000	2012	18355PAK3
\$430,000	2017	18355PAL1
<u>\$530,000</u>	Total	

Offer Price: \$1,000 per \$5,000 principal amount, without accrued or unpaid interest. (See "TENDER OFFER" herein)

**UNLESS EARLIER TERMINATED OR EXTENDED, THIS OFFER
WILL EXPIRE AT 4:00 P.M., CENTRAL TIME, ON
THURSDAY, JUNE 2, 2016 (SUCH TIME AND DATE, THE "EXPIRATION TIME")**

Clay Gas Utility District of Clay County, Tennessee (the "District"), is offering to purchase all or some of the outstanding principal amount of the above-referenced Gas System Revenue Bonds, Series 1998 (the "Bonds"), issued by the District on January 22, 1998. The maturities, outstanding principal amounts and CUSIP numbers of the Bonds are shown above. This Offer to Purchase (this "Tender Offer") is further described and subject to the conditions set forth in this Tender Offer and the accompanying materials. The purchase of tendered Bonds pursuant to this Tender Offer is not conditioned upon the tender by Bondowners of any specified percentage of Bonds.

The District desires to purchase all or some of the Bonds for cash, but is not obligated to purchase any Bonds. The District has the right to terminate or amend the terms of this Tender Offer. See "CONDITIONS TO PURCHASE."

Neither the District, Cumberland Securities Company, Inc., the District's financial advisor (the "District Advisor") or Regions Bank (the "Payment Agent"), makes any recommendation to any owner of Bonds whether to tender any Bonds for purchase pursuant to this Tender Offer. **To make an informed decision as to whether and how to tender Bonds, owners of Bonds should read this document carefully and consult their account executive or other financial advisor.**

Unless earlier terminated, this Tender Offer will expire at 4:00 p.m., central time, on Thursday, June 2, 2016 (such time and date, the "Expiration Time"). Owners of Bonds wishing to accept this Tender Offer must do so at or prior to the Expiration Time and in accordance with the procedures described herein. See "PROCEDURES FOR TENDERING BONDS." Owners of Bonds that either are not validly tendered, or are validly withdrawn and not validly redelivered prior to the Expiration Time, will not be entitled to receive any payment for their Bonds through this Tender Offer. Bonds accepted for purchase will be purchased on or about June 10, 2016 (the "Settlement Date").



**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT**

Justin P. Wilson
Comptroller of the Treasury

MEMORANDUM

TO: Utility Management Review Board
FROM: Division of Local Government Audit - Municipalities and Utility Districts
SUBJECT: Division of Local Government Audit Referral Pursuant to TCA 7-82-703(a)

In accordance with the requirements of Tennessee Code Annotated, we are hereby filing the following vendor with the board(s) noted above.

Record Number	Vendor Name				<input type="checkbox"/> Component Unit
3268	Clay Gas Utility District				
Report Year	Utility Type	Date Received	Date Referred	Reviewer	Report Status
8/31/2015	Gas	3/1/2016	3/4/2016	TMH	Not Yet Reviewed

FINANCIAL DISTRESS

A Has deficit net position for the fiscal year ended. _____

B Decrease in net position for two consecutive years.

Fiscal Year End	Decrease in NP
_____	_____
_____	_____

C Is in default on certain outstanding debt.

Holders of the Bonds, etc.	Principal	Interest
Revenue Bonds Series-1998	\$563,500.00	\$453,496.00
_____	_____	_____
_____	_____	_____

WATER LOSS

D Water Loss Referral

AWWA water audit info

Water Loss Schedule - Status _____ AWWA Excel File _____

Validity score below the amount established by the board Validity Score _____

Excessive non-revenue water % as established by the board Non-Rev Water % _____
 (Non-Revenue Water as Percent by Cost of Operating System)

Comments: _____



STATE OF TENNESSEE
UTILITY MANAGEMENT REVIEW BOARD
505 DEADERICK STREET, SUITE 1700
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7879
FAX (615) 741-1551

December 18, 2015

Board of Commissioners
Iron City Utility District
P.O. Box 86
Iron City, TN 38463-0086

Dear Commissioners:

The Utility Management Review Board (UMRB) met on December 3, 2015, to review the financially distressed status of the Iron City Utility District (District). After much discussion, the UMRB took formal action to initiate a 6-month long investigation of the District pursuant to T.C.A. § 7-82-709(a).¹ The investigation will focus on the financial, technical, and managerial capacity of the District's system—it is in the best interest of the District to cooperate and communicate with our office to the fullest extent possible during this investigation.

As a first step in the investigation of the District, please send me copies of signed minutes for all board meetings held in calendar year 2015. In addition, please send copies of all disbursement details related to commissioner compensation in calendar year 2015.

If you have any questions, please contact me at (615) 401-7954 or Betsy.Knotts@cot.tn.gov. You may also contact John Greer at (615) 401-7879 or John.Greer@cot.tn.gov.

Very truly yours

Betsy Knotts
Counsel to the UMRB

¹ Notwithstanding any law to the contrary, the utility management review board shall have the authority, in the case of public water systems of utility districts, to investigate, with the assistance of the department of environment and conservation and the comptroller of the treasury, and determine the financial, technical, and managerial capacity of the systems to comply with the requirements of the federal and the state acts; and to require systems to take appropriate action to correct any deficiencies in such areas, including, but not limited to, changes in ownership, management, accounting, rates, maintenance, consolidation, alternative water supply, or other procedures. The utility management review board also may approve or disapprove such corrections as a condition for any public water system of a utility district to receive assistance from the authority under § 68-221-1206(a)(3).

I Tim Lamprecht do hereby resign all of my official duties as Iron City Utility District Commissioner effective immediately, December 21, 2015.



Tim Lamprecht



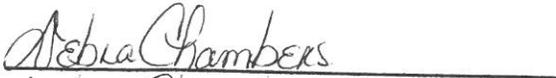
TR

I, Rayford Kimbrell, do hereby resign all of my official duties as Iron City Utility District Commissioner effective immediately, December 21, 2015.



Rayford Kimbrell

Witness:



Debra Chambers

Witness:





TR

I, Don Phillips, do hereby resign all of my official duties as Iron City Utility District Commissioner effective immediately, December 21, 2015.

Don Phillips

Don Phillips

Witness:

Debra Chambers

Debra Chambers

Witness:

Ronnie Bates

Ronnie Bates

[Signature]

Jeanne Atwell
Iron City Water Board

February 9, 2016

Dear Mr. Greer,

I am writing to you today to report on our positive progress on changing our financial status.

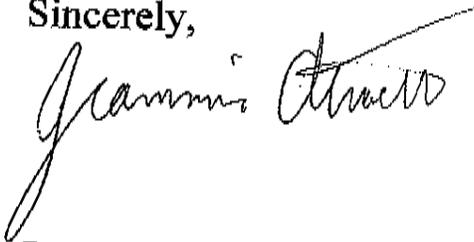
As of the January 31, 2016 meeting, the three commissioners whose decisions led to our negative financial problems have resigned and the three current commissioners have voted on two new commissioners. (We are waiting on approval from Mr. T.R. Williams, the Lawrence County Executive).

Now, we have over \$80,000.00 in the Iron City Utility District bank account and we have paid off our water system. Also, we will not be paying a per diem to any of the commissioners. This is a savings of \$1,250.00 per month.

Please take into consideration these new changes we are making and possibly maintain our water rates at the current rate.

Thank you for your review.

Sincerely,



Jeanne Atwell
Commissioner of the Iron City Water Board
For the people of Iron City

CITY MEETING
January 5, 2016

The City meeting was held on January 6th, 2015. Those present was: Mayor Bubba Carter, Vice-Mayor David Green, City Manager Joan Nelson.

Vice-Mayor David Green made the motion to approve the minutes as read of the previous meeting Mayor Bubba Carter seconded the motion.

Mayor Carter made the motion to consider taking over the Iron City Utility District if the county would pay for an engineer study to find out what kind of shape their system is in. Vice-Mayor Green seconded the motion.

Vice-Mayor Green made the motion to raise the pay of the Civic Center care taker to \$150.00 a month.
Mayor Carter seconded the motion.

Mayor Carter made the motion to pass the resolution to apply for grants for water system improvements.
Vice-Mayor Green seconded the motion.

Mayor Carter made the motion to charge for advertisement on the city's digital sign. The charge for businesses will be \$25.00 a month and for individuals will be \$1.00 a day. Vice-Mayor Green seconded the motion.

Vice-Mayor Green made the motion to adjourn.
Mayor Carter seconded the motion.

Mayor

City Recorder

Vice-Mayor

Commissioner

City of St. Joseph

P.O. Box 37

St. Joseph, Tennessee 38481

931-845-4141

Fax 931-845-4131

May 5, 2016

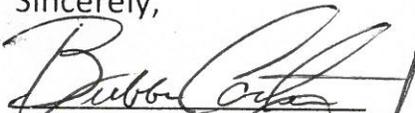
Re: Iron City Utility District

To Whom It May Concern:

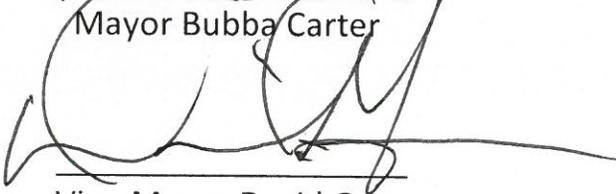
This letter is to inform you that the Commission with the City of St. Joseph has no interest in taking over the Iron City Utility District. It is our understanding that the issue has come back up with the County Commission to pay for an engineering study to check out issues with the Iron City Utility District.

After much consideration we believe it would be in the best interest of the City of St. Joseph not to do a merger with the Iron City Utility District.

Sincerely,



Mayor Bubba Carter



Vice-Mayor David Green

Iron City Utility District (District) is located in Lawrence and Wayne Counties and serves 247 water customers. The District has had a negative net change in net position (formerly net assets) for a minimum of 15 years. Water loss has been drastically reduced, but the small customer base has not made it feasible to be financially compliant. Between 1989 and 1999, the District abandoned its water treatment plant and started buying water from the City of Saint Joseph. The District has been governed by five (5) commissioners since 2004 and continues to purchase all water from the City.

Saint Joseph (City) is a municipality located wholly in Lawrence County. In 2014, the City had a population of 782 (as certified by TN-ECD), and 528 water customers.

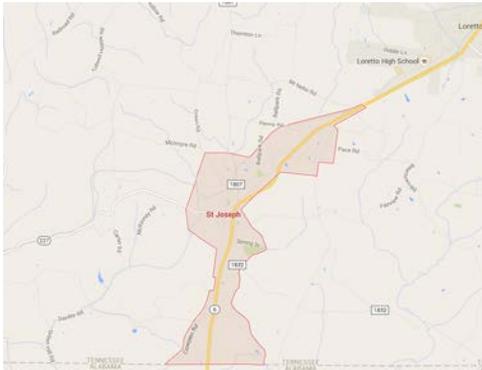
Overview

Entity	Iron City UD	Saint Joseph
Type	Utility District	Municipality
Established	Unknown	1919
Customers	247	528
Change in Net Position (2013)	\$ (37,800)	\$ 144,271
Change in Net Position (2014)	\$ (24,462)	\$ 27,807
Average Gain(Loss) since 2009	\$ (28,140)	\$ 120,492
Debt per 2014 audit	\$ 5,456	\$ -
Non-Revenue Water	Unknown	5.5%
Water Loss by Volume	31.6%	34.1%
Validity Score	81	81

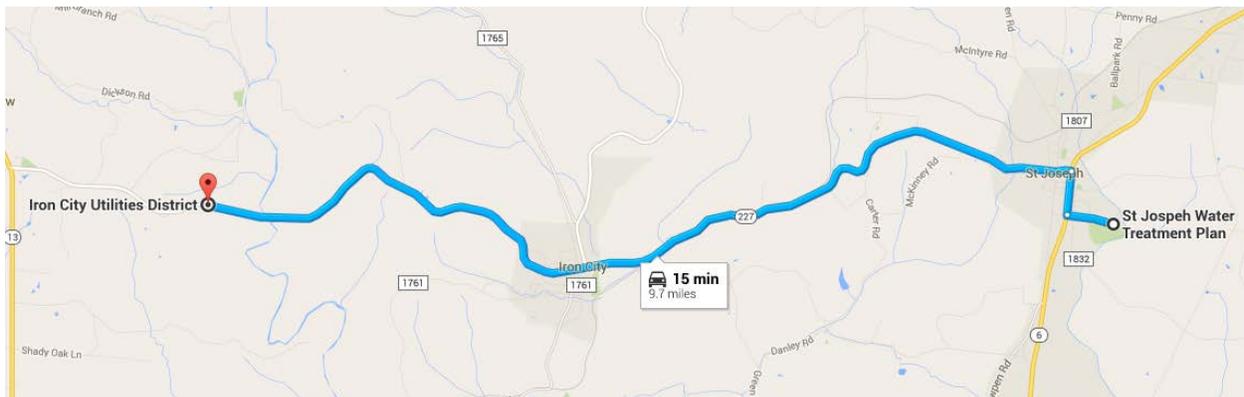
Current Water Rates:

Iron City		Saint Joseph	
<u>Water Rates</u>		<u>Water Rates</u>	
First 1,000 gallons	\$36.00	<i>Inside City</i>	
Resident all over	\$12.50	2,500 gallon	\$ 10.00
Commercial all over	\$12.50	Next 5,000	\$ 1.60
Customers	247	Next 5,000	\$ 1.35
		Over 12,500	\$ 1.10
		<i>Outside City</i>	
		2,500 gallon	\$ 16.89
		Next 5,000	\$ 1.60
		Next 5,000	\$ 1.35
		Over 12,500	\$ 1.10
		Customers	528

Current boundaries of Saint Joseph



The two entities are less than 10 miles apart



Consolidation Factors:

There is no consideration (payment) necessary for a consolidation to be completed. The City would absorb all assets, liabilities, and any long term debt requirements of the District. Currently the City water system and District are debt free.

Consolidation Requirements:

In order for two systems to consolidate, each governing body is required to take formal action (minutes, resolution, or ordinance) independently agreeing to the merger. The formal actions of both governing bodies are presented to the County Mayor/Executive, and a copy is sent to the Utility Management Review Board (UMRB). After receiving these documents, the County Mayor/Executive is required to hold a public hearing. Once this has taken place, the County Mayor/Executive signs an order finalizing the consolidation. A copy of the final order must be filed with the Secretary of State and the UMRB.

Supplementary Financial Information:

Change in Net Position (formerly Net Assets) 2009-2014

Fiscal Year	Iron City	Saint Joseph
2009	\$(45,611)	\$ 257,469
2010	\$(29,028)	\$ 19,373
2011	\$(23,722)	\$ 4,947
2012	\$ (8,215)	\$ 269,087
2013	\$(37,800)	\$ 144,271
2014	\$(24,462)	\$ 27,807

Depreciation Payments 2009-2014

Fiscal Year	Iron City	Saint Joseph
2009	\$ 39,196	\$ 23,654
2010	\$ 39,172	\$ 25,551
2011	\$ 36,477	\$ 26,248
2012	\$ 36,437	\$ 26,015
2013	\$ 36,895	\$ 23,051
2014	\$ 31,528	\$ 27,634

Increase (Decrease) Cash on Hand 2009-2014

Fiscal Year	Iron City	Total	Saint Joseph	Total
2009	\$(10,288)	\$ 9,340	\$ 46,365	\$ 133,123
2010	\$ 7,211	\$ 16,551	\$ (13,618)	\$ 119,505
2011	\$ 1,922	\$ 18,473	\$ (7,012)	\$ 112,493
2012	\$ 9,222	\$ 27,695	\$ (79,084)	\$ 33,409
2013	\$ (4,244)	\$ 23,451	\$ 49,615	\$ 83,024
2014	\$ 6,870	\$ 30,321	\$ 54,902	\$ 137,926

Certificates of Deposit 2009-2014

Fiscal Year	Iron City	Saint Joseph
2009	\$ 15,041	\$ 27,042
2010	\$ 15,277	\$ 27,475
2011	\$ 15,395	\$ 27,631
2012	\$ 15,414	\$ 27,839
2013	\$ 15,467	\$ 27,864
2014	\$ 15,495	\$ 28,097

Certificates of Deposit – Debt Reserve Fund 2009-2014

Fiscal Year	Iron City
2009	\$ 14,391
2010	\$ 14,516
2011	\$ 14,668
2012	\$ 14,702
2013	\$ 14,794
2014	\$ 14,831

Totals – Cash on Hand and Certificates of Deposit

Fiscal Year	Iron City	Saint Joseph
2009	\$ 38,772	\$ 160,165
2010	\$ 46,344	\$ 146,980
2011	\$ 48,536	\$ 140,124
2012	\$ 57,811	\$ 61,248
2013	\$ 53,712	\$ 110,888
2014	\$ 60,647	\$ 166,023

Iron City Utility District Financial Snapshot 2009-2014

	Audited	Audited	Audited	Audited	Audited	Audited
FYE Dec 31	2009	2010	2011	2012	2013	2014
Water revenues	\$152,642	\$150,766	\$154,561	\$146,635	\$142,522	\$149,653
Other revenues	\$ 5,148	\$ 7,209	\$ 3,726	\$ 4,844	\$ 5,645	\$ 5,276
Total Revenues	\$ 157,790	\$ 157,975	\$ 158,287	\$ 151,479	\$ 148,167	\$ 154,929
Total Expenses	\$ 202,127	\$ 186,249	\$ 181,667	\$ 159,202	\$ 185,562	\$ 179,027
Operating Income	\$ (44,337)	\$ (28,274)	\$ (23,380)	\$ (7,723)	\$ (37,395)	\$ (24,098)
Interest Expense	\$ 1,274	\$ 754	\$ 342	\$ 492	\$ 405	\$ 364
Change in Net Position	\$ (45,611)	\$ (29,028)	\$ (23,722)	\$ (8,215)	\$ (37,800)	\$ (24,462)
<u>Supplemental Info</u>						
Principal payment	\$ 2,569	\$ 2,395	\$ 1,525	\$ 2,462	\$ 1,957	\$ 1,957
Depreciation	\$ 39,196	\$ 39,172	\$ 36,477	\$ 36,437	\$ 36,895	\$ 31,528
<u>Water Rates</u>						
First 2,000 gallons	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00
Resident all over	\$ 8.80	\$ 8.80	\$ 8.80	\$ 8.80	\$ 8.80	\$ 8.80
Commercial all over				\$ 7.20	\$ 7.20	\$ 7.20
Customers	257	252	257	248	245	245
Connection fee		\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00
Renter connection fee		\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00
Re-connection fee		\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00
Tap fee		\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00
Water Loss	45.78%	38.40%	29.90%	86/0.7%		
Non-Revenue Water					6.3%	NO
Validity Score					86	81

Iron City Utility District Miscellaneous Expenses 2009-2014

	Audited	Audited	Audited	Audited	Audited	Audited
FYE 12/31	2009	2010	2011	2012	2013	2014
Net Change in Net Position	\$ (45,611)	\$ (29,028)	\$ (23,722)	\$ (8,215)	\$ (37,800)	\$ (24,462)
Water Purchased	\$ 48,792	\$ 43,281	\$ 36,477	\$ 32,202	\$ 28,449	\$ 28,706
Water Testing	\$ 29,171	\$ 17,077	\$ 17,869	\$ 7,833	\$ 9,356	\$ 15,260
Wages	n/a	n/a	n/a	n/a	\$ 21,202	\$ 29,245
Contract Labor	\$ 6,921	\$ 14,992	\$ 17,428	\$ 18,693	n/a	n/a
Phillip Palmer - Manager	\$ 27,827	\$ 21,760	\$ 19,288	\$ 11,978	\$ 11,706	n/a
Office Expense	\$ 1,841	\$ 1,165	\$ 1,925	\$ 1,055	\$ 1,986	\$ 1,454
Commissioners Fees	\$ 14,750	\$ 14,500	\$ 14,750	\$ 15,000	\$ 11,250	\$ 15,000
Professional Fees	n/a	n/a	n/a	n/a	\$ 17,186	\$ 8,423
Audit/Accounting	\$ 17,105	\$ 15,020	\$ 14,423	\$ 15,085	n/a	n/a
Maintenance/Supplies	\$ 18,535	\$ 9,439	\$ 13,536	\$ 3,056	\$ 22,544	\$ 15,867
Utilities	\$ 4,761	\$ 5,660	\$ 5,656	\$ 5,185	\$ 9,514	\$ 9,310
Water Loss	\$ 22,270	\$ 15,009	\$ 10,944	\$ 9,700	\$ 9,490	\$ 8,580
Percentage of Total Purchased	45.8%	38.4%	29.9%	26%	31%	27%

Saint Joseph Financial Snapshot 2009-2014

	Audited	Audited	Audited	Audited	Audited	Audited
FYE 6/30	2009	2010	2011	2012	2013	2014
Water revenues	\$227,286	\$201,230	\$194,839	\$146,063	\$ 182,102	\$186,318
Other revenues	\$ 30,826	\$ 5,257	\$ 809	\$ 5,679	\$ 8,507	\$ 1,911
Total Revenues	\$ 258,112	\$ 206,487	\$ 195,648	\$ 151,742	\$ 190,609	\$ 188,229
Total Expenses	\$ 194,725	\$ 187,114	\$ 190,701	\$ 171,595	\$ 157,398	\$ 160,422
Operating Income	\$ 63,387	\$ 19,373	\$ 4,947	\$ (19,853)	\$ 33,211	\$ 27,807
Grants	\$ -	\$ -	\$ -	\$ 288,940	\$ 111,060	\$ -
Capital Contributions	\$ 194,082	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Net Position	\$ 257,469	\$ 19,373	\$ 4,947	\$ 269,087	\$ 144,271	\$ 27,807
<u>Supplemental Info</u>						
Principal payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Depreciation	\$ 23,654	\$ 25,551	\$ 26,248	\$ 26,015	\$ 23,051	\$ 27,634
Due from General Fund	\$ 40,933	\$ 71,180	\$ 98,935	\$ 130,441	\$ 139,663	\$ 138,714
<u>Water Rates</u>						
<i>Inside City</i>						
2,500 gallon minimum	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00
Next 5,000	\$ 1.60	\$ 1.60	\$ 1.60	\$ 1.60	\$ 1.60	\$ 1.60
Next 5,000	\$ 1.35	\$ 1.35	\$ 1.35	\$ 1.35	\$ 1.35	\$ 1.35
Over 12,500	\$ 1.10	\$ 1.10	\$ 1.10	\$ 1.10	\$ 1.10	\$ 1.10
<i>Outside City</i>						
2,500 gallon minimum	\$ 16.89	\$ 16.89	\$ 16.89	\$ 16.89	\$ 16.89	\$ 16.89
Next 5,000	\$ 1.60	\$ 1.60	\$ 1.60	\$ 1.60	\$ 1.60	\$ 1.60
Next 5,000	\$ 1.35	\$ 1.35	\$ 1.35	\$ 1.35	\$ 1.35	\$ 1.35
Over 12,500	\$ 1.10	\$ 1.10	\$ 1.10	\$ 1.10	\$ 1.10	\$ 1.10
Customers	525	525	525	525	521	528
Water Loss	31.375%	31.375%	29.347%	31.07%		
Non-Revenue Water					10.5%	5.5%
Validity Score					77	81

Jeanne Atwell
Iron City Water Board

February 9, 2016

Dear Mr. Greer,

I am writing to you today to report on our positive progress on changing our financial status.

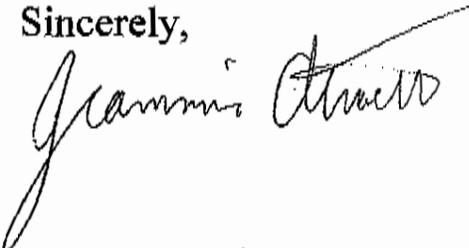
As of the January 31, 2016 meeting, the three commissioners whose decisions led to our negative financial problems have resigned and the three current commissioners have voted on two new commissioners. (We are waiting on approval from Mr. T.R. Williams, the Lawrence County Executive).

Now, we have over \$80,000.00 in the Iron City Utility District bank account and we have paid off our water system. Also, we will not be paying a per diem to any of the commissioners. This is a savings of \$1,250.00 per month.

Please take into consideration these new changes we are making and possibly maintain our water rates at the current rate.

Thank you for your review.

Sincerely,

A handwritten signature in black ink that reads "Jeanne Atwell". The signature is written in a cursive style with a long, sweeping underline that extends to the left.

Jeanne Atwell
Commissioner of the Iron City Water Board
For the people of Iron City

ADDITIONS TO CAPITAL ASSETS: There were no additions this year to the capital assets. Maintenance supplies and work costs declined by \$6,947 during 2014 while overall expenses to operate the Utility District decreased by \$9,720 (including the decrease in maintenance costs).

DEBT ACTIVITY: The District's bond principal outstanding at December 31, 2014, totaled \$5,456, as compared to \$6,460 a year earlier. Payments on bond principal in the current year were \$1,004. Total interest paid on bonds in calendar year 2014 was \$364. Amounts due in the next calendar year ending December 31, 2015, are \$2,167 for bond principal and \$193 for interest. The final maturity of the bonds now outstanding will occur in 2020.

WATER SALES REVENUE: The Iron City Utility District does not own a water source of its own, and must buy water from the St. Joseph Utility District. The number of gallons purchased from the St Joe Utility during calendar year 2014 was 13,199,242 and the number of gallons sold to customers was only 9,475,570 a difference of 3,723,672 gallons. This number represents the number of gallons lost and unaccounted for compared to just over 1,200,000 the prior year. In the face of all of this the cost of water purchased during 2014 decreased by \$1,219.

This situation stem from the poor economic situation of the Iron City community and the resulting deterioration of the District's infrastructure for delivering water. There is very little industrial activity in the District's area and commercial activity is also limited and population growth is flat. This, in turn, limits the funds available to the District for maintenance and replacement of old and sometimes inadequate plant and equipment. In order to maintain safe water distribution to the District, the rates are going to have to be raised in the near future.

The Board of the Utility District reluctantly decided that a rate increase was unavoidable. This rate increase was instituted as of June 2015. Bills mailed and in July 2015 reflect the new rate increase.

IRON CITY UTILITY DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION
YEAR ENDED DECEMBER 31, 2014

<u>Operating Revenues</u>	
Water Sales, including late payment penalties	\$ 149,653
Meter connection fees	3,609
Total Operating Revenues	153,262
 <u>Operating Expenses</u>	
Wages	29,245
Payroll tax expense	2,237
Professional fees	8,423
Bad debt	1,021
Commissioners fees	15,000
Depreciation expense	31,528
Dues and subscriptions	987
Insurance	5,405
Maintenance and supplies	15,867
Miscellaneous	247
Office expense	1,454
Other operating expenses	501
Postage	1,575
Sales tax paid	12,261
Utilities	9,310
Water purchased	28,706
Water testing	15,260
Total Operating Expenses	179,027
Operating Income	(25,765)
 <u>Nonoperating Revenues (Expenses)</u>	
Interest income	65
Miscellaneous income	1,602
Interest expense	(364)
Total Non operating Revenues (Expenses)	1,303
Net Change in Net Position	(24,462)
Net Position, Beginning of Year	653,071
Net Position, End of year	\$ 628,609

IRON CITY UTILITY DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014

<u>Cash flows from operating activities</u>	
Cash Received from Customers	\$ 154,810
Cash payments to suppliers for goods and services	(146,572)
Net cash provided (used) by operating activities	<u>8,238</u>
 <u>Cash flows from investing activities:</u>	
Purchase of certificates of deposit	(65)
Interest income	65
Net cash provided (used) by investing activities	<u>-</u>
 <u>Cash flows from capital and related financing activities:</u>	
Principal paid on long-term debt	(1,004)
Interest paid on Bonds and long-term debt	(364)
Net cash provided (used) by capital and related financing activities	<u>(1,368)</u>
 Net increase (decrease) in cash and cash equivalents	 6,870
 Cash and cash equivalents, January 1, 2014	 23,451
 Cash and cash equivalents, December 31, 2014	 <u><u>\$ 30,321</u></u>

IRON CITY UTILITY DISTRICT
SCHEDULE OF UTILITY RATES AND FEES
DECEMBER 31, 2014

Water Rates:

First 2,000 gallons	\$ 30.00	Minimum
Over 2,000 gallons - residential	\$ 8.80	per 1,000 gallons
Over 2,000 gallons - commercial	\$ 7.20	per 1,000 gallons

Other Fees:

Meter connection fee (non-refundable)	\$ 75.00
Renter meter connection fee (non-refundable)	\$ 150.00
Re-connection fee	\$ 50.00
Tap fee	\$ 500.00

There were 247 metered water customers at December 31, 2014.



AWWA Free Water Audit Software: Reporting Worksheet

WAS v5.0

American Water Works Association

?	Click to access definition
+	Click to add a comment

Water Audit Report for: Iron City Utility District (TN0000320)
Reporting Year: 2014 / 1/2014 - 12/2014

Please enter data in the white cells below. Where available, metered values should be used; if metered values are unavailable please estimate a value. Indicate your confidence in the accuracy of the

All volumes to be entered as: MILLION GALLONS (US) PER YEAR

To select the correct data grading for each input, determine the highest grade where the utility meets or exceeds all criteria for that grade and all grades below it.

WATER SUPPLIED

----- Enter grading in column 'E' and 'J' ----->

Volume from own sources:	+ ?	n/a		MG/Yr
Water imported:	+ ?	9	13.199	MG/Yr
Water exported:	+ ?	n/a		MG/Yr

Master Meter and Supply Error Adjustments

Pcnt:	Value:	MG/Yr
+ ?	0	
+ ?	0	
+ ?	0	

Enter negative % or value for under-registration
Enter positive % or value for over-registration

WATER SUPPLIED: 13.199 MG/Yr

AUTHORIZED CONSUMPTION

Billed metered:	+ ?	7	9.476	MG/Yr
Billed unmetered:	+ ?	n/a		MG/Yr
Unbilled metered:	+ ?	n/a		MG/Yr
Unbilled unmetered:	+ ?	7	0.158	MG/Yr

Click here: ?
for help using option buttons below

Pcnt:	Value:	MG/Yr
0	0.158	

Use buttons to select percentage of water supplied
OR
value

AUTHORIZED CONSUMPTION: 9.634 MG/Yr

WATER LOSSES (Water Supplied - Authorized Consumption)

3.565 MG/Yr

Apparent Losses

Unauthorized consumption: + ? 0.033 MG/Yr

Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed

Customer metering inaccuracies:	+ ?	8	0.096	MG/Yr
Systematic data handling errors:	+ ?	8	0.001	MG/Yr

Pcnt:	Value:	MG/Yr
0.25%	0	

1.00%	0	MG/Yr
0	0.001	MG/Yr

Apparent Losses: ? 0.130 MG/Yr

Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses: ? 3.435 MG/Yr

WATER LOSSES: 3.565 MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER: ? 3.723 MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

Length of mains:	+ ?	5	22.2	miles
Number of <u>active AND inactive</u> service connections:	+ ?	3	352	
Service connection density:	?		16	conn./mile main

Are customer meters typically located at the curbside or property line? Yes

Average length of customer service line: + ? (length of service line, beyond the property boundary, that is the responsibility of the utility)

Average length of customer service line has been set to zero and a data grading score of 10 has been applied

Average operating pressure: + ? 1 75.0 psi

COST DATA

Total annual cost of operating water system:	+ ?	10	\$181,966	\$/Year
Customer retail unit cost (applied to Apparent Losses):	+ ?	7	\$15.68	\$/1000 gallons (US)
Variable production cost (applied to Real Losses):	+ ?	10	\$2,531.42	\$/Million gallons <input type="checkbox"/> Use Customer Retail Unit Cost to value real losses

WATER AUDIT DATA VALIDITY SCORE:

*** YOUR SCORE IS: 81 out of 100 ***

A weighted scale for the components of consumption and water loss is included in the calculation of the Water Audit Data Validity Score

PRIORITY AREAS FOR ATTENTION:

Based on the information provided, audit accuracy can be improved by addressing the following components:

- 1: Water imported
- 2: Billed metered
- 3: Unauthorized consumption



AWWA Free Water Audit Software: System Attributes and Performance Indicators

WAS v5.0

American Water Works Association.

Water Audit Report for: Iron City Utility District (TN0000320)
 Reporting Year: 2014 | 1/2014 - 12/2014

*** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 81 out of 100 ***

System Attributes:

	Apparent Losses:	0.130	MG/Yr
+	Real Losses:	3.435	MG/Yr
=	Water Losses:	3.565	MG/Yr

? Unavoidable Annual Real Losses (UARL): See limits in definition MG/Yr

Annual cost of Apparent Losses: \$2,034

Annual cost of Real Losses: \$8,696 Valued at **Variable Production Cost**

Return to Reporting Worksheet to change this assumption

Performance Indicators:

Financial: { Non-revenue water as percent by volume of Water Supplied: 28.2%
 Non-revenue water as percent by cost of operating system: 6.1% Real Losses valued at Variable Production Cost

Operational Efficiency: { Apparent Losses per service connection per day: 1.01 gallons/connection/day
 Real Losses per service connection per day: N/A gallons/connection/day
 Real Losses per length of main per day*: 423.76 gallons/mile/day
 Real Losses per service connection per day per psi pressure: N/A gallons/connection/day/psi

From Above, Real Losses = Current Annual Real Losses (CARL): 3.44 million gallons/year

? Infrastructure Leakage Index (ILI) [CARL/UARL]:

* This performance indicator applies for systems with a low service connection density of less than 32 service connections/mile of pipeline

IRON CITY UTILITY DISTRICT
 BUDGET COMPARISON SCHEDULE
 DECEMBER 31, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under) Budget</u>
<u>Revenue</u>			
Water Sales	\$ 143,000	\$ 149,653	\$ 6,653
less Bad Debts	-	-	-
Meter connection fees	5,200	3,609	(1,591)
Total Operating Revenues	<u>148,200</u>	<u>153,262</u>	<u>5,062</u>
<u>Operating Expenses</u>			
Professional fees	10,000	8,423	(1,577)
Salary & wages	21,837	29,245	7,408
Payroll tax expense	1,671	2,237	566
Bad debt	500	1,021	521
Commisioners fees	15,000	15,000	-
Depreciation expense	32,000	31,528	(472)
Dues and subscriptions	1,000	987	(13)
Insurance	5,500	5,405	(95)
Maintenance and supplies	17,000	15,867	(1,133)
Miscellaneous	404	247	(157)
Office expense	1,500	1,454	(46)
Other operating expenses	500	501	1
Postage	1,600	1,575	(25)
Sales tax paid	11,750	12,261	511
Utilities	9,500	9,310	(190)
Water purchased	29,300	28,706	(594)
Water testing	15,000	15,260	260
Total Operating Expenses	<u>174,062</u>	<u>179,027</u>	<u>4,965</u>
Operating Income	<u>\$ (25,862)</u>	<u>\$ (25,765)</u>	<u>\$ 97</u>



BEFORE THE TENNESSEE UTILITY MANAGEMENT REVIEW BOARD

IN THE MATTER OF:

**T.C.A. § 7-82-709 INVESTIGATION OF
LONE OAK UTILITY DISTRICT**

ORDER

Pursuant to T.C.A. § 7-82-709(a), the Tennessee Utility Management Review Board (the "UMRB") reviewed this matter on August 6, 2015, upon conclusion of an investigation of the financial, technical, and managerial capacity of the Lone Oak Utility District (the "District") system. As noted in the attached report from counsel to the UMRB, the District's system deficiencies as of July 22, 2015 were the following:

- District records are grossly incomplete;
- District remains in financial distress;
- District's rates are being set by the Tennessee Regulatory Authority; and
- District's financial relationship with Tennessee-American Water Company ("TAWC") needs formal clarification.

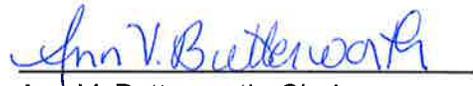
Based on these deficiencies, the UMRB directs the District to comply with the following corrective action plan:

1. District to clarify financial relationship with TAWC either by properly terminating or amending the Operations and Maintenance Agreement between the District and TAWC (the "Agreement") in a timely manner to allow the District to set sufficient rates to eliminate its financial distress status;
2. District to notify the Tennessee Regulatory Authority of the District's inability to

set its own rates pursuant to state law; and

3. If District terminates the Agreement, District (or on its failure to do so, the UMRB) to initiate consolidation negotiations with a neighboring utility district (such as Walden's Ridge Utility District) pursuant to T.C.A. § 7-82-704(a).

Entered this 6th day of August, 2015.


Ann V. Butterworth, Chair
Utility Management Review Board



BEFORE THE TENNESSEE UTILITY MANAGEMENT REVIEW BOARD

IN THE MATTER OF:

**T.C.A. § 7-82-401(g) FINANCIAL DISTRESS
BEDFORD COUNTY UTILITY DISTRICT GAS SYSTEM**

ORDER

This matter was reviewed on August 6, 2015, before the Tennessee Utility Management Review Board (the "Board"). The Bedford County Utility District (the "District") has been reported to the Board as having at least eleven consecutive years with a deficit total net position in its gas system as of June 30, 2014. In addition, the gas fund has been subsidized by the water fund for several years at a total loss to the water fund of \$1,969,492.

At the Board meeting on August 6, 2015, the Board heard brief statements from John Greer and Joyce Welborn, Staff to the Board, and from Mr. Martin Davis, District Manager. Mr. Martin Davis presented the District's estimated fifteen-year plan to repay the water fund and to correct the District's total deficit in net position. The Board expressed concerns about the length of the plan and the health of the water system since it has been subsidizing the gas system for several years. The Board then directed Counsel and Staff to draft an Order to be reviewed and approved at the next Board meeting.

In order to ensure the long-term financial integrity of the gas system, the Board hereby delegates authority to Staff and Counsel to review and request at least quarterly updates from the District beginning in January of 2016 to determine whether the following benchmarks are being met:

1. System growth rate is in accordance with or better than the attached schedule of projections.
2. The gas system is no longer subsidized in any manner.

The Board must receive at least two written updates from the District during each calendar year relating to its progress. The District will remain under the oversight of the Board until all conditions of this Order are met and the Board formally closes this matter.

Entered this 3rd day of December, 2015.



Ann V. Butterworth

Ann V. Butterworth, Chair
Utility Management Review Board

**BEDFORD COUNTY UTILITY DISTRICT
214 BETHANY LANE
P.O. Box 2755
SHELBYVILLE, TENNESSEE
931-684-1667
MARTIN DAVIS, GENERAL MANAGER**

MAY 20, 2016

John Greer
Utilities Board Specialist
505 Deaderick Street, Suite 1700
James K. Polk Office Building
Nashville TN 37243-1402

RE: Progress Update

Dear Mr. Greer,

After meeting with the Tennessee Utility Management Review Board (UMRB) on August 6, 2015, the Bedford County Utility District Board authorized a payment from the Natural Gas Department to the Water Department. This brings the amount due to the Water Department to \$2,400,000.00. This action meets the plan submitted to the UMRB.

On August 6, 2015, I reported that a Commercial Customer had filed Bankruptcy I am proud to report the District recovered the total owed. The District now requires all new Commercial, Industrial, and Agriculture Natural Gas customers to provide a Security Deposit.

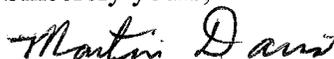
After completing 9 months of the District's Fiscal Year 2015-2016, the District shows a positive net income from operations of \$228,763.70 and a net income of \$121,013.43. The warmer than normal fall and winter has prevented this from being a larger income. The District's Natural Gas Department will be making the scheduled payment to the Water Department before the end of this fiscal year.

The District continues to add new and expanding Agriculture Chicken Growers to the gas system. However, constructions of these new Chicken Houses have been delayed because of a shortage of labor. Even through the new chicken houses are behind schedule they should all be connecting to the gas system in fiscal year 2017.

We currently have two chicken growers that are replacing their old chicken houses with new houses.

If you have any questions please call,

Sincerely yours,



Martin Davis

"This institution is an equal opportunity provider, and employer."

FRY, FRY, KNIGHT & MURPHY

Attorneys At Law
165 East Spring Street
Cookeville, Tennessee 38501

Shawn C. Fry
Dawn M. Fry
Brett Knight
Bo C. Murphy

Phone: (931) 526-5594
Fax: (931) 526-5441

May 4, 2016

Randy Porter
County Executive
Putnam County Courthouse
300 E Spring St, Room 8
Cookeville, TN 38501-3350

RE: Cookeville Boat Dock Utility District

Dear Mr. Porter,

I am writing to inform you that I anticipate that it will be necessary for you to appoint two new Board Members to the Cookeville Boat Dock Utility District in June. As I know you are aware, the Utility Review Board has instituted proceedings to remove Danny Burgess and Marshall Cass from the Board. I believe that neither Mr. Burgess nor Mr. Cass will contest their removal. Therefore, I anticipate their removal from the board on Thursday, June 2, 2016. Our board meeting in June is the first Tuesday which is June 7, 2016. Based upon Mr. James Randolph's term expiring, and his recent passing away, that will mean that all three Board Members are soon to be replaced. Since Mr. Randolph has passed away, I anticipate your appointing a new board member for his position any day now.

This Utility District is currently under economic distress and under strict scrutiny from the Utility Review Board. They currently have two very large loan projects ready to be approved. One for \$750,000.00 and the other for approximately \$2 million. It is crucial that the Utility District replace some old leaking lines to reduce their leak rate. Currently these loan projects are on hold awaiting for a full board to appropriate these loan projects. Therefore, I hope that you will begin to search out two new members and be ready to appoint them to the Board as soon as possible upon the removal of Mr. Burgess and Mr. Cass.

If I can be of any further assistance to you, please let me know.

Sincerely,



Shawn C. Fry



SCF/anc

cc: Betsy Knotts
John Greer

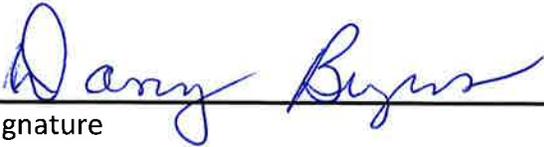
COOKEVILLE BOAT DOCK ROAD UD
1591 WEST CEMETERY ROAD
COOKEVILLE TN 38506
931-432-4459

RECEIVED

MAY 13 2016

DEPT: COMPTROLLER
OFFICE OF ADMINISTRATION

I, Danny Burgess, am resigning from my position of commissioner as of May 31,2016 at the utility office of Cookeville Boat Dock Road in Cookeville, TN.



signature

5-5-16

date

I, James M. Cass, am resigning from my position of commissioner as of May 31,2016 at the utility office of Cookeville Boat Dock Road in Cookeville, TN.



signature

MAY - 10 - 16

date

Contested Case Hearing

**Cookeville Boat Dock
Road Utility District**

**BEFORE THE UTILITY MANAGEMENT REVIEW BOARD
OF TENNESSEE**

IN THE MATTER OF:)	
)	
)	
THE COMMISSIONERS OF THE COOKEVILLE BOAT DOCK ROAD UTILITY DISTRICT)	DOCKET NO.: 54.01-137311A
)	
)	

NOTICE AND PETITION

COMES NOW the State of Tennessee Utility Management Review Board by and through undersigned counsel, alleging the following as causes of action against the commissioners of the Cookeville Boat Dock Road Utility District as a basis for their removal from office:

JURISDICTION

1. Authority and jurisdiction are conferred upon the Utility Management Review Board of Tennessee (hereinafter “UMRB” or “Board”) by the Utility District Law of 1937, codified at TENN. CODE ANN. §§ 7-82-101, *et seq.*, to take appropriate disciplinary action against utility districts and their commissioners. Such actions include, *inter alia*, the removal of utility district commissioners from their offices pursuant to TENN. CODE ANN. § 7-82-702(a)(13) and § 7-82-307(b).

2. The UMRB is vested with general jurisdiction over all utility districts established pursuant to Title 7, Chapter 82 of the *Tennessee Code Annotated* or by any public or private act. TENN. CODE ANN. § 7-82-701(a).

3. The Cookeville Boat Dock Road Utility District (hereinafter “CBDRUD” or “District”) was established pursuant to Title 7, Chapter 82 of the *Tennessee Code*

Annotated, therefore, the CBDRUD is under the jurisdiction of the UMRB pursuant to TENN. CODE ANN. § 7-82-701(a).

4. TENN. CODE ANN. § 7-82-307(b)(3) grants the UMRB the power to remove a member or members of the board of commissioners of a utility district who has failed to comply with or violated the provisions found in TENN. CODE ANN. § 7-82-307(b)(3)(A)(i)(a)-(c).

5. On April 7, 2016, the UMRB unanimously voted to commence a contested case hearing to remove the current commissioners of the CBDRUD under the authority granted TENN. CODE ANN. § 7-82-307(b)(3).

PARTIES

6. The UMRB is the lawful body through which the State of Tennessee regulates utility districts under its jurisdiction, enforces the Utility District Law of 1937, and is authorized to bring this action for the protection of the public.

7. Respondent Danny Burgess is a resident of Putnam County, Tennessee.

8. Respondent Marshall Cass is a resident of Putnam County, Tennessee.

9. Collectively, Danny Burgess and Marshall Cass shall be referred to hereafter as “Respondents”.

10. At all relevant times, Respondents were commissioners of the CBDRUD located at 1591 West Cemetery Road, Cookeville, TN 38506.

11. The CBDRUD is a water utility created in Tennessee pursuant to the Utility District Law of 1937. TENN. CODE ANN. §§ 7-82-101, *et seq.*

12. The District is required to have audits performed annually pursuant to TENN. CODE ANN. §§ 7-82-401.

ALLEGATIONS OF FACT

13. Respondents were at all pertinent times commissioners of the CBDRUD.

14. Pursuant to TENN. CODE ANN. § 7-82-401(g), a utility district that has a negative change in net position for two consecutive years is considered a financially distressed utility district and shall be subject to the supervision and evaluation of the UMRB.

15. On or about June 23, 2015, the Comptroller of the Treasury, Division of Local Government Audit (hereinafter "Local Government Audit") received the CBDRUD annual audit report for the fiscal year ending December 31, 2014, which indicated a second consecutive year of negative change in net position.

16. On or about June 26, 2015, Local Government Audit staff notified UMRB staff of CBDRUD's second consecutive year of negative change in net position.

17. On or about July 2, 2015, UMRB staff sent a letter to Robin Hawkins, Manager, CBDRUD, informing the District of its financially distressed designation. The letter also informed CBDRUD that the next meeting of the UMRB would be on December 3, 2015, at which time the UMRB would address financially distressed condition of the District.

18. On or about July 20, 2015, UMRB staff members Joyce Welborn and John Greer made an in-person visit to the CBDRUD office and spoke with Hawkins. At that time, Hawkins disclosed that the majority of expenses incurred by the District were attributable to an informal and unwritten maintenance provider agreement with H & H Underground (hereinafter "H & H"). Hawkins also informed Welborn and Greer that

Respondents were unwilling to look at any alternative options such as shifting maintenance in-house or bidding out projects.

19. On September 1, 2015, Greer and Board Attorney Betsy Knotts attended the regularly scheduled CBDRUD board meeting at which Greer and Knotts explained utility district purchasing laws, the District's need for a purchasing policy, and the importance of having written contracts with entities the District does business with, including H & H.

20. At the December 3, 2015 Board Meeting, Greer presented a case study on the CBDRUD to the UMRB, in which he notified the Board about the informal and unwritten maintenance provider agreement between the District and H & H.

21. Respondent Burgess, Hawkins, Shawn Fry (Counsel for CBDRUD), and Kendra Saunders, the Certified Public Accountant for the CBDRUD (hereinafter "Representatives") were present at the December 3, 2015 Board meeting.

22. On December 3, 2015, the Representatives disclosed to the Board that on December 2, 2015, the Respondents had approved a District purchasing policy and that the District was in possession of an unexecuted draft contract with H & H.

23. On December 3, 2015, the Board and the Representatives discussed the informal and unwritten maintenance provider agreement as well as the proposed written contract between the District and H & H.

24. On December 3, 2015, the Board took formal action to initiate a 6-month long investigation of the District focusing on the financial, technical, and managerial capacity of the District's system pursuant to TENN. CODE ANN. § 7-82-709(a) and

instructed Betsy Knotts, Board Attorney, to follow up with a letter detailing the Board's concerns and recommendations.

25. On December 11, 2015, Knotts sent a letter to Respondents, Hawkins, (and copied Fry and Saunders), providing notice of the 6-month investigation and emphasizing the UMRB's significant concerns and recommendations from the December 3, 2015 Board meeting related to the unwritten maintenance provider agreement and the proposed written maintenance provider contract with H & H. Specifically, the letter documents the Board's: (A) "**significant** concern over the size of the District's customer base and the amount of District funds appropriated to H & H" (emphasis in original); (B) strong recommendation that the District "utilize other resources to bid out vendors during the 6-month period of the investigation and to inform the UMRB of the District's decisions and any related documentation throughout the entire bidding process"; and (C) encouragement that the District "move towards successful implementation and compliance with the District's newly adopted policies and to keep the UMRB informed of every material matter during the 6-month investigation period".

26. On or about January 5, 2016, Respondents met at the regularly scheduled monthly meeting of the CBDRUD and voted to approve the proposed H & H maintenance provider contract for one year, against their counsel's advice that Respondents follow the UMRB's guidance to utilize other resources to bid out vendors during the 6-month investigation period.

27. At the February 2, 2016 regularly scheduled monthly meeting of the CBDRUD, Respondents approved Saunders to review H & H billings prior to payment by the District.

28. On or about February 4, 2016, Hawkins sent a letter to Greer detailing a February 3, 2016 interaction she had with Respondent Burgess where he required her to pay H & H billings prior to review by Saunders.

29. On February 8, 2016, Saunders sent Knotts and Greer an email voicing a similar complaint to Hawkins's regarding Respondent Burgess requiring payments of H & H billings prior to Saunders's review. Due to this, and other ethical considerations, Saunders withdrew from preparing financials for the CBDRUD.

30. On February 11, 2016, Knotts and Greer spoke with Justin Wilson, State of Tennessee Comptroller of the Treasury, and other members of the Comptroller's staff to discuss Respondents' contract approval and the concerns of Hawkins and Saunders. As a result of these conversations, the Comptroller engaged the Special Investigations Division of the Comptroller's Office (hereinafter "Special Investigations") to conduct an investigation alongside the 6-month UMRB investigation.

31. Special Investigations issued its special report on April 7, 2016.

32. The special report identified that the CBDRUD provides water service to over 2,700 customers.

33. The special report identified that for the year ended December 31, 2015, the CBDRUD had made payments of over \$280,000 to H & H for labor, equipment, and supplies needed to operate and maintain the District's distribution system.

34. The special report identified that Respondents failed to verify that all District funds paid to H & H were for work that was necessary or that had been performed. Over half of the work invoiced by H & H was either initiated by H & H or by

customer calls directly to the provider. Respondents were therefore unaware of most of the maintenance and repair work until Respondents received an invoice from H & H.

35. The special report identified that Respondents regularly authorized payments to H & H without verifying that the invoiced work was actually performed, without confirming that direct customer request were legitimate, and/or without substantiating that the problem was corrected.

36. The special report identified that Respondents assigned responsibility for reviewing maintenance invoices to technically unqualified office personnel.

37. The special report identified that the District employed H & H for more than twenty years without a written agreement specifying the rights and obligations of either the District or H & H.

38. The special report identified that the District entered into a maintenance provider contract with H & H in January 2016. The special report further identified that the contract was prepared by H & H, without any negotiations between the District and H & H other than for the length of the contract. The District did not seek bids or input from any other vendors.

39. The special report identified that Respondents directed H & H to remove water meters for delinquent customers rather than turning the meters off and locking them. Doing so increased the risk of damage to the water system equipment. Additionally, the review of District records compared to the invoices submitted by H & H for the service provided revealed the District incurred a loss of over \$30 each time H & H removed and reinstalled a customer's meter.

40. The special report identified that Respondents did not ensure that delinquent accounts were disconnected in accordance with the District's cutoff policy. District records showed that numerous accounts were delinquent in excess of thirty days, and often in excess of sixty days, yet those customers were still receiving water service from the District. Investigators identified at least one account as delinquent and not paid in full for six years with an account balance of \$1,300 at the time the account was eventually disconnected.

41. The special report identified that Respondents failed to ensure that the District received the benefit of all gravel for which it paid. From January 1, 2015, through January 30, 2016, H & H invoiced the District for 1,768 tons of gravel, yet investigators' review of H & H load ticket reports provided by the gravel vendor showed that H & H only purchased 757 tons of gravel for use on District projects. Neither the District nor H & H retained adequate, reliable, or accurate documentation to allow investigators to determine if H & H invoiced the District the proper amount for gravel.

42. The special report identified that Respondents failed to advertise, accept, and review bids consistently for all new construction projects requiring competitive bidding.

43. On April 7, 2016, at the regularly scheduled UMRB meeting, Knotts informed the Board about the District's approval of the maintenance contract as an update on the 6-month investigation authorized by the Board on December 3, 2015.

44. On April 7, 2016, Knotts reviewed the Special Investigation report pursuant to TENN. CODE ANN. § 7-82-307(b)(2)(A), which requires the Board to review all audits and investigations of utility districts conducted by Comptroller of the Treasury.

45. On April 7, 2016, the UMRB voted to initiate a contested case hearing for the removal of Respondents from office.

CAUSES OF ACTION

46. Respondents failed to comply with an order of the UMRB when Respondents voted to approve the one-year maintenance provider contract with H & H, without taking into consideration the Board's significant concern over the size of the District's customer base and the amount of District funds appropriated to H & H, as articulated by the Board in the December 3, 2015 meeting and as referenced in the December 11, 2015 letter to the Respondents. Respondents should therefore be removed from office pursuant to TENN. CODE ANN. § 7-82-307(b)(3)(B).

47. Respondents failed to comply with an order of the UMRB when Respondents voted to approve the one-year contract with H & H against the UMRB's recommendation that the District utilize other resources to bid out vendors during the pendency of the UMRB's 6-month investigation as articulated by the Board in the December 3, 2015 meeting and as referenced in the December 11, 2015 letter to the Respondents. Respondents should therefore be removed from office pursuant to TENN. CODE ANN. § 7-82-307(b)(3)(B).

48. Respondents failed to fulfill their fiduciary duty in the operation and oversight of the District by failing to provide adequate oversight and inspections and by failing to maintain adequate documentation to show that payments made to H & H were for necessary and legitimate work that benefited the District's customers. These failures not only allowed the District to be susceptible to fraud, waste and abuse, but also increased the risk of damage to the water system due to a lack of proper inspections.

Respondents should therefore be removed from office pursuant to TENN. CODE ANN. § 7-82-307(b)(3)(B).

49. Respondents failed to fulfill their fiduciary duty in the operation and oversight of the District by failing to have a written, formalized agreement with H & H related to labor, equipment, and materials for more than twenty years. This failure exposed the District and its ratepayers to heightened financial risks because the expectations, responsibilities, and billing rates were not formally agreed upon by both parties in a legally binding contract. Respondents should therefore be removed from office pursuant to TENN. CODE ANN. § 7-82-307(b)(3)(B).

50. Respondents failed to fulfill their fiduciary duty in the operation and oversight of the District by authorizing inefficient and questionable practices regarding service disconnections. This failure created an increased risk of damage to the water system and also resulted in a loss of over \$30 to the District each time H & H removed and reinstalled a customer's meter. Respondents should therefore be removed from office pursuant to TENN. CODE ANN. § 7-82-307(b)(3)(B).

51. Respondents failed to fulfill their fiduciary duty in the operation and oversight of the District by inconsistently enforcing the District's water cutoff policy. As a result of this failure, paying customers subsidized water service for those who had not paid and were thus not entitled to water service. Additionally, Respondents' inconsistent application of the cutoff policy created inequitable results for those individuals whose service was disconnected pursuant to the cutoff policy. Respondents should therefore be removed from office pursuant to TENN. CODE ANN. § 7-82-307(b)(3)(B).

52. Respondents failed to perform a duty imposed by law by not adopting a purchasing policy as required by TENN. CODE ANN. § 7-82-801. The District did not have a purchasing policy until December 2, 2015. The failure to adopt and follow a purchasing policy allowed H & H to establish charges for maintenance and construction services *sua sponte* and without going through the pricing pressures of the competitive bidding process for over twenty years. In addition, the failure to adopt and follow a purchasing policy froze out any potentially qualified providers over the same amount of time. This failure placed the District and its customers at risk of being overcharged for services because Respondents lacked information from competing sources which would have assisted Respondents in objectively determining whether the charges were reasonable and cost-beneficial. Respondents should therefore be removed from office pursuant to TENN. CODE ANN. § 7-82-307(b)(3)(B).

REQUEST FOR RELIEF

WHEREFORE, undersigned counsel requests that an Order be entered by the Utility Management Review Board removing Respondents from their positions as Commissioners of the Cookeville Boat Dock Road Utility District pursuant to TENN. CODE ANN. § 7-82-307(b)(3)(B).

NOTICE OF HEARING AND RIGHTS OF RESPONDENT(S)

1. Respondents Danny Burgess and Marshall Cass are hereby notified that a hearing shall be conducted in this matter before the Honorable Kim Summers, Administrative Law Judge, in Nashville, Tennessee.

2. Said Hearing will be convened by Order of the Administrative Law Judge at 10:00 a.m. on June 2, 2016, at Legislative Plaza, Room 31, Nashville, TN 37243.

3. At that time, the undersigned counsel will present proof upon the matter of Respondents' removal from their positions as commissioners of the Cookeville Boat Dock Road Utility District pursuant to TENN. CODE ANN. §§ 7-82-301 *et seq.*

4. Failure of Respondents to so appear may result in an entry of a Default Order.

5. The Hearing will be conducted in accordance with the Uniform Administrative Procedures Act, compiled at TENN. CODE ANN. §§ 4-5-101 *et seq.*

6. Respondents have the right to be represented by counsel at their own expense; an appearance by a party at a hearing without counsel may be deemed a waiver of the right to counsel.

7. Respondents have the right to have witnesses subpoenaed and present at the Hearing, and to present evidence and testimony on Respondents' own behalf.

8. A copy of this Notice and Petition is being sent United States Regular First Class Mail and Federal Express Overnight Delivery, with adult signature required, to Respondents at their personal addresses listed below. The original of this Notice and Petition has been filed with the Office of the Secretary of State, Administrative

Procedures Division, 8th Floor Wm. R. Snodgrass Tennessee Tower, 312 Rosa L. Parks
Boulevard, Nashville, Tennessee 37243.

Respectfully submitted this 29th day of April, 2016.



Greg L. Cothron
(BPR No. 019347)
Assistant General Counsel
Comptroller of the Treasury
Office of General Counsel
505 Deaderick Street
17th Floor, James K. Polk Building
Nashville, Tennessee 37243
(615) 401-7749
greg.cothron@cot.tn.gov

Certificate of Service

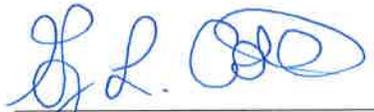
I hereby certify that I have forwarded a copy of this Notice and Petition via United States Regular First Class Mail and Federal Express Overnight Delivery, with adult signature required to Respondents and also via email and first class mail to legal counsel for the Cookeville Boat Dock Road Utility District:

Commissioner Danny Burgess (Tracking No.: 868937513416)
1924 Hooper Burgess Road
Cookeville, TN 38506

Commissioner Marshall Cass (Tracking No.: 868937513427)
8431 Burgess Falls Road
Baxter, TN 38544

Shawn C. Fry (Via Email and First Class Mail)
Attorney for Cookeville Boat Dock Road
Utility District
165 East Spring Street
Cookeville, TN 38501
sfry@lawfry.com

on this the 29th day of April, 2016.



Greg L. Cothron
Certifying Attorney
BPR No. 019347

Hood v. Ocoee Utility District

- | | |
|---|---------|
| 1. Hood Complaint Form | Pg. 76 |
| 2. Ocoee Utility District Consideration Form | Pg. 79 |
| 3. Hood Original Complaint | Pg. 80 |
| 4. Ocoee Utility District Complaint Form | Pg. 109 |
| 5. Ocoee Utility District Response to Complaint | Pg. 114 |
| 6. Ocoee Utility District Minutes (04/20/2016) | Pg. 125 |



STATE OF TENNESSEE
Utility Management Review Board
 James K. Polk State Office Building
 505 Deaderick Street, Suite 1700
 Nashville, Tennessee 37243-1402
 Phone (615) 401-7879 Fax (615) 741-1551

INFORMAL HEARING FORM

Project Complaint – Developers or Customers, Tenn. Code Ann. § 7-82-702(a)(9)¹

Contact Information:

Customer

Developer
 Martin Brown Construction Company, Inc. and

Name: Trinity Development Enterprises, LLC

Utility District: Ocoee Utility District of Bradley and Polk Counties, Tennessee

Telephone – Primary: (423) 756-5171

Telephone – Alternate: (423) 422-3665

Email: ghenry@gearhiserpeters.com

Address: 320 McCallie Avenue

Chattanooga, Tennessee 37402

Zip Code: 37402

¹Tenn. Code Ann. § 7-82-702(a)(9) provides: "Review and conduct an informal hearing of any decision of any utility district upon a written request of any utility district customer or an affected developer concerning the justness and reasonableness of the utility district's requirement that the customer or the developer build utility systems to be dedicated to the utility district or the justness and reasonableness of fees or charges against the customer or the developer related to the utility systems. The written complaint must be filed within thirty (30) days after the utility board has taken action upon a written complaint to the board of commissioners of the utility district. In making its decision as to whether the requirements, fees, or charges are just and reasonable, the utility management review board shall take into account the reasonableness of the utility district's rules, policies, and cost of service as well as any evidence presented during the hearing. Any judicial review of any decision of the board will be held by common law certiorari within the county in which the hearing was held".

Jurisdiction:

Has complainant made a formal complaint with the utility district?

Yes No

Please provide the date of the complaint and attach a copy of it to this form.

Date: October 5, 2015 and April 20, 2016

Allegation of Facts:

Provide a detailed account of facts that led to this complaint. Please lay the case out chronologically and highlight the most important facts.

Please see attached letter to Betsy Knotts dated January 25, 2016.

Causes of Action:

Please explain why you believe the utility district's requirements, fees, or charges are reasonable or unreasonable.

Please see attached letter to Betsy Knotts dated January 25, 2016.

Did the utility district follow its policies or procedures? Does the utility district lack policies and procedures that address this type of complaint?

Martin Brown Construction, Inc. and Trinity Development Enterprises, LLC contend that Ocoee Utility District does not have written policies or procedures relating to backup power supplies or the assessment of unauthorized use fees when Ocoee Utility District does not provide a water meter in a timely fashion. To the extent such policies exist, Ocoee Utility District violated those policies by not insisting on a backup power supply prior to submitting plans to the

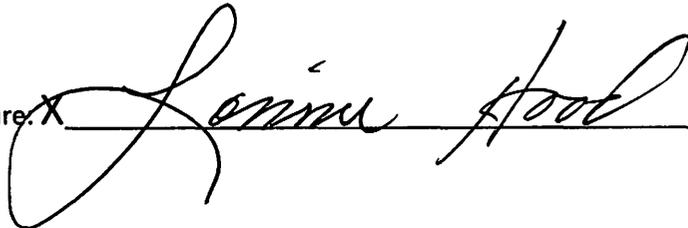
Relief Sought: Department of Environment and Conservation or providing a water meter in a timely fashion.

Please provide detailed information related to the remedy(ies) that you are seeking.

Martin Brown Construction Company, Inc. and Trinity Development Enterprises, LLC are seeking a determination that Ocoee Utility District should bear the cost of a backup power supply to the extent such a backup power supply is deemed necessary or desirable. Furthermore, Martin Brown Construction Company, Inc. and Trinity Development Enterprises, LLC seeks a withdrawal or waiver of the unauthorized use fee assess by Ocoee Utility District.

I hereby certify that the information provided above is true and correct to the best of my knowledge.

Signature: X



Date:

5/12/16

Please mail, e-mail, or fax copies of any documentation, such as bills, that the Board would need to review when hearing the case, to:

John Greer
Utility Board Specialist
505 Deaderick Street, Suite 1700, James K. Polk Building
Nashville, TN 37243
Phone: (615) 401-7879
Fax: (615) 741-1551
john.greer@cot.tn.gov

If you will be represented by an attorney, please provide his/her contact information below:

Name: Gary L. Henry, Esq.
Telephone – Primary: (423) 756-5171
Telephone – Secondary: (423) 266-1605
Email: ghenry@gearhiserpeters.com
Address: 320 McCallie Avenue
Chattanooga, Tennessee
Zip Code: 37402

Under Tenn. Code Ann. § 7-82-702(a)(9), any judicial review of any decision of the Utility Management Review Board will be held by common law certiorari within the county in which the informal hearing was held.



ODD Board Consideration Form

Any request to adjust or modify a customer's account which falls outside OUD's policy and procedure guidelines must be approved by the OUD Board of Commissioners.

Board Meeting Date 10/21/15 Account # 15-00988-001

Customer Name Martin Brown Construction Co Inc

Address 191 Broken Arrow Ln SW
Cleveland TN 37311

Reason for Request Unlawful TAP Fee. / AFTER I PAID FOR A meter that I WASH + install
Refusal to install meter &
provide water service.

Customer Signature Jennie Hoop Date 10/6/15

Board Decision _____

Customer notified by _____ Date _____

**GEARHISER, PETERS,
ELLIOTT & CANNON, PLLC**
ATTORNEYS AND COUNSELORS AT LAW

320 McCallie Avenue
Chattanooga, Tennessee 37402
Telephone 423.756.5171
Facsimile 423.266.1605
www.gearhiserpeters.com
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*R. WAYNE PETERS
*ROBERT L. LOCKABY, JR.
SAM D. ELLIOTT
WADE K. CANNON
LEE ANN ADAMS
*BEVERLY S. EDGE
DAVID G. McDOWELL
*GARY L. HENRY
**ELEANOR G. LaPORTE
CORRIN P. FULTON
STACY H. FARMER
***DAVID W. HUNTER
JUSTIN B. FAITH
CHARLES J. GEARHISER (1938-2013)
*ALSO ADMITTED IN GEORGIA
**ALSO ADMITTED IN MISSISSIPPI
***ALSO ADMITTED IN ALABAMA

January 25, 2016

Betsy Knotts, Esq.
Assistant General Counsel
Comptroller of the Treasury
James K. Polk Building, Suite 1700
505 Deaderick Street
Nashville, Tennessee 37243

Re: Informal Hearing Written Complaint by Martin Brown Construction Company, Inc. and Trinity Development Enterprises, LLC against Ocoee Utility District of Bradley and Polk Counties, Tennessee

Dear Ms. Knotts:

As you are aware, this firm represents Martin Brown Construction Company, Inc. ("Martin Brown") and Trinity Development Enterprises, LLC ("Trinity") in connection with a dispute involving the Ocoee Utility District of Bradley and Polk Counties, Tennessee ("OUD"). Pursuant to your request, please accept this letter as a written complaint concerning the justness and reasonableness of OUD's charges for unauthorized water use and requirement that Martin Brown and Trinity pay for the installation of a back-up power supply. This written complaint is submitted to the Utility Management Review Board pursuant to T.C.A. Section 7-82-702(a)(9).

By way of background, Martin Brown and Trinity have formed a joint venture for the purpose of developing a subdivision in Bradley County, Tennessee known as Farmingdale Trails Subdivision ("Subdivision"). In conjunction with the development of Subdivision, Martin Brown and Trinity submitted a Water Distribution Report to OUD for approval and subsequent transmission to the Tennessee Department of Environment and Conservation ("TDEC"). The Water Distribution Report did not include plans for a back-up power supply for the Subdivision. OUD reviewed and submitted the Water Distribution Report without alteration to TDEC for approval. A copy of OUD's letter to TDEC transmitting the Water Distribution Report is enclosed. TDEC later approved the Water Distribution Report for the Subdivision without requiring a back-up power supply as evidenced by the enclosed letter from TDEC to OUD dated August 25, 2014.

Even though OUD and TDEC approved the Water Distribution Report without requiring a back-up power supply for the Subdivision, OUD has since demanded that Martin Brown and Trinity

GEARHISER, PETERS, ELLIOTT & CANNON, PLLC

January 25, 2016

Page 2

pay for the installation of a back-up power supply for the Subdivision. Given this history, OUD's requirement that Martin Brown and Trinity pay for the installation of a back-up power supply for the Subdivision is both unjust and unreasonable.

In addition, OUD has assessed unauthorized use fees against Martin Brown and Trinity for tapping into a water line. In an effort to maintain the timing of the development of the Subdivision, Martin Brown contracted with OUD for the installation of a water meter on May 25, 2015. A copy of the Ocoee Utility District Water Service Contract under which Martin Brown contracted for the installation of a water meter is enclosed with this letter. Upon the execution of the contract, Martin Brown tendered all fees charged by OUD for the water meter. Despite this, OUD did not install a water meter under the Ocoee Utility District Water Service Contract until sometime after June 26, 2015.

Between May 15, 2015 and June 26, 2015, Martin Brown and Trinity made several attempts to communicate with OUD to demand that the water meter be installed. Martin Brown also asked third parties to contact OUD regarding the installation of a water meter as agreed. Tim C. Lawson (hereinafter "Mr. Lawson"), OUD's manager, indicated to at least one of those third parties that, even though OUD would not normally require the installation of a back-up generator or power supply in similar situations, OUD was withholding the installation of a water meter until the installation of a back-up power supply because Martin Brown and Trinity had made Mr. Lawson angry. Desperate for water, Martin Brown tapped into OUD's water line in order to continue developing the Subdivision. At that time, OUD assessed an unauthorized use fee, which Martin Brown and Trinity have paid under protest as reflected in the enclosed letter dated September 17, 2015 to Mr. Lawson. Under the circumstances, OUD's withholding of a water meter for the Subdivision and subsequent assessment of an unauthorized use fee are unreasonable and unjust.

In light of the above, Martin Brown and Trinity request that the Board find that OUD's requirement for the installation of a back-up power supply for the Subdivision and assessment of unauthorized use fees are both unreasonable and unjust. If the Board requires further information with regard to this written complaint, please do not hesitate to contact the undersigned.

Very truly yours,



Gary L. Henry.

Gearhiser, Peters, Elliott & Cannon, PLLC

cc: Mr. Lonnie Hood (via e-mail, w/enclosures)

WATER DISTRIBUTION REPORT

Revision 2, July 30, 2014

Prepared for:

Trinity Development Group
2640 Peerless Road, Northwest
Cleveland, Tennessee 37312
(423) 476-3035

For a project located at:

Farmingdale Subdivision
Intersection of Home Place Ct SE and Timberdale Trail
Cleveland, Tennessee 37323

Prepared by:



ENGINEERING GROUP



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Residential Water Consumption Assumptions	4
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Summary of Project

Phase X of the Farmingdale Subdivision Development in Cleveland, Tennessee is a single-family development project. This project will involve the subdivision of an existing 43 acre tract into 70 new single-family lots. The new lots will all be accessed from new public roads that will be constructed as part of this development. The existing public water will be extended to serve the new lots.

During the construction of the new roads, storm drainage and utilities, it is expected that 43 acres will be disturbed and coverage under the TNGCP is requested. The existing site is mostly woodlands and brush. The average slope on the property is 15% and this development will not substantially alter the average grade.

The proposed 6-inch water line will be installed parallel with the proposed roads and will serve the 70 residential homes and five new fire hydrants. This 4,193 linear foot expansion of the water distribution system will be able to adequately provide residential and fire flows to the new subdivision.

The Problem, Alternate Solutions and Recommendation

In order to develop the 43-acre tract of land for single-family residential use, residential water and fire protection is required in this section of Bradley County. The two alternatives evaluated were individual wells or connection to the existing public water system. The Ocoee Utility District's existing distribution system was evaluated and it was determined to have adequate capacity to serve the demands of the new development.

Due to the close proximity of public water it is recommended that this development be served by the existing Ocoee Utility District's distribution system.

General Information

The existing water system is owned and operated by the Ocoee Utility District. Once this development is complete, the expansion will also be owned and operated by this utility. Their contact information is:

Ocoee Utility District
5631 Waterlevel Highway
Cleveland, Tennessee 37323
(423)-559-8505

Extent of New Water Works

The proposed development will subdivide the existing 43-acre tract of land with the new roads that will allow for the construction of 70 additional homes. The new water line expansion runs parallel with the proposed roads with three terminations at the three proposed cul-de-sacs with no potential for further expansion of the line. The expansion will consist of 4,193 feet of 6-inch line. This parcel and all of the surrounding property is currently zoned and is being utilized as single family residential and no industrial, commercial, or institutional developments are expected.

Soil, Ground Water Conditions, and Foundation Problems

Table 1.1 below summarizes the soils found in the vicinity of this site according to the USDA Natural Resources Conservation Service.

Table 1.1 USDA Soil Data.

Soil Type
Clarksville Cherty Silt Loam
Greendale Cherty Silt Loam
Minvale Cherty Silt Loam
Fullerton Cherty Silt Loam

The USDA also approximates that groundwater is expected at five and a half feet or more over the entire areas.

Most homes in the vicinity of this project have crawl space foundations with some slab on grade. There are no known foundation issues due to ground water in this area.

Residential Water Consumption Assumptions

The proposed expansion is designed for a maximum of 70 single-family homes. It is assumed that these homes will have an instantaneous peak demand of 2 gallons per minute per connection. A minimum water pressure of 20 pounds per square inch or greater is provided to each connection point for these homes.

Fire Protection

There are five new fire hydrants proposed for this expansion. Each hydrant is capable of providing a minimum of 500 gallons per minute of flow without lowering the pressure in the immediate system below 20 pounds per square inch.

Wastewater System

The houses in the subdivision will be served by individual septic systems instead of a public wastewater system.

Distribution System Model

This water line expansion was modeled using the Hazen-Williams head loss formulas in EPANET 2.0 computer software program. The diagram for this model as well as the results of the simulation can be found in the Appendix of this document. In this computer program the existing distribution system was modeled as a pump and a reservoir at the tie in with the three point pump curve determined from a hydrant flow test from Ocoee Utility District. This flow test was run on a fire hydrant located at Farmingdale Place and Heather Oaks Trail. This test indicated that this hydrant was capable of providing 800 gallons per minute of flow with a residual pressure of 56 pounds per square inch. Under static conditions, this hydrant had a pressure of 80 pounds per square inch. An existing pump station was also modeled. Two Gould 30 horsepower and one Gould 7.5 horsepower pumps were added to the system after the fire hydrant. The pump station shall be set to a maximum pressure of 150 psi. The pump curve for two of the pumps in the existing pump house are no longer available and pump curves for Gould 30 horsepower were assumed to be reasonably close and were used in this model.

Two computer simulations were run. First, the simulation evaluated the effect of the 70 new single-family homes for peak demand. This simulation predicted that if 70 new homes were added to the system as shown there would be a minimum pressure in the system at Junct Node_5 of 70.72 pounds per square inch, and a maximum velocity in the 6-inch diameter pipe of Pipe ExPI_1 and 2 and Pipe 1 of 1.54 feet per second. The second simulation evaluated the effect of fire flow on the system. Under fire flow conditions the minimum pressure in the system was found at Junct Ex_2 and the pressure at this point dropped to 31 pounds per square inch. The maximum velocity in the new system was found in the 6-inch diameter water line of Pipe ExPI_1 and 2 and Pipe 1, 5, 8, and 9 under this fire flow was 5.67 feet per second.

Appendix A

Plans Review Fee Worksheet

**TENNESSEE DEPARTMENT OF ENVIRONMENT & CONSERVATION
DIVISION OF WATER SUPPLY**

**PLANS REVIEW FEE WORKSHEET
(PLEASE SUBMIT THIS WORKSHEET WITH EACH PROJECT)**

<u>ACTIVITY</u>	<u>FEE PAID</u>	<u>FEE DUE</u>
1. Well or Spring Development at \$200 each	= \$ _____	\$ _____
2. Chemical Control Plant at \$400	= \$ _____	\$ _____
3. Disinfection Systems		
a. Gaseous at \$300		
b. Hypochlorinator at \$150	= \$ _____	\$ _____
4. Filter Plant at \$1000	= \$ _____	\$ _____
5. Pump Stations at \$250 each	= \$ _____	\$ _____
6. Tanks at \$225 each	= \$ _____	\$ _____
7. Standard Specification at \$100	= \$ _____	\$ _____
8. Tank Recoating at \$50 each	= \$ _____	\$ _____
9. Sludge Treatment and Handling at \$150	= \$ _____	\$ _____
10. Water Lines		
a. 1000 feet or less at \$100	= \$ _____	\$ _____
b. Over 1000 feet at \$100 + (.01) (feet over 1000)	= \$ <u>131.93</u>	\$ _____
11. Change Orders at \$50 each	= \$ _____	\$ _____
12. Operation and Maintenance Manual at \$150	= \$ _____	\$ _____
13. New Water Source & Site Evaluation at \$300	= \$ _____	\$ _____
14. Site Evaluation for Water Plant Sludge Application at \$300	= \$ _____	\$ _____
15. Miscellaneous (Eng. Reports, Addendums etc.) at \$50 each	= \$ _____	\$ _____

TOTAL PLANS REVIEW FEE = 131.93 Payable to The State of Tennessee

Name of Project: Farmingdale

Name of Public Water System: Ocoee Utility District

County: Bradley

Engineer: Rocky Chambers

Payment by: Water System Engineer Other: _____

Address: _____

STATE ENGINEER USE ONLY

Project #: _____

FWSID #: _____

Comments: _____

FOR OFFICE USE ONLY

Postmark date: _____

Date Received: _____

Check #: _____

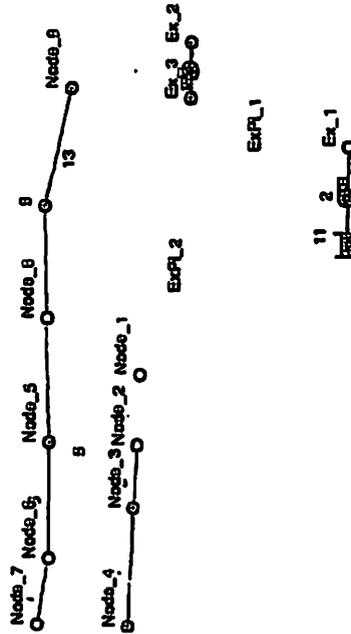
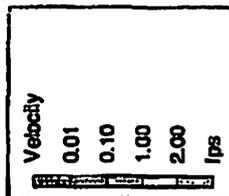
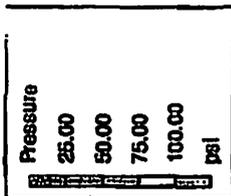
Check Amount: _____

Receipt #: _____

Cash Deposit #: _____

Appendix B

Instantaneous Peak Demand Results



Network Table - Links

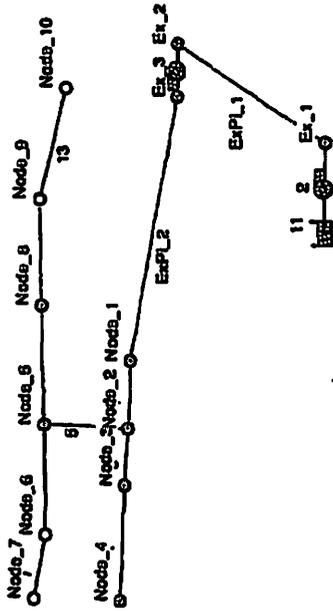
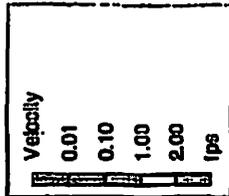
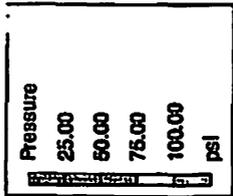
Link ID	Length ft	Diameter in	Flow GPM	Velocity fps	Unit Headloss r/Kft	Friction Factor
Pipe 4	565	6	24.00	0.27	0.07	0.032
Pipe 6	583	6	30.00	0.34	0.11	0.031
Pipe 7	299	6	12.00	0.14	0.02	0.035
Pipe 8	650	6	68.00	0.77	0.51	0.028
Pipe ExPi_1	2232	6	136.00	1.54	1.84	0.025
Pipe ExPi_2	2275	6	-136.00	1.54	1.84	0.025
Pipe 1	336	6	136.00	1.54	1.84	0.025
Pipe 3	244	6	32.00	0.36	0.13	0.031
Pipe 5	423	6	98.00	1.11	1.00	0.026
Pipe 9	630	6	40.00	0.45	0.19	0.030
Pipe 13	463	6	16.00	0.18	0.04	0.034
Pump 2	#N/A	#N/A	136.00	0.00	-181.56	0.000
Pump 10	#N/A	#N/A	136.00	0.00	-104.00	0.000
Pump 11	#N/A	#N/A	0.00	0.00	0.00	0.000
Pump 12	#N/A	#N/A	0.00	0.00	0.00	0.000

Network Table - Nodes

Node ID	Elevation ft	Demand GPM	Head ft	Pressure psi
Junc Node_1	1019	0.00	1237.25	94.57
Junc Node_3	997	8.00	1236.60	103.82
Junc Node_4	1003	24.00	1236.56	101.20
Junc Node_5	1073	0.00	1236.21	70.72
Junc Node_6	1057	18.00	1236.14	77.62
Junc Node_7	1056	12.00	1236.14	78.05
Junc Node_8	1062	28.00	1235.88	75.34
Junc Node_9	988	16.00	1235.74	107.35
Junc Ex_1	960	0.00	1141.56	78.67
Junc Ex_2	972	0.00	1137.45	71.69
Junc Ex_3	972	0.00	1241.45	116.75
Junc Node_2	1010	6.00	1236.63	98.20
Junc 9	1004	24.00	1235.76	100.42
Resvr 11	960	-136.00	960.00	0.00

Appendix C

Fire Flow Demand Results



Network Table - Links

Link ID	Length ft	Diameter in	Flow GPM	Velocity fps	Unit Headloss ft/Kft	Friction Factor
Pipe 4	565	6	0.00	0.00	0.00	0.000
Pipe 6	583	6	0.00	0.00	0.00	0.000
Pipe 7	299	6	0.00	0.00	0.00	0.000
Pipe 8	650	6	500.00	5.67	20.55	0.021
Pipe ExPi_1	2232	6	500.00	5.67	20.55	0.021
Pipe ExPi_2	2275	6	-500.00	5.67	20.55	0.021
Pipe 1	336	6	500.00	5.67	20.55	0.021
Pipe 3	244	6	0.00	0.00	0.00	0.000
Pipe 5	423	6	500.00	5.67	20.55	0.021
Pipe 9	630	6	500.00	5.67	20.55	0.021
Pipe 13	463	6	0.00	0.00	0.00	0.000
Pump 2	#N/A	#N/A	500.00	0.00	-150.76	0.000
Pump 10	#N/A	#N/A	88.78	0.00	-234.44	0.000
Pump 11	#N/A	#N/A	205.61	0.00	-234.44	0.000
Pump 12	#N/A	#N/A	205.61	0.00	-234.44	0.000

Network Table - Nodes

Node ID	Elevation ft	Demand GPM	Head ft	Pressure psi
Junc Node_1	1019	0.00	1252.60	101.22
Junc Node_3	997	0.00	1245.69	107.76
Junc Node_4	1003	0.00	1245.69	105.16
Junc Node_5	1073	0.00	1237.00	71.06
Junc Node_6	1057	0.00	1237.00	77.99
Junc Node_7	1056	0.00	1237.00	78.43
Junc Node_8	1062	0.00	1223.65	70.04
Junc Node_10	988	0.00	1210.70	96.50
Junc Ex_1	960	0.00	1110.76	65.32
Junc Ex_2	972	0.00	1064.90	40.25
Junc Ex_3	972	0.00	1299.34	141.84
Junc Node_2	1010	0.00	1245.69	102.13
Junc Node_9	1004	500.00	1210.70	89.56
Resvr 11	960	-500.00	960.00	0.00

OCOEE UTILITY DISTRICT

August 12, 2014

Bill Hench, P.E.
Tennessee Department of Environment & Conservation
Division of Water Resources
Engineering Section
William R. Snodgrass Tennessee Tower
312 Rosa L. Parks Avenue, 11th Floor
Nashville, TN 37243

Re: Farmingdale Trail Water Design Approval
Ocoee Utility District - Bradley County

Dear Mr. Hench,

Please find enclosed four (4) sets of plans and specs for the Farmingdale Trail residential subdivision in Bradley County. The plans submittal form and check for the review fee is also enclosed.

Please let me know if you have any questions or comments regarding this request.

Sincerely,



Tim C. Lawson, General Manager
Ocoee Utility District

Attach: Farmingdale Trail Plans (4)





STATE OF TENNESSEE
DEPARTMENT OF ENVIRONMENT AND CONSERVATION
Division of Water Resources
William R. Snodgrass Tennessee Tower
312 Rosa L. Parks Avenue, 11th Floor
Nashville, Tennessee 37243
Phone: 615-532-0191 Fax: 615-532-0686
For REGIONAL FIELD OFFICES
Call 1-888-891-TDEC

August 25, 2014

Mr. Tim C. Lawson
Ocoee Utility District
5631 Waterlevel Highway, SE
Cleveland, TN 37323

RE: Ocoee Utility District
PWSID # 0000525
Bradley County
Project Number WS 14-0929
Farmingdale Trail

Dear Mr. Lawson :

The Tennessee Department of Environment and Conservation, Division of Water Resources, acknowledges receipt of four sets of final construction documents on August 14, 2014.

This project consists of approximately 4,165 feet of 6-inch water line. As indicated by our stamp, this project has been approved for construction.

This letter, with the enclosed engineering documents bearing our official stamp, constitutes approval by the Commissioner of the Tennessee Department of Environment and Conservation for construction of the referenced facility. Approval is granted in accordance with the Tennessee Safe Drinking Water Act of 1983 and Regulations of the Tennessee Board of Water Quality, Oil and Gas. One complete set of plans and specifications, bearing the official stamp, must be kept at the construction site. Projects utilizing previously approved standard specifications are not required to maintain a stamped copy of the specifications at the construction site. All construction must conform with these approved documents. It is the responsibility of the water utility and/or their engineer to ensure that construction conforms to the plans and specifications. We have retained one set of this submittal for our records.

Approval expires one year from the stamped approval date unless construction is either underway or complete. Any request for its extension must be made prior to this expiration date.



August 25, 2014
Tim C. Lawson
Page 2

Deviations from the approved plan documents which may affect the quality or quantity of potable water must be submitted and approved in writing before such changes are made.

The Division's appropriate field office may desire to schedule an inspection of the construction work to verify compliance with the approved plans and specifications. Therefore, the engineer or the water utility shall notify the Chattanooga Field Office of the start of construction. This notification may be made by completing and mailing the attached "Construction Start Notification" form to the field office.

To expedite matters, please reference the assigned WS Project Number on future correspondence. If we may be of any assistance, please contact Khaldoun Kailani at (615) 532-0167.

Sincerely,



R. William Hench, P.E.
Drinking Water Engineering
Division of Water Resources

RWH/KK DWS104

Enclosures: Approved Construction Documents
Construction Start Notification Form

Cc: Chattanooga Field Office - Division of Water Resources

OCOEE UTILITY DISTRICT WATER SERVICE CONTRACT

17744

The undersigned, William Brown Const hereinafter called "APPLICANT", requests the Ocoee Utility District, hereinafter called "DISTRICT", to furnish water service subject to the terms and conditions as hereinafter set forth:

1. The DISTRICT shall provide a complete water meter installation upon receipt of a non-refundable tapping fee of \$ 100.00.
2. The DISTRICT shall provide water service to the APPLICANT upon receipt of a non-refundable application fee of \$ 50.00, plus a refundable deposit of \$ 50.00.
3. Meter size 3/4" Agricultural Commercial Residential
4. The DISTRICT shall render a monthly statement for metered water which is due and payable upon receipt and becomes delinquent after the close of business on the due date. In the event that service is discontinued by the DISTRICT and the meter is disconnected for nonpayment of charges but later reconnected at the APPLICANT'S request and the DISTRICT'S option, the APPLICANT agrees to pay, prior to reconnection, all amounts due to the DISTRICT plus such reconnection fee and additional deposit as the DISTRICT shall determine.
5. The APPLICANT shall connect to the meter connection and install a service line from the meter to the place of actual use. This connection is restricted to one unit. NO OTHER CONNECTION OR UNIT WILL BE ADDED TO THIS SERVICE LINE WITHOUT THE DISTRICT'S WRITTEN PERMISSION. WATER SERVICE MAY BE PERMANENTLY TERMINATED IF ANY UNAUTHORIZED CONNECTIONS ARE FOUND.
6. The APPLICANT shall be responsible for the payment of all metered water until the DISTRICT receives a request from the APPLICANT for termination of service.
7. The APPLICANT agrees to pay the DISTRICT the minimum bill after water is available, whether the water is actually used or not.
8. The APPLICANT agrees to pay the DISTRICT in accordance with the DISTRICT'S rate schedule on file at the DISTRICT office.
9. The APPLICANT shall comply with the requirements of the Tennessee Department of Health that the APPLICANT'S existing, or any future, water supply lines from wells, springs, private supplies, etc., will in no way be interconnected to the DISTRICT'S lines. These lines will be completely separate from the DISTRICT'S lines at all times.
10. The APPLICANT shall install a shut-off valve and a pressure regulator on the APPLICANT'S service line immediately after the connection of the APPLICANT'S service line to the meter. The shut-off valve on the meter is to be operated by DISTRICT personnel only and is not to be operated by the APPLICANT.
11. It is unlawful for a person to in any way injure, remove, destroy or interfere with any DISTRICT lines or appurtenances. *Tennessee Code 65-35-102.*

The APPLICANT hereby agrees that the terms and conditions hereinafter set forth shall apply to this application and agrees to be bound by them.

5-15-15
Date

[Signature]
Applicant's Signature

Ocoee Utility District

Account Number _____

Name William Brown Const Telephone 313-1444

Service Address 100 Buena Vista Trail DOB 1-13-59

Mailing Address 101 Broken Arrow Trail

S.S. Number 101-7-10 Driver's License Number DL730911

Employer [Signature] Telephone _____

Spouse _____ Employer _____ Telephone _____

Relative _____ Relationship _____ Telephone _____

Owner William Brown Const Telephone _____



(See Reverse Side)

**GEARHISER, PETERS,
ELLIOTT & CANNON, PLLC**
ATTORNEYS AND COUNSELORS AT LAW

320 McCallie Avenue
Chattanooga, Tennessee 37402
Telephone 423.756.5171
Facsimile 423.266.1605
www.gearhiserpeters.com
ghenry@gearhiserpeters.com

*R. WAYNE PETERS
*ROBERT L. LOCKABY, JR.
SAM D. ELLIOTT
WADE K. CANNON
LEE ANN ADAMS
*BEVERLY E. EDGE
DAVID G. McDOWELL
*GARY L. HENRY
*ELEANOR G. LAFORTE
CORIN P. FULTON
STACY H. PARKER
**DAVID W. HUNTER
JUSTIN B. FAITH
CHARLES J. GEARHISER (1933-2013)
*ALSO ADMITTED IN GEORGIA
**ALSO ADMITTED IN MISSISSIPPI
***ALSO ADMITTED IN ALABAMA

September 17, 2015

VIA FEDERAL EXPRESS

Mr. Tim Lawson
Ocoee Utility District of Bradley and Polk Counties, Tennessee
Post Office Box 305
Ocoee, Tennessee 37361

Re: **Account No.:** 15-00988-001
 Customer Name: Martin Brown Construction Company, Inc.
 Service Location: 120 Briar Meadow Trail

Dear Mr. Lawson:

As you are aware from my prior correspondence, this firm represents Martin Brown Construction Company, Inc. ("Martin Brown"). Enclosed please find a copy of the most recent bill for the above-referenced account number in the amount of \$322.66. Martin Brown does not dispute \$21.06 of the charges on the enclosed bill for water service between July 20, 2015 and August 20, 2015. However, the enclosed bill indicates there is a balance forward of \$301.60, which you confirmed on September 15, 2015 represents an unauthorized use fee. Martin Brown's position on the validity of such a fee is outlined in my letter of August 10, 2015, a copy of which is enclosed with this letter. Martin Brown continues to dispute Ocoee Utility District of Bradley and Polk Counties, Tennessee's attempt to impose such a fee, which will be the subject of a forthcoming legal action.

In light of the above, enclosed please find a check for \$322.66, which Martin Brown is tendering in full satisfaction of the enclosed bill. Take notice that Martin Brown's tender of the enclosed payment is made under protest, and Martin Brown does not waive and expressly reserves any claims based on the assessment of an unauthorized use fee. The sole reason that Martin Brown is tendering payment for the unauthorized use fee is to prevent any interruption in Martin Brown's water service until all issues relating to the unwarranted and inappropriate unauthorized use fee are resolved.



GEARHISER, PETERS, ELLIOTT & CANNON, PLLC

September 17, 2015

Page 2

Very truly yours,

A handwritten signature in black ink, appearing to read "Gary L. Henry". The signature is fluid and cursive, with a large initial "G" and "H".

Gary L. Henry

For Gearhiser, Peters, Elliott & Cannon, PLLC

GLH:jlo

cc: Mr. Lonnie R. Hood (via e-mail w/o enclosures)

**GEARHISER, PETERS,
ELLIOTT & CANNON, PLLC**
ATTORNEYS AND COUNSELORS AT LAW

320 McCallie Avenue
Chattanooga, Tennessee 37402
Telephone 423.756.5171
Facsimile 423.266.1605
www.gearhiserpeters.com
ghenry@gearhiserpeters.com

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September 17, 2015

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Mr. Tim Lawson
Ocoee Utility District of Bradley and Polk Counties, Tennessee
Post Office Box 305
Ocoee, Tennessee 37361

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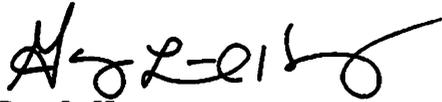
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GEARHISER, PETERS, ELLIOTT & CANNON, PLLC

September 17, 2015

Page 2

Very truly yours,

A handwritten signature in black ink, appearing to read "G. L. Henry". The signature is fluid and cursive, with a large loop at the end.

Gary L. Henry
For Gearhiser, Peters, Elliott & Cannon, PLLC

GLH:jlo

cc: Mr. Lonnie R. Hood (via e-mail w/o enclosures)

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ELLIOTT & CANNON, PLLC**
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***ALSO ADMITTED IN ALABAMA

August 10, 2015

VIA U.S. MAIL AND ELECTRONIC MAIL

Mr. Tim Lawson
Ocoee Utility District of Bradley and Polk Counties, Tennessee
Post Office Box 305
Ocoee, Tennessee 37361
timoud@bellsouth.net

Re: Farmingdale Trails Subdivision

Dear Mr. Lawson:

I have and thank you for the missing page from the Water Service Contract that I requested in my letter of July 30, 2015. I have enclosed a check made payable to the Ocoee Utility District in the amount of \$6.60, which represents payment for forty-four copies at \$0.15 each.

You did not inform me of the Board's decision regarding the District's demand for a backup power supply or imposition of a \$250.00 unauthorized tap fee. Regardless of the Board's decision in this regard, it appears that the District submitted plans to the Department of Environment and Conservation on August 12, 2014 that did not require Martin Brown Construction Company or Trinity Development Group to provide a generator or backup power supply. The Department of Environment and Conservation unqualifiedly approved those plans on August 25, 2014 without requiring a generator or other backup power supply. As such, neither Martin Brown Construction Company nor Trinity Development Group are responsible for providing a generator or backup power supply for Farmingdale Trails Subdivision. Moreover, the District's unwarranted delays in providing a water meter despite Martin Brown Construction Company's compliance with all prerequisites for obtaining a meter makes the unauthorized tap fee improper.

In light of the above, any attempt to require the installation of a backup power supply or impose an unauthorized tap fee will be vigorously resisted.

Very truly yours,



Gary L. Henry
For Gearhiser, Peters, Elliott & Cannon, PLLC

GLH:tr

cc: Mr. Lonnie R. Hood (via e-mail)

12792

GEARHISER, PETERS, ELLIOTT
AND CANNON, PLLC
320 McCallie Avenue
Chattanooga, TN 37402
423-756-5171

REGIONS BANK
87-1/840

DATE
Aug 10, 2015

CHECK
12792

AMOUNT
\$6.60

Details on Back
Security Features Included

PAY *** Six ***** 60/100

TO THE Ocoee Utility District
ORDER
OF

Bill Wood
AUTHORIZED SIGNATURE

E101: Document Reproduction

⑈00012792⑈ ⑆064000017⑆ 0104467221⑈



OCOEE UTILITY DISTRICT

PO BOX 305

OCOEE, TN 37361

423-559-8505

OFFICE HOURS: 8:00 AM - 4:30 PM MONDAY - FRIDAY

www.ocoeeutility.com

ACCOUNT NUMBER	CUSTOMER NAME		SERVICE ADDRESS			
15-00988-001	Martin Brown Construction		120 Briar Meadow Trail			
SERVICE DESCRIPTION	METER #	READING DATES	PREVIOUS	PRESENT	USAGE	CHARGES
Balance Forward	10533816	07/20/2015 08/20/2015	0	0	0	301.60
WATER						16.00
Leak Protection						1.00
Surcharge						2.50
State Tax						1.56

Bills not paid 10 days after the due date of each month are subject to disconnection without further notice. Failure to receive a bill does not relieve a customer of payment or penalty. A disconnection fee plus current bill must be paid before service can be reinstated. Any reconnections done outside of normal business hours will incur an additional service charge. See ocoeeutility.com for the current fee structure.

For your convenience, payment may be made by bank draft or at the following if paid on or before the due date of each month

First Volunteer Bank First Bank of Tennessee

Visa, Mastercard, and Discover payments are accepted in our office, by phone, and the internet. A convenience fee of \$1.50 per payment will be charged for any payments made by phone or through the website.
www.ocoeeutility.com

Total Due on or before: 09/20/2015	322.66
Add penalty after due date:	1.60
Total Due After: 09/20/2015	324.26

The Ocoee Utility District Board of Commissioners meets the third Wednesday of each month, 1:00 P.M., at the District Office, 5631 Waterlevel Highway, Cleveland, TN.

Our 2014 Consumer Confidence Report is now available at <http://goo.gl/JjvFgj>, or ask for a copy at our office.

Your online password is 000444192465

PERIOD	GAL USED
CURRENT	0
LAST MONTH	0

Please bring entire bill when paying at our office to receive a receipt

Please Detach And Return Bottom Portion With Payment.

TN235698



Ocoee Utility District
PO Box 305
Ocoee TN 37361-0305
Return Service Requested

ACCOUNT NUMBER	15-00988-001
-----------------------	--------------

Total Due on or before: 09/20/2015	322.66
Add penalty after due date:	1.60
Total Due After: 09/20/2015	324.26

Please write your account number on your check and remit to:

AUTO UTOSCH 5-DIGIT 37323



MARTIN BROWN CONSTRUCTION
191 BROKEN ARROW LN SW
CLEVELAND TN 37311-8551

22 1

OCOEE UTILITY DISTRICT
PO BOX 305
OCOEE TN 37361-0305



MARTIN BROWN CONSTRUCTION CO.
FARMINGDALE TRAILS PROJECT
191 BROKEN ARROW LANE SW
CLEVELAND, TN 37311

1150

67-438/613

9/16/05

Date

Pay to the
Order of

OVD

\$ 322 ⁸⁶/₁₀₀

three hundred & twenty two ⁸⁶/₁₀₀

Dollars



CORNERSTONE
COMMUNITY BANK
Cultivah, Tennessee

For

[Signature]

⑆06 1304363⑆ 153032901⑆ 1150

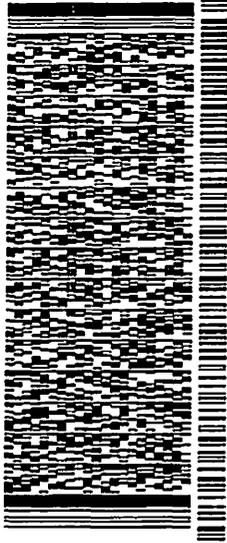
ORIGIN ID: CHA (423) 756-5171
GARY L. HENRY
GEARHISER
320 MCCALLIE AVENUE
CHATTANOOGA, TN 37402
UNITED STATES US

SHIP DATE: 17SEP15
ACTWGT:
CAD: 105607804/NET/3670
BILL SENDER

TO MR. TIM LAWSON
OCOE UTILITY DISTRICT OF BRADLEY A
5631 WATERLEVEL HIGHWAY

CLEVELAND TN 37361
(423) 559-8505
REF. GLH. MARTIN BROYNOCOE
PO DEPT

539.0/CBB9/3100



TRK# 7745 3586 2444
0201
FRI - 18 SEP 4:30P
PRIORITY OVERNIGHT

1A MMIA
37361
TN-US
CHA



After printing this label.

1. Use the "Print" button on this page to print your label to your laser or inkjet printer.
2. Fold the printed page along the horizontal line.
3. Place label in shipping pouch and affix it to your shipment so that the barcode portion of the label can be read and scanned.

Warning: Use only the printed original label for shipping. Using a photocopy of this label for shipping purposes is fraudulent and could result in additional billing charges, along with the cancellation of your FedEx account number.

Use of this system constitutes your agreement to the service conditions in the current FedEx Service Guide, available on fedex.com. FedEx will not be responsible for any claim in excess of \$100 per package, whether the result of loss, damage, delay, non-delivery, misdelivery, or misinformation, unless you declare a higher value, pay an additional charge, document your actual loss, and file a timely claim. Limitations found in the current FedEx Service Guide apply. Your right to recover from FedEx for any loss, including intrinsic value of the package, loss of sales, income, interest, profit, attorney's fees, costs, and other forms of damage, whether direct, incidental, consequential, or special is limited to the greater of \$100 or the authorized declared value. Recovery cannot exceed actual documented loss. Maximum for items of extraordinary value is \$1,000, e.g., jewelry, precious metals, negotiable instruments and other items listed in our Service Guide. Written claims must be filed within strict time limits; see current FedEx Service Guide.

BRANSTETTER, STRANCH & JENNINGS, PLLC

THE FREEDOM CENTER
223 ROSA L. PARKS AVENUE
SUITE 200
NASHVILLE, TENNESSEE 37203
TELEPHONE (615) 254-8801
FACSIMILE (615) 255-5419

CECIL D. BRANSTETTER, SR., 1920-2014
KARLA M. CAMPBELL
BEN GASTEL*
R. JAN JENNINGS*
JOE P. LENISKI, JR.
DONALD L. SCHOLES
MIKE STEWART
JAMES G. STRANCH, III
J. GERARD STRANCH, IV
MICHAEL J. WALL

ASSOCIATES:
RAQUEL L. BELLAMY
SEAMUS T. KELLY
ANTHONY A. ORLANDI
K. GRACE STRANCH

OF COUNSEL:
ROBERT E. RICHARDSON, JR. **

* ALSO ADMITTED IN GA
** ONLY ADMITTED IN OH

May 20, 2016

Via email and hand delivery

John Greer, Utility Board Specialist
Office of the Comptroller of the Treasury
Suite 1700 James K. Polk Building
505 Deaderick Street
Nashville TN 37243

Re: Complaint by Martin Brown Construction Company, Inc. and Trinity Development Enterprises, LLC against Ocoee Utility District

Dear John:

I have enclosed the Informal Hearing Form on the above-complaint completed by me on behalf of Ocoee Utility District. If you need anything further from me before the UMRB meeting on June 2, 2016, please let me know.

Sincerely yours,



DONALD L. SCHOLES

Enclosures

c: Gary L. Henry
Betsy Knotts
Tim Lawson



STATE OF TENNESSEE
Utility Management Review Board

James K. Polk State Office Building
505 Deaderick Street, Suite 1700
Nashville, Tennessee 37243-1402
Phone (615) 401-7879 Fax (615) 741-1551

INFORMAL HEARING FORM

Project Complaint – Developers or Customers, Tenn. Code Ann. § 7-82-702(a)(9)¹

Contact Information:

Customer

Developer

Name: Donald L. Scholes

Utility District: Ocoee Utility District

Telephone – Primary: 615-254-8801

Telephone – Alternate: _____

Email: dscholes@bsifirm.com

Address: 223 Rosa L. Parks Blvd, Suite 200

Nashville, Tennessee 37203

Jurisdiction:

Has complainant made a formal complaint with the utility district?

Yes No

Please provide the date of the complaint and attach a copy of it to this form.

¹Tenn. Code Ann. § 7-82-702(a)(9) provides: "Review and conduct an informal hearing of any decision of any utility district upon a written request of any utility district customer or an affected developer concerning the justness and reasonableness of the utility district's requirement that the customer or the developer build utility systems to be dedicated to the utility district or the justness and reasonableness of fees or charges against the customer or the developer related to the utility systems. The written complaint must be filed within thirty (30) days after the utility board has taken action upon a written complaint to the board of commissioners of the utility district. In making its decision as to whether the requirements, fees, or charges are just and reasonable, the utility management review board shall take into account the reasonableness of the utility district's rules, policies, and cost of service as well as any evidence presented during the hearing. Any judicial review of any decision of the board will be held by common law certiorari within the county in which the hearing was held".

Date: _____

The Ocoee Utility District's Board acted upon the developer's complaint at its board meeting on May 18, 2016 even though the District had previously considered the developer's complaint at its October 21, 2015 board meeting. The District has agreed that the UMRB may consider the developer's complaint at its June 2, 2016 meeting. A copy of the minutes of the May 18, 2016 board meeting is attached.

Allegation of Facts:

Provide a detailed account of facts that led to this complaint. Please lay the case out chronologically and highlight the most important facts.

The Response to Complaint filed with the UMRB on 2016, provides a chronological description of the facts related to this complaint and highlights the most important facts for the consideration of the developer's complaint. I have attached the Response to Complaint without the lengthy exhibits attached to it.

I have attached the District's Schedule of Rates and Charges which includes its unauthorized usage fee of \$250.

Causes of Action:

Please explain why you believe the utility district's requirements, fees, or charges are reasonable or unreasonable.

See Response to Complaint.

Did the utility district follow its policies or procedures? Does the utility district lack policies and procedures that address this type of complaint?

See Response to Complaint

Relief Sought:

Please provide detailed information related to the remedy(ies) that you are seeking.

(1) The developer's complaint should be dismissed for the reasons set forth in the Response to Complaint.

(2) The developer's complaint should be dismissed because there is a prior suit pending on this same subject matter seeking the same relief in the Bradley County Chancery Court, Case No. 2015-CV-205. The developer filed this lawsuit on September 18, 2015; therefore, this case was pending when the developer filed its informal complaint dated January 25, 2016 with the UMRB pursuant to T.C.A. § 7-82-702(a)(9). Tennessee courts have long recognized that a lawsuit should be dismissed when there is a prior suit pending on the same subject matter. *West v. Vought Aircraft Indus., Inc.*, 256 S.W.3d 618, 623 (Tenn. 2008).

The purpose of, and rationale behind, the doctrine of prior suit pending is nothing less than to maintain the integrity of the judicial system and to preserve that unquestioned authority and rank that makes it possible. *Id.* at 882. A similar, but not identical,

principle operates in the federal system, there termed the "first-filed" rule. This "first-filed" rule was developed in order to avoid the danger of inconsistent results and the duplication of judicial effort. *Martin v. Townsend*, 1990 U.S. Dist. LEXIS 13955, No. 90-2616, 1990 WL 159923, at *4 (D.N.J. Oct.15, 1990).

Estate of McFerren v. Infinity Transp., LLC, 197 S.W.3d 743, 746 (Tenn. Workers Comp. Panel 2006).

For these same reasons, the prior suit pending doctrine should apply to administrative proceedings which have been filed after a plaintiff has filed a lawsuit seeking the same remedies on the same subject matter as the administrative proceeding. If the developer does not get the relief requested from the UMRB, the Bradley County Chancery Court will still have jurisdiction to decide the case pending there and could make a different decision than the UMRB. The UMRB should not establish a precedent where utility district customers can seek the same relief with the UMRB after a customer has filed a lawsuit on the same subject matter by using the complaint procedure set forth in T.C.A. § 7-82-702(a). Not only will the consideration of such a complaint potentially lead to different decisions by the UMRB and a court but also requires the utility district to incur the expense of paying an attorney and to use its time, resources and ratepayers funds to defend against the same claim in two different locations. The District is now defending itself against the same claim before the UMRB in Nashville and before the Bradley County Chancery Court in Cleveland.

I hereby certify that the information provided above is true and correct to the best of my knowledge.

Signature: X Donald L. Scholte Date: 5/19/2016
Counsel for Ocoee Utility District

Please mail, e-mail, or fax copies of any documentation, such as bills, that the Board would need to review when hearing the case, to:

John Greer
Utility Board Specialist
505 Deaderick Street, Suite 1700, James K. Polk Building
Nashville, TN 37243
Phone: (615) 401-7879
Fax: (615) 741-1551
john.greer@cot.tn.gov

If you will be represented by an attorney, please provide his/her contact information below:

Name: _____
Telephone – Primary: _____
Telephone – Secondary: _____
Email: _____
Address: _____

Zip Code: _____

Under Tenn. Code Ann. § 7-82-702(a)(9), any judicial review of any decision of the Utility Management Review Board will be held by common law certiorari within the county in which the informal hearing was held.

RECEIVED

MAR 18 2016

DEPT: COMPTROLLER
OFFICE OF ADMINISTRATION

BEFORE THE UTILITY MANAGEMENT REVIEW BOARD

In re:

**COMPLAINT BY MARTIN BROWN CONSTRUCTION COMPANY, INC. AND
TRINITY DEVELOPMENT ENTERPRISES, LLC AGAINST OCOEE UTILITY
DISTRICT**

RESPONSE TO COMPLAINT

By letter dated January 25, 2016, from attorney Gary L. Henry, Martin Brown Construction Company, Inc. and Trinity Development Enterprises, LLC (the Complainants) filed an informal complaint with the Utility Management Review Board (UMRB) against Ocoee Utility District (the District) pursuant to T.C.A. § 7-82-702(a)(9). The Complainants seek a review by the UMRB of two actions taken by the District and request the UMRB find: (1) that requiring the Complainants to install a backup power supply to a District pump station to provide service to Complainants' Subdivision is unreasonable and unjust; and (2) that the District's assessment of its fee against the Complainants for their unauthorized connection to the District's water system is unreasonable and unjust.

Introduction

Pursuant to Rule 1715-01-.05(c)(2), the Board's review of complaints is limited to whether the utility district had rules and regulations in place and resolved the complaint in accordance with its rules and regulations. The District has filed with the UMRB a Motion to Dismiss the informal complaint filed by Martin Brown Construction Company, Inc. and Trinity Development Enterprises, LLC against the District. The Complainants filed a lawsuit in the

Chancery Court of Bradley County on September 18, 2015, seeking the same relief they are requesting from the UMRB. This lawsuit is still pending. If the UMRB does not grant this Motion to Dismiss, the District submits this Response requesting the UMRB find the complaints made by the Complainants have no merit and to dismiss the informal complaint.

When the Complainants filed their lawsuit, the Complainants requested the issuance of a temporary injunction to require the District to begin providing water service to the Farmington Trails Subdivision pending a final decision in the lawsuit. The District filed a Response in Opposition to Plaintiffs' Motion for Temporary Injunction and an affidavit of Tim Lawson in support of its opposition. This Response and Mr. Lawson's affidavit outline the events leading up to the dispute which is the subject of this complaint and states the District's position in the dispute. I have attached the District's Response in Opposition to a Plaintiffs' Motion for Temporary Injunction as Exhibit 1 and Mr. Lawson's affidavit as Exhibit 2 to this Response to Complaint.¹

The District's Requirement that the Complainants Pay the Cost of a Backup Generator is Consistent with its Rules and Policies Governing Service to Developments.

The District's rule for Subdivision and Developments requires that any person developing property by subdividing the property must install and construct at its expense all of the water system improvements required by the District to allow it to provide domestic water service and to provide water for fire protection. This rule is attached as Exhibit 3 to this Response. The water system improvements which must be constructed by a developer to serve a planned subdivision depend upon the District's existing water system in place to serve the subdivision, the size of the subdivision and the water services requested by the developer.

¹ The court never ruled upon the Motion for Temporary Injunction. The parties reached an agreement on providing service to a limited number of lots in the Subdivision pending a final decision in the case.

Pursuant to this rule, the District required the Complainants to pay all of the costs and expenses of the water system improvements necessary to serve the Farmingdale Trails Subdivision (the Subdivision). These improvements included not only the on-site water lines within the planned Subdivision but also the installation of a new backup generator in an existing pump station which would serve the Subdivision.

The Complainants requested water service for 70 residential lots in Phase 1 of the Subdivision. The District must design and operate its water system in conformance with TDEC's Design Criteria for Community Public Water Systems. Rule 0400-45-.01(3). Section 7.6.6 of the Design Criteria states, "When power failure would result in cessation of minimum essential service, power supply shall be provided from at least two independent sources or standby or auxiliary source shall be provided," A copy of this section is attached at Exhibit 4. Section 7.4.3 of the Design Criteria states "Booster pumps shall not serve more than 50 service connections unless gravity storage is provided or service pressure can be maintained above 20 psi without the pumps running." *See Exhibit 4.*

Mr. Lawson determined that providing service to the 70 lots in the Subdivision would necessitate the need to have a backup power supply on the existing pump station which would pump water to the Subdivision. This existing pump station was originally built to serve a new development with 30 homes. By agreeing to serve 70 additional residential lots in the Farmington Trails Subdivision, the District knew that its existing pump station would be serving 100 lots upon the completion of the Subdivision. In case of a power outage, gravity storage in this part of the District's water system will not allow it to maintain 20 psi on the part of its system serving the Subdivision or provide adequate fire flows. When fully built out the District knew that it could not continue to provide minimum essential water service in the event of a

power outage at the pump station as required by the TDEC Design Criteria. The most economical way for the District to be able to continue to provide essential water service to the 70 lots in the new Subdivision should a power outage occur is to install a backup generator as an alternative power source for the pump station. The additional demand on the existing pump station which is requiring the back up power supply is the demand of the Farmington Trails Subdivision. In accordance with its Subdivision and Developments rule, the District is requiring the Complainants to pay the cost for the installation of a new backup generator for the pump station.

Both Mr. Lawson and another District employee, Blake Davis, worked with Complainants' engineer, Rocky Chambers, to determine the water system improvements to District's water system which would be needed to serve the Farmingdale Trails Subdivision. The District required the Complainants to build new on-site water lines within the property being subdivided in accordance with the water line construction plans and specifications approved by the District and its engineer. Mr. Lawson informed the Complainants that they would be required to pay for the installation of a new backup generator in an existing pump station to serve the Subdivision. Mr. Lawson confirmed this requirement to Mr. Chambers in a letter dated July 21, 2014, which included a list of the items which needed to be revised on the water construction plans and which included the specifications for the back up generator. This letter is attached as Exhibit 5 to this Response.

Because the water line construction plans submitted to TDEC did not include any plans for the backup generator, the Complainants claim that they were somehow misled to believe that they would have no obligation to pay for the installation of a backup generator. Therefore, they claim imposing the cost of the installation of the backup generator on them is an unjust and

unreasonable requirement for service to the Subdivision. Their claim is groundless. The plans for the on-site water line construction for the Subdivision submitted to TDEC did not include any provision for the installation of the backup generator for the District's existing pump station because no plans were required. The installation of the backup generator in an existing pump station requires no modification to the design or operation of its existing pumping station which would require TDEC approval. Moreover, Mr. Lawson's letter to Mr. Chambers confirming the need for the backup generator was dated July 21, 2014, before the District submitted the water line construction plans to TDEC on August 12, 2014. Finally, the Complainants have provided nothing to the UMRB which indicates that District changed its mind about the need for the backup generator to serve the Subdivision.

The District's rule requires the developer to pay the cost of the installation of the water system improvements needed to provide the water service requested by the developer. The District's commitment to serve 70 new lots in the Subdivision generated the need for the backup power supply to its existing pump station to maintain essential service once approximately 20 new homes were built in the Subdivision. Requiring the Complainants to bear the cost of the backup power supply which was to be needed because of the number of lots in its Subdivision was not an just or unreasonable condition to place on the developer for the District to commit to providing service to the Subdivision.

Complainants Are Seeking Review of the Imposition of the Authorized Access Fee

Under T.C.A. § 7-82-702(a)(9), the UMRB may review the justness and reasonableness of fees or charges against the customer or the developer related to the construction of utility system improvements to be dedicated to the utility district for a new subdivision. The unauthorized access fee which the District charged the Complainant Martin Brown Construction

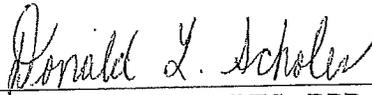
was assessed for it tapping the District's water line to obtain water without permission and without the water being metered in late July 2015. This act is a violation of T.C.A. § 65-35-102. This fee was not a fee imposed upon the Complainants related to the water system improvements the District is requiring it construct for water service to the Subdivision. The District's unauthorized access fee is charged to anyone who illegally taps the District's water line to obtain unmetered water. Because this fee is not a fee or charge related to the construction of water system improvements for the Subdivision, the imposition of this fee upon the Complainants is not reviewable by the UMRB under T.C.A. § 7-82-702(a)(9).

The Complainants illegally obtain water service from the District not just once, but twice. On September 14 or 15, 2015, the Complainants cut off a meter lock placed by the District on its meter to obtain unmetered water a second time. If Complainants believed they were being irreparably harmed because the District would not authorize it to install a tap or obtain metered water, they could have sought injunctive relief from the courts to order the District to allow the connection – which they did but not before illegally tapping the District's water line and then illegally tampering with the District. Under these circumstances the District was justified in charging the Complainants its \$250.00 fee for the unauthorized tap to water system which was the first of two incidents which violated T.C.A. § 65-35-102. The purpose of the fee is to discourage such illegal tapping to protect the integrity of its water system and to insure all water used by a customer is paid. The fee is not a fee related to the construction of water system improvements for a new development.

For these reasons, the District requests that the UMRB dismiss the informal complaint filed against it by Martin Brown Construction, Inc. and Trinity Development Enterprises, Inc.

Dated this 18th day of March, 2016.

Respectfully submitted,



DONALD L. SCHOLES BPR #10102
Branstetter, Stranch & Jennings, PLLC
227 Second Avenue, Fourth Floor
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(615) 254-8801
dscholes@bsjfirm.com

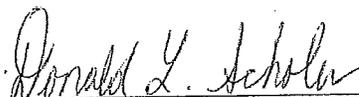
Attorney for Ocoee Utility District

CERTIFICATE OF SERVICE

I hereby certify that on March 18, 2016, a true and exact copy of the foregoing

Response to Complaint was mailed via U.S mail upon the following:

Gary L. Henry
Gearhiser, Peters, Elliott & Cannon, PLLC
320 McCallie Avenue
Chattanooga, TN 37402



Donald L. Scholes

OCOEE UTILITY DISTRICT
SCHEDULE OF RATES AND CHARGES

EFFECTIVE 09/01/14

A. Water Usage Rates

Minimum Bill (residential meter)	\$16.00 (includes 2,000 gallon usage)
2,000 - 7,500 Gal:	\$5.45 / 1,000
7,500 - 10,000 Gal:	\$6.00 / 1,000
10,000 Gal & Up	\$6.25 / 1,000

Minimum Bill 1" Meter: \$50.00 (includes 4,000 gallons)

Minimum Bill 2" Meter: \$175.00 (includes 15,000 gallons)

Minimum Bill 4" Meter: \$375.00 (includes 80,000 gallons)

Large meters are billed the same per thousand usage rates as residential meters.

B. Tap Fees

Standard Meter:	\$900.00
1" Meter:	\$1600.00*
2" Meter:	\$2800.00*
4" or Larger:	Cost Plus 10%*

Exceptions (standard meter):

Forest Service:	\$1100.00
Sugarloaf Sub:	\$1100.00
Helmhurst Lane	\$2995.00
Ocoee Mt. Club	\$2000.00
River Pointe	\$2750.00
Weese Rd	\$1458.67 (between Carson & Branam)

*Taps subject to management approval

C. Administrative Fees

Application Fee Owner Occupied:	\$50.00	
Non Owner Occupied:	\$150.00	
Deposit:	As Applicable	
Commercial:	\$50.00 & up	
Disconnection Fee:	\$50.00	
Service Call:	\$50.00*	
Returned Check:	\$30.00	
Unauthorized Usage:	\$250.00	Second Occurance: \$500.00
Meter Testing Fees:	\$100.00 3/4" Larger: \$350.00	
Copies:	\$0.15 per page (letter only)	
Bulk Water Purchase:	\$50.00 + Usage (see A)	

Misc Administrative Services will be billed at cost plus 10%.

* service call is defined as the District responding to an item that is not the responsibility of the District such as turning off water for customer due to plumbing problem, after hours reconnections of service, etc.

D. Wastewater Rates

1. Tap Fees*
 - a. Inside District: \$3800.00
 - b. Outside District: \$4500.00

2. Usage Rates
 - a. Inside District: \$36.00 per month
Non-activated: \$12.00
 - b. Outside District: \$46.00 per month
Non-activated: \$15.00

* tap fees assume typical, residential usage. If tap is made for account with 1" or larger meter, or unusually large consumption, the wastewater service will be sized accordingly and priced at cost plus 10%. Tap fee rates are defined for typical installations requiring no more than 50 linear feet of collection service line. Installations further from right of way will be charged material cost plus 50%.

E. Labor / Equipment*

Labor:	\$65.00/hr
Backhoe/Excavator:	\$85.00/hr
Skid Steer:	\$85.00/hr
Materials:	Cost Plus 25%
Testing/Analysis:	Cost Plus 25%
Other Services:	Cost Plus 10%
Backflow Device Test:	\$75.00 Per Location (up to 3 Devices)
Backflow Follow Up Test:	\$25.00

*Labor/equipment not for hire, only available due to damages incurred by billed party.

F. Development Schedule Water/Wastewater

Inspection Fees: \$800.00 1st phase of development;
\$250.00 each additional phase.

Depreciation Fees:
Water: None Established at this time;

Wastewater: \$12.00 per lot/unit not built on or service established.
Fee is due from current owner each month, and is initiated on the date the District issues developer an approval letter.

G. Fire Protection Fees

Fire protection fees will be assessed /billed on a monthly basis according to the cycle the customer.

Size	Annual Fee
4" Connection	\$500.00
6" Connection	\$700.00
8" Connection	\$900.00

**OCOEE UTILITY DISTRICT
BOARD OF COMMISSIONERS MEETING
APRIL 20th, 2016**

OCOEE UTILITY DISTRICT OFFICE

1:00 PM

ATTENDANCE: Ed Howard, Larry Swafford, Shawn Willis, Tim Lawson, Tommy Fannin, Jason Griffin, Dan Rawls, Lonnie Hood, Gary Henry, Tim Taylor, Josh Taylor, Mrs. Lloyd Taylor. Don Scholes via telephone.

The pledge to the United States Flag was led by President Ed Howard.

Meeting called to order at 12:55pm by President Ed Howard.

March Minutes – Larry Swafford offered a motion to approve, Shawn Willis provided the second.

March Financial Statement – Shawn provided a motion to approve, Larry provided the second.

Standard adjustments reviewed with no comment.

The following non-standard adjustments and other requests were heard:

1. Request of Martin Brown Construction Company, Inc. and Trinity Development Enterprises, LLC “ the developer” to waive the requirement that they pay the cost for the installation of a backup generator for the District’s pump station as a condition for receiving water service for the Farmingdale Trails Subdivision. Mr. Henry and Mr. Hood offered their overview of the situation and made the request. Don Scholes informed the Board that the Developer had already filed a complaint with the UMRB about the District’s decision on this issue, but a question arose at the UMRB meeting on April 7, 2016 as to whether the proper procedures had been followed to allow the UMRB to consider the complaint. Mr. Scholes recommended the Board again consider and take action on the Developer’s waiver request at this Board meeting so the UMRB can consider the Developer’s complaint at its June 2, 2016 meeting. Larry made a motion to deny the request to not require the generator installation, Ed provided a second. The motion passed 2-0 with Shawn abstaining.

2. Martin Brown Construction Company, Inc. and Trinity Development Enterprises, LLC requested the Board to waive the assessment of its \$250.00 fee for unauthorized usage/connection made to the District’s water system in July of 2015. Mr. Henry and Mr. Hood both gave their arguments as to why the fee was not justified. Mr. Hood did admit to making the unauthorized, and unmetered, connection. Larry made a motion to deny the request to waive the assessment of the fee, Shawn provided a second. Ed voted aye. The motion passed 3-0.

3. Outland Expeditions – 6501 Waterlevel HWY made a request for an adjustment to the water bill for their main outpost. Tim mentioned that he had been trying to contact the owner regarding the request as it wasn’t clear looking at the

water bill that there was a significant leak the previous month. He asked that the request be tabled until the owner can provide more information.

4. Tina Doneworth – 254 White Road – Would like an unauthorized usage fee reimbursed as she wasn't aware that the previous owner, whom she and her husband were leasing to buy the property, wasn't paying the water bill. The water service had never been in the now previous owners name, who had purchased the property to sell. A motion to deny the request was made by Larry, second provided by Shawn.

As the At-Large Commissioner's term of Larry Swafford is up on May 4th, 2016, the Board voted to send the required list of three names to the Polk County Executive Hoyt Firestone for selection of the new At-Large Commissioner. The list is:

1. A. Larry Swafford.
2. Ivan McNelly.
3. Health Owens.

Manager Tim Lawson is to also prepare an order to use approving A. Larry Swafford as the re-appointed Commissioner, if County Executive Firestone agrees. Tim is to copy the Bradley County Mayor on the documentation once we have it back from the Polk County Executive.

The Board considered a request from management to approve the purchase of a new half ton pickup truck. The lowest bid came from Mountain View Ford for a 2016 Ford F150 XL 4x4 truck at \$21,800.00. Management also requests \$2500.00 to outfit the truck with safety lights and storage/tool assemblies. Ed made a motion to accept the purchase of the vehicle and the additional \$2500.00 outfitting budget. Shawn provided a second and Larry voted aye.

Tim mentioned an emergency purchase for a HACH CL-17 Chlorine Analyzer for the Carpenter Springs WTP. The existing unit stopped working and was deemed not repairable. TDEC has a minimum of five days that a plant can operate without an on line chlorine analyzer, so it was deemed an emergency purchase but still needed to be approved since it is over the \$2500.00 limit for such purchases. The new unit is on line and working, and was installed within the five day limit so we were not out of compliance with regulations. Larry made a motion to accept the purchase, Ed provided a second and Shawn voted aye.

New Beginning Fellowship Church (next door to the OUD Office), represented by Board Chair Tim Taylor, requested a sewer tap at no cost for granting a sewer easement on the property. Jason Griffin, Jacob's Engineering, gave the attendees an overview of the easement and why it was requested (it is the only new easement requested on the project).

Tim presented a quote from Marvin Sledge Construction to perform three creek bores to repair existing lines that were damaged or failed recently crossings on Cedar Springs Road, Strawhill Church Road, and Cohulla Road. These bores will "reloop" the three lines back as designed. Previous attempts to repair have not worked, and the directional boring technic will satisfy TDEC and prevent the application for ARAP permitting. The three bores and tie ins total \$29,000.00, but will allow for a secondary feed line to several of our largest poultry customers and Valley View Elementary School. Ed made a motion to allow Marvin Sledge Construction to proceed with the installation, Larry offered a second and Shawn voted aye.

Tim then explained an unusual request by the new owners of the Northwinds Mobile Home Park. The park has a 2" master meter for all the homes, but is requesting to install water lines

and meters to allow individual metering by the District. The District will assume responsibility for the new lines. Basically they'll go through the development process for the installation of water lines. Since they are an existing customer, it was thought prudent to bring the request to the Board prior to moving forward with the request to alter service. No concerns were mentioned by the Board.

The Board reviewed an audit contract price submitted by Welch & Welker for the fiscal year 2016 audit at \$9950.00. Shawn made a motion to accept the audit at that price, Ed provided a second and Larry voted aye.

Tim presented a change order on the 2016 Collection Pressure Sewer System to the Board. Change Order #1 will add \$7,336.50 to the contract cost resulting in an adjusted amount of \$440,679.00. The change order will increase the DR rating on the project pipe from DR17 to DR13.5, increasing the pressure rating of the pipe by 30 PSI on an average basis. Tim mentioned that the cost of the upgrade was well shy of the original estimates and that it would benefit the District to take advantage of the pricing and upgrade to the pipe. Ed made a motion to approve Change Order #1 to the 2016 Collection Pressure Sewer System, Larry made a second and Shawn voted aye.

Tommy Fannin brought up to the Board that our employee health insurance costs continue to rise, but management had worked out a plan with Tom Boyd that would actually decrease insurance premiums slightly, lower copays, but would expose employees to slightly higher out of pocket costs during a major health care event than the current plan. However, the District's current Direct Pay plan would reimburse most of those out of pocket costs. The plan is offered again by United Healthcare of the River Valleys. Ed made a motion to accept

the revised plan for employees, Shawn provided a second and Larry voted aye.

Jason Griffin provided an overview of the current projects under construction. He also made a request to the Board asking for \$3000.00 in funds to close out the Bradley County 2014 CDBG Project, which has ran over by three months and his fees for the project also ran out with the initial deadline. The money will allow Jacobs Engineering to prepare required close out documents for the Economic and Community Development Office, as well as prepare as built of the project and inclusion in the hydraulic model. Shawn made a motion to fund the request, Larry offered a second and Ed voted aye.

Ed called the meeting's adjournment at 3:05pm.



Shawn Willis, Secretary



Tim Lawson, Recorder

Miscellaneous

- 1. Complaint Statistics Pg. 132**
- 2. Oversight List Pg. 133**
- 3. Compliance Report Pg. 135**
- 4. Next UMRB Meeting Pg. 137**

Complaint Statistics

April 1, 2016 – May 23, 2016

Complaints Received by Phone: 12

Complaints Received by Email: 2

SYSTEMS UNDER THE UMRB JUNE 2016		
DISTRICT	COUNTY	LAST AUDIT
Bangham UD	Putnam/Jackson	May-15
Bedford County UD	Bedford	June-15
Chanute - Pall Mall UD	Fentress/Polk	June-15
Cherokee Hills UD	Polk	December-14
Clay Gas UD	Clay	August-15
Cookeville Boat Dock Road UD	Putnam	December-14
Fall River Road UD	Lawrence	December-14
Grandview UD	Rhea	December-14
Harbor UD WL	Benton	June-15
Haywood County UD	Haywood	June-15
Hornbeak UD	Obion	April-15
Iron City UD	Lawrence	December-14
Lakeview UD	Hawkins	December-14
Lone Oak UD	Sequatchie	December-14
Mooreburg UD	Hawkins	December-14
Northeast Henry UD	Henry	June-15
Quebeck-Walling UD	White	December-14
Reelfoot UD	Lake	June-14
Saltillo UD WL	Hardin	October-14
Spring Creek UD	Hardeman	June-15
Tansi Sewer UD	Cumberland	February-15
West Stewart Utility District	Stewart	June-15
Witt UD	Jefferson/Hamblen	September-15

SYSTEMS UNDER THE UMRB FOR WATER LOSS JUNE 2016

<u>District</u>	<u>original referral %</u>	<u>original audit referral date</u>	<u>review %</u>	<u>reporting date</u>						
Cherokee Hills	100.000%	12/31/2010	100.00%	12/31/2011	not given	12/31/2012	not given	12/31/2013	not given	12/31/2014
Harbor UD	70/16.0%	6/30/2015								
Saltillo UD	69/9.5%	10/31/2014								
Spring Creek UD	67/10.3%	11/1/2014								
West Stewart UD	52/3.3%	11/2/2014								

Utility Management Review Board

Compliance Report

June 2, 2016

Bon Aqua-Lyles Utility District

Validity Score	87
Non-Revenue Water	8.1%
Change in Net Position	\$121,303

Crab Orchard Utility District

Validity Score	78
Non-Revenue Water	10.5%
Change in Net Position	\$405,053

Holston Utility District

Validity Score	90
Non-Revenue Water	12.9%
Change in Net Position	\$54,394

Madison Utility District of Davidson County

Validity Score	94
Non-Revenue Water	0.4%
Change in Net Position	\$1,653,023

Samburg Utility District

Validity Score	72
Non-Revenue Water	23.7%
Change in Net Position	\$18,167

Bristol-Bluff City Utility District

Validity Score	80
Non-Revenue Water	4.20%
Change in Net Position	\$207,462

**Next Regularly
Scheduled UMRB
Meeting**

August 4, 2016