



JASON E. MUMPOWER  
*Comptroller*

**MINUTES**  
**of the**  
**WATER AND WASTEWATER FINANCING BOARD MEETING**  
**March 23, 2023**  
**10:00 am**

**Greeting:**

Chairman Moody detected a quorum and called to order the meeting of the Water and Wastewater Financing Board (“WWFB”) in the Volunteer Conference Center on the 2<sup>nd</sup> Floor of the Cordell Hull Building in Nashville, TN at 10:00 a.m. (CDT).

**Board Members Present and Constituting A Quorum:**

Greg Moody, Chairman  
Tom Moss, Vice-Chairman  
Mike Adams  
Jim Redwine  
Drexel Heidel  
Eugene Hampton  
Nick Newman  
Mike Goodman

**Staff Present:**

Ross Colona, Comptroller’s Office  
Meghan Huffstutter, Comptroller’s Office  
Nate Fontenot, Comptroller’s Office  
Ben Johnson, Comptroller’s Office

**Counsel Present:**

Seth May, Comptroller’s Office

**Others present and Addressing the Board**

Steve Osborne, Assistant Director, LGF, Comptroller’s Office  
Sheila Reed, Director, LGF, Comptroller’s Office  
Jean Suh, Audit Review Manager, LGA, Comptroller’s Office  
Tonya Travis, Finance Consultant, MTAS, University of Tennessee

## **Approval of Minutes**

Chairman Moody presented the November 17, 2022, minutes for approval. Mr. Redwine moved to approve the minutes. Mr. Hampton seconded the motion which passed unanimously.

## **Utilities Released**

Mr. Colona gave a brief introduction to the board.

Mr. Colona gave the staff summary regarding all entities on list and explained staff recommendations.

1. The Entity is officially released from the Board's oversight.
2. Staff and Counsel shall close the case.

Mr. Heidel then moved to accept staff recommendations. Mr. Newman seconded the motion which passed unanimously.

## **Utilities Released with ongoing Water Loss**

Mr. Colona described the current standing of the utilities and explained the staff recommendations.

1. The Entity's financial distress case is officially released from the Board's oversight.
2. Staff and Counsel shall close the financial distress case.
3. The Entity's water loss case shall remain open under the Board's oversight.

Mr. Redwine moved to accept staff recommendations. Vice-Chairman Moss seconded the motion which passed unanimously.

## **Water Loss Violations**

Mr. Colona described the current standing of the utilities and explained the staff recommendations.

1. By June 30, 2023, the Entity shall have the Tennessee Association of Utility Districts, or another qualified expert as approved by Board staff, complete the AWWA Free Audit Software version 6.0.
2. By April 28, 2023, the Entity shall send Board staff proof of engagement between the Entity and the qualified expert who is to perform the tasks in paragraph 1.
3. By July 15, 2023, the Entity shall send Board staff the completed report from the tasks in paragraph 1.

Vice-Chairman Moss moved to accept staff recommendations. Mr. Heidel seconded the motion which passed unanimously.

## **Water Loss Plans**

Mr. Colona described the current standing of the utilities and explained procedure as well as staff recommendations.

1. The Entity shall send Board staff an update by June 30, 2023, that details their plan to improve their non-revenue water and validity score. This plan should include any capital improvements that are to be made.
2. The Entity shall remain under Board supervision until the Board releases the Entity from its oversight.

Mr. Newman moved to accept staff recommendations. Mr. Hampton seconded the motion which passed unanimously.

## **Training Violation**

Mr. Colona addressed the Board regarding the utilities identified as non-compliant.

Mr. May explained that the Board Member could choose to resign instead of obtaining the necessary training.

Mr. Hampton asked what the process would be if a Board Member refused to comply with a subpoena. Mr. May responded that they would be referred to the Attorney General's Office and enforced in chancery court. Mr. Colona added that reasonable sanctions could be taken against

the local government, such as the loss of ability to receive grants or issue debt. Further discussion was had regarding the status of these entities and the procedure for sending board orders.

Mr. Colona explained the staff recommendations.

1. By June 30, 2023, the Entity shall send Board staff proof that all members of the utility system's governing body have complied with the applicable training requirements.
2. Should the Entity fail to comply with any directive in this order, Board staff and Counsel shall issue subpoenas for the Entity's governing body to appear in-person before the Board during its next meeting following non-compliance with this order.
3. If the Entity shows that all governing body members are compliant with training requirements and Board staff are unaware of any reason for which the Entity should remain under Board supervision, Board staff may close the Entity's case without further action by the Board.

Mr. Redwine moved to accept staff recommendations. Mr. Adams seconded the motion which passed unanimously.

### **Annual Information Report**

Mr. Colona explained the Annual Information Report requirement and possible reasons they may be delinquent, he then provided staff recommendations.

1. The entity shall complete the Annual Information Report by May 31, 2023.
2. Should the Entity fail to comply with any directive in this order, the Board staff and Counsel shall issue subpoenas for the Entity's governing body to appear in-person before the Board during its next meeting following non-compliance with this order.
3. If the Entity shows compliance with completing the Annual Information Report and Board staff are unaware of any reason for which the Entity should remain under Board supervision, Board staff may close the Entity's case without further action by the Board.

Mr. Newman moved to accept staff recommendations. Mr. Adams seconded the motion which passed unanimously.

### **Decherd**

Mr. Colona described the current standing of the utility and explained the staff recommendations, also added that the City was delinquent in the most recent audit.

1. The Entity shall have the Tennessee Association of Utility Districts, or another qualified expert as approved by Board staff, perform a rate study that includes the following:

- a. a review of the capitalization policy, including any recommended modifications;
- b. a review of the debt management policy, including any recommended modifications; c. the creation of a five-year capital asset budget, to be taken from the current capital asset list and to include future anticipated needs;
- d. a review of relevant utility fees including but not limited to connection or tap fees, including any recommended modifications;
- e. verification that all governing body members of the utility are in compliance with all relevant training requirements; 26
- f. a review of the leak adjustment policy, including any recommended modifications or adoption of such policy should one not exist;
- g. a justification of the inside and outside the city limit rates, including any recommended modifications to the rate structure.
- h. and complete the AWWA Free Audit Software version 6.0.

2. By May 31, 2023, the Entity shall send Board staff a copy of the contract between the Entity and the qualified expert who is to perform the tasks in paragraph 1.

3. By December 31, 2023, the Entity shall provide Board staff with the completed rate study and either proof of implementation of the resulting recommendations or a proposed plan of implementation.

4. Board staff is given the authority to grant one extension of up to six months of the foregoing deadlines upon a showing of good cause by the Entity.

A Representative from the City of Decherd addressed the Board regarding certain questions that were raised about the Financial Distress Questionnaire. Mr. Heidel asked why expenditures were so high. The Board member mentioned that the water superintendent had recently resigned, and that the City was not aware of the deficit in the prior audit. The representative went on to mention that the board had difficulty obtaining information and explanations from their employees.

Mr. Adams asked to amend the order to require that the City submit itemized expenses.

Mr. Adams moved to accept staff recommendations with the amendment. Mr. Heidel seconded the motion which passed unanimously.

## **Greenbrier**

Mr. Colona described the current standing of the utility and explained the staff recommendations.

1. The Entity shall send financial updates to Board staff by March 1st and September 1st of each year beginning September 1, 2023, until the Board releases the Entity from its oversight.

Vice-Chairman Moss moved to accept staff recommendations. Mr. Hampton seconded the motion which passed unanimously.

## **Parrotsville**

Mr. Colona described the current standing of the utility and explained the staff recommendations.

1. By May 31, 2023, the Entity shall contract with TAUD, or another qualified expert, to conduct a feasibility study of the potential merger between the Entity's utility and the City of Newport's utility.
2. By December 31, 2023, the Entity shall provide Board staff with the completed feasibility study of the potential merger with the City of Newport's utility and either proof of implementation of the resulting recommendation or a proposed plan of implementation.
3. The Entity shall continue to allow Newport to provide the billing for its wastewater system. 82
4. Should the Entity fail to comply with any directive in this order, Board staff and Counsel shall issue subpoenas for the Entity's governing body and Manager to appear in-person before the Board during its next meeting following non-compliance of this order.

Mr. Colona went on to mention that TAUD is currently looking into the possibility of a merger with Newport. Mr. Newman asked Newport's feelings on a possible merger, Mr. Colona answered that they were open to the idea.

Mr. Newman moved to accept staff recommendations. Mr. Adams seconded the motion which passed unanimously.

## **Petersburg**

Mr. Colona described the current standing of the utility and explained the staff recommendations.

1. The Entity shall have the Tennessee Association of Utility Districts, or another qualified expert as approved by Board staff, perform a rate study that includes the following:

a. verification that all governing body members of the Entity are in compliance with all relevant training requirements;

b. verification that the Entity's usage rates are sufficient to ensure the financial health of the Entity;

c. justification of the inside and outside the city limit rates, including any recommended modifications to the rate structure; and

d. a preliminary judgment on whether or not a merger is feasible with other utilities close to its service area.

2. By May 31, 2023, the Entity shall send Board staff a copy of the contract between the Entity and the qualified expert who is to perform the tasks in paragraph 1.

3. By December 31, 2023, the Entity shall provide Board staff with the completed rate study and either proof of implementation of the resulting recommendations or a proposed plan of implementation. 85

4. Board staff is given the authority to grant one extension of up to six months of the foregoing deadlines upon a showing of good cause by the Entity.

Mr. Redwine moved to accept staff recommendations. Mr. Hampton seconded the motion which passed unanimously.

## **Rutherford**

Mr. Colona described the current standing of the utility and explained the staff recommendations.

1. The Entity shall have the Tennessee Association of Utility Districts, or another qualified expert as approved by Board staff, perform a rate study that includes the following:

a. a review of the capitalization policy, including any recommended modifications;

b. a review of the debt management policy, including any recommended modifications;

c. the creation of a five-year capital asset budget, to be taken from the current capital asset list and to include future anticipated needs;

d. a review of relevant utility fees including but not limited to connection or tap fees, including any recommended modifications;

e. verification that all governing body members of the utility are in compliance with all relevant training requirements;

f. and a review of the leak adjustment policy, including any recommended modifications or adoption of such policy should one not exist;

2. By May 31, 2023, the Entity shall send Board staff a copy of the contract between the Entity and the qualified expert who is to perform the tasks in paragraph 1. 88

3. By May 31, 2023, the Entity shall update Board staff as to the status of their delinquent audits.

4. By December 31, 2023, the Entity shall provide Board staff with the completed rate study and either proof of implementation of the resulting recommendations or a proposed plan of implementation.

5. Board staff is given the authority to grant one extension of up to six months of the foregoing deadlines upon a showing of good cause by the Entity

Mr. Newman moved to accept staff recommendations. Mr. Heidel seconded the motion which passed unanimously.

## **Vanleer**

Mr. Colona described the current standing of the utility and explained the staff recommendations regarding the CMFO requirement. Also mentioned the ability to withhold State sales tax.

1. By June 30, 2023, the Entity shall contract with a CPA to serve as the Entity's CMFO or hire a CMFO in accordance with § 6-56-401 et seq. The Entity shall take whatever necessary action to remain in compliance moving forward, should it become necessary to contract with another CPA or hire a new CMFO.

2. 2. By July 15, 2023, the Entity shall send Board staff a copy of the contract between the Entity and the CPA as detailed in paragraph 1 in this order.

Mr. Adams explained the turnover on the current Town Council, and that the recorder is getting his CMFO.



Mr. Redwine requested to amend the order and require a feasibility study for a merger. Mr. Adams explained that he runs the utility near Vanleer and is running a transmission line. Mr. Colona reiterated the current order with added amendments and requested that a six-month extension be available and that the results of the feasibility study be returned by September 1<sup>st</sup>, 2023.

The Board then had discussion on the process for obtaining a CMFO and what other options are available to the Town before the Recorder completes his classes. Jean Suh was able to provide additional details of how the process worked and the various requirements.

Mr. Redwine moved to accept staff recommendations. Vice-Chairman Moss seconded the motion which passed unanimously.

## **Hornsby**

Mr. Colona gave staff summary and explained some concerns that had been raised by Town Officials, he also discussed the Town's current financial distress.

1. Board staff shall investigate the Entity to address the financial, technical, and managerial capacity of the Entity to comply with the requirements of any applicable federal and state laws or regulations.
2. Board staff shall, with the full authority of the Board, issue subpoenas for any documents, records, or information needed, and for the Entity's manager, governing body, and any other necessary staff, to appear in-person before the Board at its second meeting of 2023 if the Entity does not comply fully with the Board's investigation.
3. Board staff shall update the Board as to the status of this investigation at its next meeting on August 24, 2023.
4. The Entity shall have the Tennessee Association of Utility Districts, or another qualified expert as approved by Board staff, perform a rate study that includes the following:
  - a. a review of the capitalization policy, including any recommended modifications;
  - b. a review of the debt management policy, including any recommended modifications;
  - c. the creation of a five-year capital asset budget, to be taken from the current capital asset list and to include future anticipated needs;
  - d. a review of relevant utility fees including but not limited to connection or tap fees, including any recommended modifications;

e. verification that all governing body members of the utility are in compliance with all relevant training requirements;

f. a review of the leak adjustment policy, including any recommended modifications or adoption of such policy should one not exist;

g. and a justification of the inside and outside the city limit rates, including any recommended modifications to the rate structure.

5. By May 31, 2023, the Entity shall send Board staff a copy of the contract between the Entity and the qualified expert who is to perform the tasks in paragraph 4.

6. By December 31, 2023, the Entity shall provide Board staff with the completed rate study and either proof of implementation of the resulting recommendations or a proposed plan of implementation.

Mr. Hampton asked for clarification on the investigation and the current status of the Town's utility service.

Mr. Hampton moved to accept staff recommendations. Vice-Chairman seconded the motion which passed unanimously.

## **Oliver Springs**

Mr. Colona described the current standing of the utility and explained the staff recommendations.

1. Board staff shall investigate the Entity to address the financial, technical, and managerial capacity of the Entity to comply with the requirements of any applicable federal and state laws or regulations.

2. Board staff shall, with the full authority of the Board, issue subpoenas for any documents, records, or information needed, and for the Entity's manager, governing body, and any other necessary staff, to appear in-person before the Board at its second meeting of 2023 if the Entity does not comply fully with the Board's investigation.

3. Board staff shall update the Board as to the status of this investigation at its next meeting on August 24, 2023.

4. The Entity shall have the Tennessee Association of Utility Districts, or another qualified expert as approved by Board staff, perform a rate study that includes the following:

a. a review of the capitalization policy, including any recommended modifications;

b. a review of the debt management policy, including any recommended modifications;

c. the creation of a five-year capital asset budget, to be taken from the current capital asset list and to include future anticipated needs;

d. a review of relevant utility fees including but not limited to connection or tap fees, including any recommended modifications;

e. verification that all governing body members of the utility are in compliance with all relevant training requirements;

f. a review of the leak adjustment policy, including any recommended modifications or adoption of such policy should one not exist;

g. and a justification of the inside and outside the city limit rates, including any recommended modifications to the rate structure.

5. By May 31, 2023, the Entity shall send Board staff a copy of the contract between the Entity and the qualified expert who is to perform the tasks in paragraph 4.

6. By December 31, 2023, the Entity shall provide Board staff with the completed rate study and either proof of implementation of the resulting recommendations or a proposed plan of implementation.

Mr. Newman moved to accept staff recommendations. Vice-Chairman Moss seconded the motion which passed unanimously.

### **Further Board Discussion**

Vice-Chairman Moss expressed his ongoing concern for the City of Friendship, asked what the status was. Mr. Colona provided a brief update to projects being taken by the City to correct infrastructure issues; however, the projects are not being correctly communicated to Board staff. Discussion was had on what possible next steps should be if the City refuses to comply with current Board orders. After further discussion, Mr. Colona agreed to issue an order to the City subpoenaing the board if they refused to comply.

Mr. Redwine motioned to accept staff recommendations on the City of Friendship. Vice-Chairman Moss seconded the motion which passed unanimously.

### **Other Matters**

The Board then discussed how the transition would take place on July 1<sup>st</sup>, 2023, with the passage of the new law. Mr. Colona explained what the new bill proposed and how cases would be moved from the current Boards to the new, merged Board.

Mr. Hampton asked about the status of the Town of Mason and if they had stayed on course with the repayments to the Water Fund. Mr. Colona outlined the findings from the most recent Division of Investigation report. Sheila Reed was able to confirm that the Town had remained in compliance with the requirements enforced by the Division of Local Government.

### **Future Meeting Dates**

No future meetings were scheduled.

### **Adjournment**

Mr. Adams moved that adjourned the meeting at 11:47 a.m. Mr. Hampton seconded. The motion carried unanimously.