



JASON E. MUMPOWER
Comptroller

Agenda
Tennessee Board of Utility Regulation
October 17, 2025
9:00 A.M.

- I. Call to Order
- II. Conflict of Interest Statement
- III. Approval of Minutes
- IV. Consent Orders - to be approved in one motion unless removed for separate discussion
 - a. Annual Information Report Release
 - b. Annual Information Report Compliance
 - c. Audit Release
 - d. Financial Distress Update Cycle
 - e. Water Loss Release
- V. Customer Complaints
 - a. Bedford County Utility District
 - b. Memphis
 - c. Ocoee Utility District
 - d. Rocky Top
 - e. Saltillo Utility District
- VI. Manager Cases
 - a. Fall Creek Falls Utility District
 - b. Gladeville Utility District
 - c. Sevier County Utility District
 - d. South Fork Utility District
- VII. East Tennessee
 - e. Bristol Bluff Utility District
 - f. Clearfork Utility District
- VIII. Middle Tennessee
 - a. Minor Hill Utility District
 - b. Huntland
- IX. West Tennessee
 - a. Centerville
 - b. Friendship
 - c. Loretto
 - d. Tennessee Ridge
- X. Board Discussion

**MINUTES
of the
TENNESEE BOARD OF UTILITY REGULATION MEETING
July 17, 2025
10:00 am**

Greeting:

Chairman Moody detected a quorum and called to order the first meeting of the Tennessee Board of Utility Regulation (“TBOUR” or “the Board”) in the Volunteer Conference Center on the 2nd 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
Paula Mitchell, Vice Chair
Edwin Carter
Eugene Hampton
David Purkey
Steve Stone
Bruce Giles
Alex Smith
Britt Dye
Anthony Pelham
Candance Vannasdale

Staff Present:

Ross Colona, Comptroller’s Office
Ben Johnson, Comptroller’s Office
Meghan Denson, Comptroller’s Office
Nate Fontenot, Comptroller’s Office
Charlie Lester, Comptroller’s Office
Alex Behnke, Comptroller’s Office
Mason Jernigan, 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

Approval of Minutes

Motioned by Mr. Dye. Second by Mr. Smith. It passed unanimously with no discussion.

Conflict of Interest Statement:

Counsel Seth May read the following statement: “The Board was created to act for the public welfare and in furtherance of the legislature’s intent that utility systems be operated as self-sufficient enterprises. Board members are not authorized to participate in the discussion of or to vote on matters involving entities in which the Board member has a financial interest, with which the Board member has a conflict of interest, with which the Board member has a contract of employment, or if there is any appearance of impropriety.”

Board members will recuse themselves or declare any conflict of interest at the time each relevant case is presented.

Welcome and Recognition

Chair Ross Colona opened the meeting by noting that Mr. Tom Moss had retired from TDEC and would no longer serve on the Board. He welcomed Ms. Paula Mitchell as the new TDEC appointee, filling Mr. Moss’s vacancy.

Public Comment Period

Mr. Colona introduced a public comment period and states that there will be two issues discussed today at this time. First, Ms. Joyce Carpenter addressed the Board to provide an update on progress in Mooresburg Utility District, noting she made the effort to attend in person. She reported that two new board members have joined, and she has returned to the office at the request of customers. Ms. Carpenter highlighted improvements in water loss, which has dropped to approximately 23–24%, due in part to correcting meter reading issues and fixing system errors. Mr. Giles thanked Ms. Carpenter on the record, recognizing the utility’s progress in a short time.

The next issue to be discussed during this period was regarding the potential merger between Leoma Utility District and Lawrenceburg Utility Systems (LUS). Two concerned customers of Leoma, Kayla Corbett and Corey Birdyshaw, addressed the Board to express opposition to the proposed merger.

Ms. Corbett spoke first, citing significant community concern over rising rates, with her personal bill projected to increase by 122% under LUS's structure. She argued the merger would shift control away from Leoma, where LUS board members have minimal local representation. She also stated that Leoma Utility is making strong progress: audit findings have been addressed, a booster station project is underway, and financial improvements are being implemented. She framed the merger as a loss of community control and urged the Board to reject the proposal. Mr. Birdyshaw echoed these concerns, sharing that many residents first learned of the merger through a letter and later attended a packed community meeting in opposition. He argued that the findings cited to justify the merger have been resolved, with fines paid and policies corrected. He cited a recent independent financial review showing a near-break-even financial ratio of 0.93 and noted that a small rate adjustment could restore full financial stability. He concluded by urging the Board to reject the merger, stating the system is not failing but recovering.

The Board thanked both speakers. No further comments were made before the public comment period concluded.

CONSENT AGENDA

Annual Information Report Non-Compliance

Mr. Johnson, Board staff, presented the consent agenda and began with the first item of non-compliance with the Annual Information Report (AIR) filing requirement. He noted that the entities listed in the packet failed to meet the statutory deadline to submit their AIR by the end of their fiscal year.

Board staff recommended that all non-compliant utilities submit their AIR by August 31. If they fail to do so, the Board may issue subpoenas requiring them to appear at the next meeting.

Mr. Pelham asked whether a recurring administrative item like this could be handled differently to simplify future agendas. Mr. Colona clarified that staff preferred to keep the current approach for now but agreed to discuss potential streamlining after the meeting.

The motion was made by Mr. Pelham to move staff recommendation and was seconded by Mr. Stone. Motion carried unanimously with no further discussion.

AIR Release

Mr. Johnson presented a list of entities that had previously failed to submit their AIRs on time but have since come into compliance. Staff recommended releasing these entities from Board oversight now that the required reports have been submitted.

Mr. Stone moved staff recommendation, and it was seconded by Mr. Purkey. The motion carried unanimously and there was no further discussion.

Training Non-Compliance

Mr. Johnson presented a list of entities with governing body members who have not met the required training hours, noting the change in requirement from 12 to 6 hours. Board staff recommended that these utilities provide proof of compliance by August 31. Failure to comply may result in subpoenas for appearance at the next board meeting.

Mr. Pelham raised the question about whether improper compensation had been issued to noncompliant board members, since training completion is tied to per diem eligibility. Mr. Johnson confirmed that staff could audit those records and report back.

Mr. Pelham moved the motion to accept staff recommendations, and it was seconded by Ms. Vannasdale. The motion carried unanimously with no further discussion.

Training Release

Mr. Johnson presented a list of entities that had previously been referred to the Board for training non-compliance. He reported that these entities have now submitted the required documentation and are back in compliance. Staff recommended releasing these entities from Board oversight.

The motion was moved by Mr. Purkey, and it was seconded by Mr. Smith. Motion carried unanimously with no discussion.

Water Loss Release

Mr. Johnson presented four entities previously under Board oversight for excessive water loss, defined as exceeding 40% non-revenue water as reported in the AIR. Each of the entities has now shown two consecutive years of acceptable water loss levels, and board staff recommended they be released from oversight.

The motion was made by Mr. Purkey and was seconded by Mr. Giles. Motion carried unanimously with no discussion.

Water Loss Update Cycle

Mr. Johnson presented four entities that had previously been flagged for excessive water loss but had since submitted the required documentation, including the AWWA 6.1 form and a water loss plan. These entities are now eligible to be placed into the update cycle, where board staff will continue monitoring for two consecutive years of compliance before releasing oversight.

Mr. Giles made a motion to accept staff recommendations, and it was seconded by Ms. Vannasdale. The motion carried unanimously and there was no discussion.

Financial Distress Release

Mr. Johnson presented a list of entities recommended for release from financial distress oversight. These utilities have taken corrective actions, including completing rate studies, adjusting rate structures, and achieving two consecutive years of positive net position. Board staff confirmed that each has submitted all required documentation and is now financially stable.

The motion to accept staff recommendations was made by Mr. Purkey and it was seconded by Mr. Pelham. Motion carried unanimously without any discussion.

DEFICIT UNRESTRICTED NET POSITION CASES

City of Bells

Mr. Johnson presented the case of the City of Bells, which reported a negative unrestricted net position of \$53,068 in its water and sewer fund. This issue reflects insufficient available cash to

meet current liabilities, a liquidity concern that is becoming a more frequent focus under the Board's expanded financial oversight beginning in 2023.

Board staff recommended that the utility:

- Modify its cash balance policy to align with the Comptroller's recommendation of maintaining at least 15% of current liabilities in available cash, and
- Conduct a rate study to ensure rates are sufficient to meet operational expenditures.

Chairman Moody moved to accept staff recommendations, and it was seconded by Mr. Giles. Motion carried unanimously without any discussion.

City of Copperhill

Mr. Johnson presented the case of the City of Copperhill, which reported a negative unrestricted net position in its water and sewer fund. Board staff identified a low cash position relative to liabilities as a primary cause and initially recommended the city conduct a rate study to assess the sufficiency of its current rates.

During discussion, Mr. Hampton noted that, for consistency, the recommendation should also include adopting a cash reserve policy similar to what was required of the City of Bells—specifically, maintaining available cash equal to at least 15% of current liabilities. Mr. Johnson agreed and amended the recommendation accordingly.

- The original motion was made by Mr. Giles to move staff recommendation and was seconded by Mr. Stone.
- The amended motion, to include 15% cash reserve policy, was moved by Mr. Giles.
- The amended motion was carried unanimously.

City of Lakeland

Mr. Johnson presented the case of the City of Lakeland, which reported a negative unrestricted net position due to a low cash balance relative to its current liabilities, despite being able to meet liability obligations. Board staff originally recommended that the city adopt a cash reserve policy maintaining at least 15% of current liabilities in available cash, consistent with Comptroller guidance.

Chairman Moody moved to amend the recommendation to also include a rate study, for consistency with other similar cases. The amended motion was seconded by Mr. Dye, and it was carried out unanimously with no further discussion.

City of South Fulton

Mr. Johnson presented the case of the City of South Fulton, which reported a negative unrestricted net position. The city has maintained sufficient liability payments, but its low cash reserves raised concerns. Staff initially recommended a rate study and a cash reserve policy, but the written recommendation did not explicitly include the Comptroller's standard of maintaining cash equal to 15% of current liabilities.

Additionally, staff identified a potential interfund loan between the sewer fund and the general fund. Mr. Johnson recommended that the city engage with the Division of Local Government Finance to develop a corrective action plan to address that issue.

Chairman Moody moved to accept staff recommendation with the added requirement of the 15% cash reserve policy, and the motion was seconded by Vice Chair Mitchell.

Mr. Hampton asked about the timing and visibility of the interfund loan, to which Mr. Johnson clarified that it was identified in the FY24 audit and would not appear on the quick summary audit sheet but would be reflected in the full audited statements. After this, the motion carried with no further discussion.

CUSTOMER COMPLAINTS

Nolensville College Grove – Deana Douglas

Mr. Colona presented the complaint from Ms. Deana Douglas, which was carried over from previous meetings. The issue involved a leak in the customer's irrigation system, for which Ms. Douglas had requested a leak adjustment.

Upon review, board staff confirmed that the utility followed its written policy, which clearly states that leak adjustments will not be granted for irrigation system leaks. Since the utility acted

within its established guidelines, board staff recommended the complaint be closed with no further action.

Ms. Vannasdale moved the motion to accept staff recommendations, and it was seconded by Mr. Smith. Motion was carried unanimously with no discussion.

Nolensville College Grove – Josh Drummond

Mr. Colona presented a second complaint from Nolensville College Grove Utility District, which closely mirrored the previously addressed complaint from Ms. Deana Douglas. The issue again involved a leak in an irrigation system, for which the customer sought a billing adjustment.

Board staff confirmed that the utility followed its policy, which does not allow leak adjustments for irrigation systems. Staff reviewed other similar claims and found consistent denials across the board, confirming fair and uniform application of the policy. As the utility has acted in accordance with its established procedures, staff recommended the complaint be closed with no further action.

Mr. Giles made the motion to accept staff recommendations, and it was seconded by Mr. Dye. The motion carried unanimously without any discussion.

Wastewater and Water Authority of Wilson County – Ken Young

Mr. Colona presented a complaint from Mr. Ken Young, who previously brought concerns to the Board alleging that the Water and Wastewater Authority of Wilson County had not properly adopted bylaws at its formation. Board staff investigated and confirmed that Mr. Young was correct—the utility lacked properly adopted bylaws when it was originally established. Since then, the utility has formally adopted bylaws and is now operating in accordance with them. During the review, board staff also noted that the utility only holds quarterly public board meetings, which is unusually infrequent given the size of the utility and the volume of business it conducts. While the utility asserted that it is not legally obligated to meet more frequently, staff recommended that they adopt a policy to schedule monthly meetings, allowing for greater public engagement. Staff emphasized that these meetings could be canceled if no business is pending, but having a regular schedule would offer customers more consistent access and reduce the likelihood of communication issues like those experienced by Mr. Young.

In discussion, Mr. Pelham asked whether this complaint was connected to a recent sewer service issue involving the utility. Mr. Colona clarified that the sewer issue was entirely separate, and closing this complaint would not prevent the Board from initiating a separate review if needed in the future. Mr. Pelham also asked whether the Board has the authority to require the utility to adopt a more frequent meeting policy. Mr. Colona responded that, under the Board's authority to review customer complaints, it may evaluate both the presence and adequacy of utility policies. Staff's position was that quarterly meetings are inadequate for a utility of this size and that more frequent scheduling is a reasonable and appropriate recommendation.

Board staff recommended that the utility be required to:

- Adopt a policy to schedule monthly board meetings, or
- Submit a written explanation by August 31 justifying why quarterly meetings are sufficient for the utility's operations.

Mr. Pelham made a motion to move staff recommendations, and it was seconded by Ms. Mitchell. The motion carried unanimously with no further discussion.

MANAGER CASES

Ocoee Utility District

The Ocoee Utility District (OUD) was originally referred to the Board under a standard case of financial distress, due to a negative change in net position. At the time, staff recommended the utility complete a rate study and implement resulting adjustments. However, since the initial referral, the situation has significantly escalated, raising serious concerns among board staff regarding the utility's financial trajectory, transparency, and governance.

OUD engaged Jackson Thornton to conduct a cost-of-service study, which assumed a \$51 million capital improvement plan and recommended a 30% increase to the fixed rate and a 6% increase to the volumetric rate. Despite this, OUD engaged Kidwell & Company as its municipal advisor and instead adopted a far more aggressive rate plan—three consecutive 25% annual increases—based on guidance from Kidwell and its engineering consultant. At the same time, the utility has since indicated plans to pursue up to \$62.5 million in financing, including bonds and USDA loans, raising concerns about whether the capital plan used in the rate study reflects the true scope of planned spending.

Staff expressed particular concern that these steep increases would nearly double monthly bills, making water and sewer service potentially unaffordable for many customers. In addition, they noted that implemented rates appeared to be influenced by long-term credit rating goals rather than operational realities or customer affordability. Compounding these concerns, the utility had already paid Kidwell & Company \$200,000 in fees toward a 1.5% advisor contract—far above the statewide average of 0.25%—without board staff finding clear evidence of deliverables or value commensurate with that cost.

After multiple attempts to request basic documentation (prior rate structure, planned rate structure, capital details, and debt strategy), board staff reported limited cooperation from the utility and a lack of clarity around the full scope of capital improvements and financial plans. Thus, after presenting the case, board staff's recommendation was for Ocoee Utility District engage Jackson Thornton to perform an updated rate study based on its current capital needs and financial position. In the meantime, the utility was advised not to issue any debt or accept grant funds until board staff could verify that customers could reasonably afford the proposed rates and capital improvements.

Board Discussion:

Board members engaged in an extended and detailed discussion following presentations from Board staff, General Manager Tim Lawson, and Mr. Larry Kidwell of Kidwell & Company. Mr. Giles, Mr. Pelham, and Mr. Purkey questioned why the utility deviated so dramatically from Jackson Thornton's recommendations and how such substantial rate hikes were justified without first seeking a revised professional rate study. Lawson offered little explanation beyond stating the utility board and engineers believed the approach was correct. Mr. Hampton inquired about Mr. Kidwell's expertise in rate studies, which Lawson declined to answer. Ms. Vannasdale raised concerns about whether the proposed improvements were urgently necessary or supported by engineering justification.

Mr. Lawson disclosed that OUD currently serves approximately 8,400 customers and confirmed a troubling water loss rate of around 50%. He could not state the utility's current debt total, which staff clarified to be approximately \$35 million, potentially rising to over \$90 million after the planned borrowing. Mr. Stone and Ms. Vannasdale questioned the utility's growth assumptions and whether a phased approach had been considered. Lawson clarified there was no in-house engineering staff and no concrete plan to phase capital improvements.

When Mr. Kidwell addressed the board, he defended the 1.5% fee structure as having been in place since 2009 and emphasized the firm's active presence at OUD meetings. However, board members remained concerned that this structure far exceeded common municipal advisor fees.

Mr. Giles and Mr. Pelham pressed him on the justification for unusually high fees on USDA loans, which typically incur minimal costs. Mr. Kidwell compared his firm's upfront costs to the state's amortized SRF administrative fees, but this explanation was not viewed as directly analogous by staff or board members.

As the discussion progressed, it became clear that the lack of a clearly documented Capital Improvement Plan (CIP) was a central issue. Board members stressed that without a full understanding of the projects and their necessity, even a new rate study would be of limited use. Ms. Vannasdale emphasized the need for OUD to consider and present at least two project alternatives—one including the full scope of improvements and one with a reduced or phased approach—and to disclose the anticipated customer impact of each. Concerns were also raised about compliance with ARP grant requirements, including the need for matching funds and upcoming construction milestones. The board collectively questioned whether the utility could meet these obligations in time given its current lack of documentation and planning clarity.

There was also discussion of the fact that no public hearing had been held prior to implementing the substantial rate increases. Board staff suggested that this could render the adopted rates procedurally improper. Mr. Giles characterized the situation as “preposterous,” and multiple members agreed that customers likely did not understand the scale of the impending financial impact.

Final Recommendation and Board Action:

Based on the extensive discussion and continued lack of clarity from the utility, board staff reiterated its recommendation with a key amendment to increase accountability and transparency.

Key Actions Ordered by the Board:

1. OUD must submit a full CIP to board staff for review, detailing the scope, timeline, and cost of each proposed project.
2. The CIP must include at least two alternatives:
 - One reflecting the full original project scope

- One with a reduced or phased approach
- 3. OUD must engage Jackson Thornton to perform an updated cost-of-service rate study, based explicitly on the revised alternatives.
- 4. OUD may not issue any new debt or accept grant funds until board staff reviews and confirms the affordability of the proposed plan and its customer impact.
- 5. Upon receipt of complete and accurate information, board staff will complete their review within 15 days, extendable only if additional information is requested.

Board Action:

- The initial motion was made by Mr. Giles and seconded by Mr. Pelham to accept staff recommendations as originally presented. However, after further discussion this motion was rescinded.
- The final motion was made by Ms. Vannasdale and seconded by Mr. Giles to accept staff recommendation with amendments to require submission of the full CIP and inclusion of two project alternatives in the revised rate study. This motion carried unanimously.

Leoma Utility District

Leoma Utility District (Leoma) was originally referred to the Board for financial distress and later placed under administrative review following a Comptroller Division of Investigations report regarding misappropriation under prior management. Staff also noted earlier TDEC compliance concerns and continuing delinquent audits. A Water Finance Exchange (WFX) feasibility study concluded that merger with Lawrenceburg Utility Systems (LUS) would be operationally and financially feasible. Following a highly attended public hearing, staff acknowledged overwhelming customer opposition to merger but maintained their recommendation to proceed by ordering Leoma to begin negotiations with LUS. Staff clarified there is no requirement that post-merger rates immediately match LUS's outside-city rates; their recommendation stands.

Representative Clay Doggett and Lawrence County Executive David Morgan addressed the Board, both opposing forced consolidation and requesting additional time for the new Leoma board to complete corrective actions. Representative Doggett stated that over 1,000 of roughly 1,500 customers had signed a petition opposing merger. Mr. Morgan noted his office had received no service complaints from Leoma customers and cautioned against undermining local control.

Leoma's contract distribution operator, Mr. Lynden Smith, described operational improvements, including grant-funded zone meters, typical water loss in the 20–30% range, current TDEC reporting, and plans to address 24-hour storage/second source via a booster-station project. He confirmed two full-time staff (a general manager and office staff) with his oversight and availability for emergencies.

Counsel for Leoma, Mr. Ben Guestelle, argued that under TCA § 7-82-704(f) the Board must find merger “not harmful to the public being served,” and asserted the public hearing demonstrated such harm (eroded trust and loss of representation). He reported the FY2023 audit had been completed with a positive position, FY2024 was expected by the end of July, and the Board would consider adopting a WFX rate option in August.

Board Discussion

Mr. Pelham confirmed Leoma's primary supply is its own well with LUS as backup, serving about 1,400–1,500 customers. He verified emergency coverage—full-time field staff handle day-to-day work with contractor oversight and after-hours response. He noted water loss was about 20–30% and highlighted key needs: the zone-metering program to pinpoint leaks and a booster-station project to satisfy second source/24-hour storage. He also clarified administrative/accounting roles and proposed a compliance-first path (audits, sanitary survey, rate implementation, storage plan) under a firm deadline.

Mr. Giles pressed for a firm FY2024 audit date (counsel cited a July 31 extension), confirmation that a WFX rate option would be implemented, and status of the sanitary survey and budget alignment. He then moved a different recommendation to defer the merger and set December 1, 2025 milestones, later amending it (at Mr. Pelham's request) to require a FY2026 budget aligned to audited figures.

Ms. Mitchell asked what “harm” a merger would cause; counsel cited disenfranchisement/erosion of trust. She also commended Leoma's use of grant-funded improvements. Mr. Alex Smith confirmed FY2023 and FY2024 audits remained delinquent as of the meeting, despite reports that FY2023 had been finished and sent to the comptroller. While board staff continued to view consolidation as the best long-term option, several members favored giving Leoma a defined window to demonstrate compliance.

Final Recommendation and Board Action

Based on the discussion, the Board adopted a different recommendation focused on near-term compliance milestones, deferring merger proceedings.

Key Actions Ordered by the Board (due December 1, 2025):

1. Submit all delinquent audits (catch up through FY2024).
2. Provide the most recent sanitary survey.
3. Implement one of the WFX rate study recommendations.
4. Submit a plan to address the 24-hour storage/retention requirement.
5. Submit an FY2026 budget that reflects audited figures and planned expenses. (Note: FY2025 audit is due next June.)

Board Action

Mr. Giles moved the initial motion to adopt the compliance milestones above (deferring merger action); Mr. Smith seconded. At Mr. Pelham's request, the motion was amended to add the FY2026 budget requirement. Mr. Giles accepted the amendment. The amended motion was carried out unanimously with no further discussion. Staff noted that failure to meet the December 1, 2025, requirements will return the matter for renewed merger proceedings. Mr. Colona thanked Leoma attendees and closed the case.

South Fork Utility District

South Fork Utility District (SFUD) has been before the Board since the UMRB era. At the last meeting, Board staff were directed to mediate a merger agreement between SFUD and Bristol Bluff City Utility District (BBCUD), with BBCUD as the surviving entity. Staff reported substantial progress: an immediate 5% rate decrease for SFUD customers at merger; a cost-of-service study to begin within one year to move both sides to a uniform rate structure; retention of SFUD General Manager Adam Hail as manager of the merged system; and a new name to be selected by the merged board. The remaining impasse was board composition: SFUD preferred five commissioners; BBCUD preferred three.

Counsel Eric Reeher (SFUD) argued TCA § 7-82-704's forced-merger authority was not triggered because SFUD is no longer "ailing" and has posted multiple years of positive net position (FY2024 audit filed). He asked the Board to allow a voluntary merger and noted SFUD's willingness to bar any transfer to the City of Bristol without a unanimous district vote

and TBOUR approval. Counsel Tom Seely (BBCUD) maintained that if terms cannot be agreed, statute preserves the surviving district's current commissioners and emphasized BBCUD's concern—based on prior public comments—that a future transfer to the City of Bristol could create a regional monopoly water supplier. BBCUD also contrasted commissioner compensation (BBCUD: statutory \$250/meeting only; SFUD: includes health-insurance reimbursements totaling about \$31,350/year), supporting a three-member board for efficiency.

Board Discussion

Members focused on customer impact, governance, and finality. Mr. Giles questioned the Board's authority and timelines (audits, rate alignment) and pressed for a clear path to implementation. Mr. Pelham recused (TUA affiliation) and did not participate further. Mr. Stone asked about commissioner benefits and costs; the parties confirmed BBCUD commissioners receive only the statutory stipend, while SFUD also provides health-insurance reimbursements. Mr. Hampton probed the "monopoly" concern; BBCUD clarified it referred to wholesale choices for neighboring utilities, not retail customers. Staff reiterated that both communities' benefit from merger (including the immediate 5% SFUD rate decrease) and recommended resolving the board-makeup impasse. TBOUR Legal Counsel Seth May confirmed the motion could adopt all mediated terms and set board composition/transition.

Final Recommendation and Board Action

The Board approved the merger framework and resolved board composition.

Key Terms Adopted

1. Board composition & transition:
 - At merger: 5-member board — 3 from BBCUD (all current BBCUD commissioners) and 2 from SFUD (chosen by SFUD).
 - Stagger to 3 after 2 years: At Year 2, three seats expire (2 BBCUD, 1 SFUD); at Year 3, one SFUD seat expires; at Year 4, one BBCUD seat expires. After Year 2, the board becomes the standard 3-member board appointed by the county mayor.
2. Rates: Immediate 5% decrease for SFUD customers at merger; COS study to begin within one year to establish a uniform rate structure.
3. Management: Adam Hail to serve as manager of the merged utility.
4. Name: The merged board will select a new name.

5. Transfer safeguard: 10-year moratorium on any transfer of the merged utility to the City of Bristol; after that, any proposed transfer requires a unanimous vote of the merged district's board and TBOUR approval.

Board Action

Mr. Giles moved to adopt the mediated terms above and set the board composition/transition as described and was seconded by Mr. Purkey. Motion carried with one abstention (Mr. Pelham, recused due to TUA service).

Sevier County Utility District (SCUD)

SCUD returned to the Board following a Comptroller Division of Investigations report detailing serious misconduct by the former president and broad governance failures by the then-sitting commission. The investigation and staff follow-up described losses in the hundreds of thousands of dollars, alongside evidence of inadequate internal controls and a retaliatory culture that chilled reporting—even after a 2011 investigative report had already flagged concerns. After interviewing SCUD leadership and reviewing documents, Mr. Colona and Board staff stated on the record that, given the scale of loss and breach of fiduciary duty, they believe the appropriate remedy is ouster; one commissioner has since retired, and staff recommended initiating a contested case to remove the two remaining commissioners.

Attorney Janet Hayes (outside employment/investigations counsel engaged by SCUD in 2023) countered that this commission acted decisively once alerted: it terminated the president, self-reported to the Comptroller, rolled out extensive policy and internal-control updates, reprimanded the CFO, opened direct reporting channels to commissioners, and mandated district-wide ethics training. She urged stability—suggesting probation/heightened oversight in lieu of removal—adding that many details of the kickback scheme only surfaced through subpoena power.

Board Discussion

Mr. Pelham pressed on why outside employment counsel—rather than board counsel—was engaged, and whether any staff were complicit. Hayes said her specialty is workplace investigations and that interviews did not substantiate complicit internal actors beyond the former president; the CFO received a written reprimand. Pelham questioned why earlier

concerns (post-2011) didn't trigger stronger controls, and later emphasized commissioners' fiduciary duty to "trust but verify."

Mr. Giles focused on accountability and culture, citing the report's statement that employees feared retaliation. He questioned how a single executive could approve work, sign checks, and bypass guardrails for years without board detection, and asked process questions about the contested-case mechanics.

Mr. Hampton probed invoice approval flows and "second set of eyes" on change orders. New president James Green (promoted from engineering) testified that major projects had an external construction manager, internal reviews, and dual signatures—but the kickback arrangement wasn't known until investigators obtained bank records. He and Hayes stated that culture has "radically" improved, with direct contact lines to commissioners and renewed emphasis on transparency.

Mr. Stone, Ms. Vannasdale, Mr. Alex Smith, and Mr. Dye raised governance and visibility concerns: how commissioners can see inside the organization; the role definition of commissioners; why audits didn't flag issues; and whether auditor continuity contributed. Green outlined the executive team and changes to meeting participation and oversight; members stressed that board oversight must be active and documented.

Board Direction (staff recommendation adopted):

- Initiate a contested case to determine whether the two remaining SCUD commissioners should be removed pursuant to T.C.A. §§ 7-82-307 and 7-82-702.
- Authorize staff to close the contested case if the commissioners voluntarily step down.
- Clarify that commissioners remain in office pending the hearing; the Secretary of State will docket the case, an administrative law judge will be assigned, Board counsel will present evidence, and the Board will act as finder of fact. (When asked whether utility counsel could defend the commissioners, Board counsel noted "no comment" given differing professional-responsibility guidance.)

Board Action

Mr. Pelham made a motion to move staff recommendations, and it was seconded by Mr. Hampton. Again, during voting, Mr. Purkey emphasized his recusal. After much discussion, motion carried.

UTILITIES WITH SUBPEONAS ISSUED FOR APPEARANCE

Town of Gibson

This was a brief, subpoena-driven appearance. Mr. Fontenot presented this case and clarified that only Mayor Halk was subpoenaed (not the full board). Two active orders are in place: (1) a late-audit order (basis for the subpoena) and (2) a financial-distress case requiring a feasibility study. Progress on audits since the March order: FY2021 filed in May, FY2022 filed in July, with FY2023 expected by end of July and FY2024 to follow shortly after. The FY2025 audit is anticipated by January 2026 per the auditor. Staff noted the feasibility-study contract deadline was extended from May 31 to June 30, but no vendor has been retained; the Town reports difficulty obtaining responses.

Mayor's Remarks

Mayor Hauk (elected Nov. 2024) described inherited record-keeping failures under the prior administration, including minimal bookkeeping and inadequate meter-reading controls. The Town spent ~\$20,000 on outside accounting to reconstruct records; audits cost ~\$8,000 each. Operational fixes include replacing the meter reader and implementing dual-reader verification. The Town enacted a 10% rate increase and plans a rate study once audits are current. The utility is debt-free.

Board Discussion

Members commended the catch-up effort and asked what support would keep progress on track. Staff recommended staying the course: continue the feasibility study requirement and let the rate study proceed once audits are current; no additional action tied to the subpoena was requested.

Board Action

Mr. Pelham makes a motion to maintain current orders; continue with the feasibility study; permit staff flexibility to grant limited deadline extensions if positive progress continues; and allow the rate study to start once audits are up to date. The motion was seconded by Mr. Smith and passed unanimously with no further discussion.

Town of Mason

Mason appeared under subpoena requested by the Board in March (not for non-compliance). Attendees included Mayor Eddie Norman, Vice Mayor, the utility manager, and consulting engineer Ricky Oakley.

Staff confirmed there are no delinquent items currently outstanding; key items in progress are the feasibility study and routine filings (including the annual water loss audit/plan, submitted June 27).

Mayor/Operations Update

- Since taking office, the Mayor reports a major leakage reduction: water loss dropped from ~62% to roughly 32–29%, driven by ~75–85 leak repairs, new leak-detection equipment, and tighter field oversight.
- Metering program: ARP-funded replacement of ~1,000 meters is out for bid; bid opening August 13. Expectation is better revenue capture (and aligned sewer billing) as slow meters are replaced.
- System/production: Town produces its own water (two wells, a third in development). Additional grant funding is supporting sewer repairs and the new well.
- Workforce & contracting: Day-to-day operations and maintenance led by the utility manager and licensed staff; consultants noted certain operators function under contract operations, while the Mayor emphasized an ongoing shift to bring functions in-house to control costs.
- Finance/admin: Prior backlogs in audits and budgeting have been addressed with a new finance team; audit catch-up is nearing completion. The Mayor cited material cost savings from ending legacy contracts (e.g., prior operations and accounting arrangements).

Board Discussion

- Members commended the progress and focused questions on staffing (in-house vs. contract), compliance status, and timeline for the feasibility study.
- Engineer Oakley reiterated the loss-reduction trend, the meter findings, and the August 13 bid date; staff (Fontenot) confirmed the AWA submission (June 27) and that the feasibility study remains the primary timed deliverable.

Board Action

No action taken. Appearance satisfied the subpoena; the Board thanked the Town and left prior orders (including the feasibility study) in place.

City of Watertown

Watertown appeared under a two-part subpoena related to water-loss oversight. Staff noted the AWWA 6.0 water-loss audit was submitted by the May 15 deadline, but not by Rye Engineering as the prior board order required, placing the city out of compliance on that point. Rye confirmed they are ready to complete and resubmit as directed.

Financial status update:

Mayor Mike Jennings (in his 43rd year) reported the city implemented an 82.5% water-rate increase (now in its second billing cycle) following a five-year financial review. The utility budget increased from roughly \$660,000 to just over \$1.3 million, and the city projects operating in the black this year and going forward. He cited a state-mandated \$5.4 million sewer project and an \$899,000 water grant (25% local match). Public feedback to the rate action has been manageable.

Water loss & operations:

Contracted certified operator J.C. York explained the AWWA audit was compiled jointly (operations + recorder/auditors) but acknowledged the order specified Rye as the submitter. Current non-revenue water is in the high-40% range; corrective work (zone metering and replacing a faulty check valve that may account for ~10–12% of apparent loss) is expected to reduce it. Staffing is a hybrid model: contracted licensed operators plus a licensed sewer operator and four city utility laborers. The Mayor acknowledged past communication gaps and committed to clearer updates.

Board action:

On staff recommendation, the Board ordered:

1. AWWA 6.0 to be completed and resubmitted by Rye Engineering by August 31; and
2. a Water-Loss Plan by October 31.

Standard up-to-six-month extensions at staff discretion may be granted for demonstrated progress. No additional subpoenas were included. Motion by Mr. Pelham, second by Mr. Giles, carried with no further discussion.

Training Reporting

Board staff reported a system flaw in the comptroller's free online training platform after new videos were (unknowingly) hosted on YouTube, allowing viewers to skip ahead and still receive completion certificates. Staff audit logs showed some users completing a ~50-minute module in seconds. Staff set a reasonable threshold: completions under 20 minutes for a 50-minute video were flagged. In total, 92 individuals across 62 utilities were identified. The technical issue has been corrected: videos now play only at 1× speed, segmented into ~15-minute blocks that require clicking "Next"; fast-forwarding/2× play is disabled.

Board Discussion

Spring Hill's Assistant City Administrator/Water GM, Dan Allen, apologized and said flagged members will re-watch the modules properly. Members emphasized that taking compensation without valid training is unacceptable. Staff confirmed all flagged individuals have been notified to cure their training.

Board Action

- Deadline to cure: All flagged board members must complete training properly by October 31 using the corrected platform.
- Restitution review: After Oct. 31, staff will return with a Board-wide report (not limited to today's list) identifying any still-noncompliance individuals and the compensation/per-diem they received while out of compliance, along with recommendations for Board-ordered repayment.
- Scope clarified: Applies Board-wide to any utility where improper completions occurred, whether or not a prior "training case" existed.

Motion/Second/Vote:

- Mr. Pelham moved to adopt staff's recommendation; Mr. Carter seconded.
- Following discussion, Mr. Pelham amended his motion to include the Board-wide restitution review and post-deadline report; Mr. Carter seconded the amendment.
- The amended motion carried unanimously.

Cumberland Utility District

Cumberland Utility District has had an open administrative review for an extended period. While some alleged improprieties could not be confirmed, Board staff—coordinating with TDEC—identified operational concerns, including a recent TDEC Director’s Order and significant July water outages.

Staff Summary & Recommendation

- Board staff conducted multiple on-site interviews with employees and commissioners.
- TDEC has active oversight via a Director’s Order.
- Recent service interruptions stemmed from multiple main breaks.
- Recommendation: Require a qualified expert to perform a feasibility study on a potential merger with a surrounding utility.
 1. Identify/engage the expert and notify Board staff by September 19.
 2. Submit the written feasibility report by December 31.
 3. Allow up to two extensions upon a showing of good cause.

Board Discussion

General Manager Dax Mitchell (appointed in April) asked for time to demonstrate progress and stated a merger study was not his preference. He reported non-revenue water previously near ~60%, trending to ~42% after renewed accounting, leak work, and process fixes, and noted no new quality violations this year while coordinating closely with TDEC. He attributed July outages to three consecutive main failures and outlined corrective steps, including improved customer notifications (new Facebook page), a new answering service, and operational cleanups. Board members acknowledged his efforts but emphasized their responsibility to evaluate long-term customer protection; they characterized the feasibility study as due diligence—not a merger mandate.

Recusal

Ms. Vannasdale recused herself due to her utility’s proximity to Cumberland Utility District.

Board Action

Motion: Mr. Pelham moved to accept staff’s recommendations as presented (feasibility study with the September 19 and December 31 milestones and up to two extensions for good cause). Mr. Chairman seconded and the motion was carried with no further discussion.

City of Friendship

The mayor and governing body were ordered to appear under subpoena; none appeared, and no notice of non-attendance was received, though service was confirmed. Board staff noted longstanding non-compliance, including two delinquent audits and other previously ordered items (e.g., rate study; prior directives tied to financial distress and capital/borrowing notifications). Earlier orders were consolidated in 2023, but compliance issues persist.

Board Discussion

- Counsel, Seth May, explained the subpoena language contemplates referral to the Tennessee Attorney General (AG) for enforcement in Davidson County Chancery Court, where failure to obey a court order can be punished as contempt.
- The Board asked staff to specify exactly what it wants from Friendship so the AG can enforce concrete steps.

Board Action

- Motion was made by Mr. Giles, seconded and carried unanimously. Refer the matter to the Attorney General for enforcement consistent with the subpoena language and direct board staff to:
 1. Deliver a written, itemized list of all outstanding compliance requirements to Friendship (including, at minimum, bringing audits current, completing any ordered rate study, addressing any open water-loss items, and complying with borrowing/grant notification requirements).
 2. Set reasonable deadlines for each item (targeted before the next board meeting or, if necessary, the December meeting).
 3. Coordinate with the AG to compel Friendship's appearance at the next TBOUR meeting, regardless of interim progress, to explain non-compliance and status.

Town of Surgoinsville

Surgoinsville's audit applies the modified approach to depreciation, which requires documented condition assessments at set intervals and sufficient annual repair & maintenance (R&M) spending in lieu of recording depreciation. The audit indicates the utility should spend about \$40,000 per year on maintenance; only ~\$2,000 was reported last year—well below the level expected to sustain assets. Staff recommended placing the utility under Administrative Review

and coordinating with the Division of Local Government Audit (LGA) and the utility's auditor to verify eligibility for the modified approach, confirm inspection/condition standards, and ensure R&M spending and reporting align with requirements. Staff also noted the city recorder and an alderman proactively contacted East Tennessee board staff, acknowledged the issue (attributed to prior setup), and indicated willingness to comply, making this largely a formality.

Board Discussion

Mr. Hampton asked whether prior-year financials would need to be redone to reflect depreciation. Staff explained that under the modified approach, depreciation may be omitted only if the utility meets the prescribed inspection and R&M standards; whether any restatement is required will be evaluated during Administrative Review in consultation with LGA.

Board Action

Mr. Giles moved to accept staff's recommendation to place Surgoinsville under Administrative Review and direct staff to coordinate with LGA and the auditor on compliance with the modified approach; the Chair seconded. After brief discussion limited to the modified-approach requirements and potential restatement considerations, the motion carried unanimously.

EAST TENNESSEE

Mount Carmel

Board staff presented Mount Carmel as a decrease-in-net-position case, noting three consecutive fiscal years with a statutory decline. Staff explained that a current, professional rate analysis is needed to evaluate revenue sufficiency and set a corrective path.

Staff Recommendation

1. By August 31: Execute a contract with a qualified rate consultant and submit the executed contract to Board staff for approval.
2. By February 15: Submit the completed comprehensive rate study and a proposed implementation plan.
3. Extensions: Board staff may grant up to two extensions upon a showing of good cause.
4. Enforcement: Non-compliance with any milestone authorizes staff to issue a subpoena for appearance before the Board.

Board Action

On motion of Mr. Stone, seconded by Mr. Hampton, the Board adopted staff's recommendation as presented—ordering the rate study on the stated timeline, permitting extensions for good cause, and directing that non-compliance will result in a subpoena. The motion carried unanimously without further discussion.

City of Niota

The City of Niota is experiencing a statutory decrease in net position. Primary drivers identified by staff are: (1) significant infrastructure replacement costs and (2) failure to adjust retail rates to reflect wholesale increases from its supplier, the Athens Utilities Board. Although the city recently adopted an annual 75% rate increase, staff believes this action alone is insufficient. Niota's last comprehensive rate study was conducted five years ago. (Packet p. 399)

Staff Recommendation

- Engage a qualified expert to conduct a full water/sewer rate study.
- By August 31: execute the rate-study contract and submit it to board staff for approval.
- By February 15: submit the completed rate study and a proposed plan of implementation (including timelines and any needed governing-body actions).
- Allow up to two extensions upon a showing of good cause.
- If Niota fails to comply, issue a subpoena to appear before the Board.

Board Action

The Board adopted staff's recommendation as presented. Mr. Giles moved approval; Ms. Vannasdale seconded. The motion carried unanimously with no further discussion.

Siam Utility District

Siam Utility District remains under administrative review due to prior issues with bill payment and failure to meet TDEC requirements. A May 2025 site visit confirmed significant staffing and governance challenges at this small system. To address financial sustainability and governance capacity, staff recommended a combined rate study and feasibility study, including analysis of a potential merger with the Watauga River Regional Authority (feasibility findings to guide any next steps).

Staff Recommendation

- By August 31: Submit to board staff the executed contract with a qualified expert to perform (1) a rate study and (2) a merger feasibility study (including, at minimum, analysis of Watauga River Regional Authority).
- By February 28: Deliver the completed rate study and feasibility study to board staff for review.
- Extensions: Up to two extensions may be granted upon a showing of good cause.
- Non-compliance: If deadlines are missed, the utility will be subpoenaed to appear at the next TBOUR meeting.

Board Action

The Chair moved to approve staff's recommendation (with the date clarified on the record from "February 31" to February 28), and Mr. Carter seconded. The motion carried unanimously with no further discussion.

MIDDLE TENNESSEE CASES

City of Mount Pleasant

Mrs. Denson (board staff) presented the City of Mount Pleasant for financial distress (negative net position) in the gas system. On its Financial Distress Questionnaire, the city reported no gas rate increase in five years. The utility is already engaged with a third-party for rate analysis; this order is intended to formalize due diligence and ensure completion.

Staff Recommendation

- By August 31: Submit a copy of the signed contract with the third-party conducting the gas rate study.
- By February 15: Submit the completed gas rate study and documentation showing implementation of any adopted rate adjustments.
- Other: Allow up to two extensions for good cause; if the city fails to comply, issue a subpoena for appearance at the next TBOUR meeting.

Board Action

Mr. Pelham moved to adopt staff's recommendation, and Mr. Hampton seconded. The motion carried unanimously with no further discussion.

O'Connor Utility District

Board staff presented O'Connor Utility District (water system) for a continued decrease in net position. The district was referred in 2024 and has not had an independent, third-party rate study in over five years. While the district has implemented internal rate adjustments to address financial distress, those changes were not supported by an external study. Staff also noted the FY2024 audit is late, with the district attributing the delay to pending TCRS information (staff indicated this can be verified).

Staff Recommendation

- By August 31: Provide an executed contract with an independent, qualified firm to perform a comprehensive rate study for the water system.
- By February 15: Submit the completed rate study and proof of implementation of any adopted rate adjustments resulting from the study.
- Board staff may grant up to two extensions upon a showing of good cause; subpoena authority reserved if the district fails to comply.

Board Action

Mr. Carter moved to accept the staff recommendation; Mr. Giles seconded. The motion carried. Mr. Pelham recused himself from the vote due to a close personal relationship with a neighboring manager (no financial interest).

Fall Creek Falls Utility District

Mrs. Denson, board staff, referred Fall Creek Falls Utility District (FCFUD) for administrative review of its water system following a large July 4 outage and an influx of customer complaints. Staff also flagged governance concerns noted in the FY23 audit. During discussion, members raised operational quality concerns about how service was restored (flushing, disinfection, and reporting practices). The board asked that TDEC perform a quality check/site visit; staff agreed to send a formal request to TDEC on behalf of TBOUR and coordinate as needed.

Staff Recommendation

- Place FCFUD's water system into Administrative Review.

- Board staff will transmit a formal written request to TDEC (on behalf of TBOUR) for a site visit/operational quality review related to the outage response and restoration (including flushing, disinfection, and reporting), and coordinate logistics with the appropriate TDEC field office(s).

Board Action

Mr. Giles moved to approve staff's recommendation with the added direction for staff to send a formal TDEC request; Ms. Mitchell seconded. Mr. Pelham recused himself (neighboring utility involvement, prior engineering work, and mutual-aid assistance during the outage). The motion carried without further discussion.

WEST TENNESSEE CASES

Town of Hornsby

Mr. Fontenot, board staff, reported back on an existing administrative review opened after a member request and a site visit that found issues tied to mismanagement by the prior administration. Since then, a new administration and new board members have addressed the identified issues, and conditions have materially improved. A board-ordered feasibility study was completed and evaluated the potential for merger with a nearby system (Selmer). While the study remains usable for any future consideration, staff noted that Hornsby still has a separate decrease in net position case pending.

Staff Recommendation

- Release Hornsby from the Administrative Review order (based on corrective actions taken and current direction under the new administration).
- Do not proceed with a merger at this time; retain the completed feasibility study for possible future use.

Board Action

Mr. Pelham moved to accept staff's recommendation to release Hornsby from administrative review and not pursue a merger at this time, while leaving the separate decrease-in-net-position case in place; Mr. Smith seconded. The motion carried unanimously with no further discussion.

City of Loretto

Board staff presented the Division of Investigations report regarding incidents involving City Administrator Jesse Turner. Investigators found that city personnel (1) pumped Mr. Turner's private septic tank and disposed of wastewater on private property outside city limits; (2) did so without a TDEC septic pumper permit (state regulations require an active permit for septic pumping and disposal); and (3) provided a personal benefit to Mr. Turner by performing work on his private property during city hours using municipal resources. The report also cited the City of Loretto Municipal Code prohibiting use of municipal time, facilities, equipment, or supplies for private gain. Board staff noted Mr. Turner was indicted on one count of official misconduct; no monetary charges were included in the indictment.

Staff Recommendation

- Open an administrative review.
- Require the utility to contract with a qualified third-party expert to create new—or review and strengthen existing—managerial and personnel policies to prevent similar incidents, including clear prohibitions on personal use of city resources and procedures to ensure compliance with TDEC requirements.

Board Action

The Chair moved to approve staff's recommendation, Mr. Stone seconded, and the motion carried unanimously with no further discussion.

Town of Mason

The Town of Mason was placed under board review in 2024 due to a customer complaint. Board staff reported the matter has been fully remedied, with written confirmations from both parties received on March 12, 2024 (the day before the March TBOUR meeting). This item returns to the Board solely to close out the complaint oversight.

Staff Recommendation

- Close the customer complaint oversight and release the Town of Mason from further board monitoring related to this complaint, effective immediately.
- No additional actions or deadlines required.

Board Action

Mr. Pelham moved to accept staff's recommendation to close the customer complaint for the Town of Mason, and Mr. Smith seconded. The motion carried unanimously without further discussion.

Dyersburg Consolidated Utility District

The District was referred for two consecutive years of decrease in net position. It returned its Financial Distress Questionnaire and is already under contract with a board-approved third party to perform a rate study. This order formalizes delivery of that study to board staff.

Staff Recommendation

- By October 31: Submit the completed third-party rate study to board staff.
- Extensions: Up to two extensions may be granted upon a showing of good cause.

Board Action

Mr. Giles moved to accept the staff recommendation, and Ms. Mitchell seconded. The motion carried unanimously with no further discussion.

Town of Halls

The Town received a new decrease-in-net-position referral based on its FY2023 and FY2024 audits. It recently completed a rate study with Communities Unlimited (an organization that has performed work for this Board previously), and rates have been adopted following that study.

Staff Recommendation

Move the Town of Halls directly into the update cycle (no additional orders at this time).

Board Action

Ms. Vannasdale moved to accept staff's recommendation to place the Town of Halls into the update cycle; Mr. Carter seconded. The motion carried unanimously with no further discussion.

Town of Hornbeak

The Town of Hornbeak previously appeared before the former Water & Wastewater Financing Board (2018) for financial distress. A third-party rate study was completed in 2018/2019, and rates were increased in 2020; no subsequent rate increases or independent studies have been undertaken, and the system has fallen back into financial distress. Board staff also noted the Town's sewer system operates in close proximity to (and reportedly shares office space/personnel with) the Hornbeak Utility District (water), which may warrant evaluating a potential consolidation/merger.

Staff Recommendation

- Provide an executed contract with a qualified, independent third party to complete a rate study of the Town's sewer system.
- Submit the completed rate study and a proposed plan of implementation (or proof of implementation if already adopted).
- Extensions: Up to two extensions may be granted upon a showing of good cause.
- Non-compliance: Failure to meet deadlines may result in a subpoena to appear before the Board.

Board Action

Mr. Giles moved to adopt staff's recommendation with the added direction that Board staff evaluate whether a consolidation/merger between the Town of Hornbeak's sewer system and the Hornbeak Utility District's water system should be considered, and report back at the next Board meeting with a recommendation (including whether to order a formal feasibility study). The motion was seconded by the Chair and carried unanimously.

Iron City Utility District

Iron City Utility District has longstanding board oversight, previously under the UMRB and now under TBOUR. It faces persistent financial distress, with a continuous negative net position each year since 2018. Audits are delinquent: FY2023 and FY2024 have not yet been filed (FY2024 was due June 30; FYE is December 31). The system is located in southern Lawrence County and purchases 100% of its water from the Town of St. Joseph; staff indicated Iron City may be amenable to consolidation with St. Joseph.

Staff Recommendation

- Initiate a feasibility study led by a qualified, independent expert to evaluate consolidation/merger options—specifically including the Town of St. Joseph.
- Provide board staff a copy of the executed contract with the selected expert by a deadline set by staff consistent with standard board practice.
- Submit the completed feasibility study report to board staff by a deadline set by staff, with up to two staff-approved extensions for good cause.
- Include subpoena language so that failure to comply may result in a compelled appearance before the Board.

Board Action

Mr. Giles moved to accept staff’s recommendation; Ms. Mitchell seconded. During discussion, Mr. Pelham requested adding subpoena language to the order; staff agreed and the language was included. The motion carried unanimously with no further discussion.

City of Middleton

Middleton was referred for financial distress due to consecutive decreases in net position (FY23 and FY24). The city is ahead of schedule: it completed a third-party rate study in May 2024 with Hussey Gay Bell, a firm previously accepted by the Board for rate studies. Given this proactive step, staff indicated no additional corrective order is needed.

Staff Recommendation

- Expedite Middleton into the standard update cycle for financial-distress monitoring, relying on the completed May 2024 Hussey Gay Bell rate study and ongoing reporting, with no further action required at this time.

Board Action

Ms. Mitchell moved to accept staff’s recommendation to place Middleton into the update cycle; Mr. Giles seconded. The motion carried unanimously with no further discussion.

City of Newbern

Newbern was previously released from board oversight in 2023; however, the FY2023 and FY2024 audits again show statutory decreases in net position for both the Water & Sewer Fund

and the Rural Water Fund. Audit notes include a failure to close accounting records within two months of fiscal year-end as required by T.C.A., indicating weaknesses in financial processes. A rate-structure flag remains: a 5,000-gallon outside-city bill is 175% of the inside-city rate; staff will require a written justification for the inside/outside differential and any recommended adjustments as part of the study. The board received Newbern's questionnaire, and staff observed responses suggesting a misunderstanding of accrual accounting (e.g., how grant reimbursements and capital spending affect statutory change in net position).

Staff Recommendation

- Engage a qualified third-party expert (approved by Board staff) to perform a comprehensive rate study.
- By August 31, 2025: Send Board staff the executed contract between the Utility and the approved expert.
- By February 15, 2026: Provide Board staff the completed rate study and either (a) proof of implementation of the resulting recommendations, or (b) a proposed implementation plan with timeline.
- Extensions: Board staff may grant up to two extensions, each up to six months, upon a showing of good cause by the Utility.
- Enforcement: If the Utility fails to comply with any directive in this order, Board staff may issue subpoenas compelling members of the Utility's governing body and the Manager to appear in person before the Board at its next meeting following non-compliance.

Board Action

Mr. Pelham moved to accept the staff recommendation; Ms. Vannasdale seconded. The motion carried unanimously with no further discussion.

Town of Linden

Linden has been under board review for water loss since 2023. Board staff noted there may have been miscommunication from the state's side at some point in 2023; however, since then staff made multiple requests for the AWWA water loss audit worksheet and did not receive a response. Linden provided an engagement letter with Rye Engineering, but despite that engagement, the completed AWWA audit form was not submitted.

Staff Recommendation

- Issue a board order directing Linden to submit its completed AWWA water loss audit worksheet to board staff.

Board Action

The Chair moved to accept staff's recommendations, and Mr. Giles seconded. The motion was carried unanimously without further discussion.

Discussion on Subpoena Policy

Board staff proposed a Subpoena Policy to formalize how staff may use and manage subpoenas to achieve specific compliance goals (e.g., securing late AIRs/audits). Staff emphasized subpoenas are a tool to accomplish discrete tasks—not a punishment—and asked for limited flexibility to rescind or forgo subpoenas when an entity substantially complies. The policy would be posted publicly (and could later be placed into rule) and may be withdrawn by the Board at any time. In discussion, a clarifying question confirmed the policy would allow staff to withdraw a subpoena if the underlying requirement is met shortly after issuance (e.g., a brief, non-willful delay).

Staff Recommendation

Adopt a Subpoena Policy that:

- Authorizes board staff to issue subpoenas to accomplish specific compliance objectives and, where appropriate, to rescind subpoenas when the objective has been satisfied.
- Retains the Board's inherent authority to direct that a subpoena be issued or not rescinded in any particular case.
- Is published on the Board's website (with potential later codification by rule) and is revocable by the Board at any time.
-

Board Action

The Board adopted the policy with an added safeguard per Mr. Purkey: before staff rescinds a subpoena, staff must notify the Chair and Vice Chair, either of whom may direct staff to proceed with issuance or prohibit rescission. Motion to approve (with this revision) by Mr. Stone; seconded by Mr. Hampton. Motion passed unanimously.

Annual Information Report Update – Training

Board staff (Ross Colona and Nate Fontenot) presented targeted updates to the AIR. Several fields will be removed because the same information is now captured through Local Government Finance processes. New fields will be added to improve training oversight and communication, including per-member training details and utility attorney contact information. During discussion, the Board requested clarifying language on the rate-study question.

Staff Recommendation (as amended)

- Remove AIR fields that duplicate data already collected by Local Government Finance.
- Add a training section listing each governing-body member, the hours completed for the reporting period, and a yes/no compliance indicator.
- Add the utility’s attorney name and contact information.
- Clarify AIR to ask: “How many years since the last third-party rate study?”

Board Action

Mr. Giles moved to approve of the AIR changes; Mr. Pelham seconded. Motion passed unanimously.

Board Discussion

Mr. Colona asked the Board to consider starting future TBOUR meetings at 9:00 a.m. Central (instead of 10:00 a.m.) to help shorten the day and accommodate members who drive in the morning of the meeting. Board members discussed ways to streamline agendas. Mr. Purkey noted the long return drive after meetings and encouraged trimming time spent on routine or largely consensual items. The Board discussed piloting a consent calendar for straightforward matters (with any member able to pull an item for discussion), and Mr. Colona agreed staff would try this approach at the next meeting. There was also interest in exploring time-saving approaches for standard financial-distress rate-study items while preserving opportunities for discussion when rate impacts warrant. Counsel recommended a formal vote on the start-time change.

Staff Recommendation

Board staff recommended moving the regular meeting start time to 9:00 a.m. Central and, operationally, piloting a consent calendar and other efficiency measures at the next meeting (with any item able to be removed for discussion upon request).

Board Action

Mr. Giles moved to set the next (and future, unless otherwise noticed) TBOUR meeting start time at 9:00 a.m. Central; Mr. Pelham seconded. The motion carried unanimously. Staff will pilot a consent calendar and consider additional agenda-management steps for routine items at the next meeting.

Board Adjournment

Mr. Giles motions for the meeting to be adjourned at 4:45 p.m. Mr. Hampton seconded, and the motion was carried unanimously.



JASON E. MUMPOWER
Comptroller

Consent Agenda

Entity Referred: **Multiple Utilities**

Referral Reason: **Annual Information Report Non-Compliance**

Utility Type Referred: **Water and Sewer**

Staff Summary:

The following utilities have been referred to the Tennessee Board of Utility Regulation (“the Board”) for failure to complete the annual information report pursuant to Tenn. Code Ann. 7-82-707.

Belvidere Rural Utility District

Tellico Reservoir Development Agency

Witt Utility District

Staff Recommendation:

The Board should order the following:

1. By November 30, 2025, the utilities shall file their Annual Information Report.
2. Should the Utility fail to comply with any directive of this order, Board Staff and counsel may issue subpoenas for the Entity’s governing body and Manager to appear in-person before the Board during its next meeting following non-compliance.

Entity Referred: **Multiple Entities**

Referral Reason: **Annual Information Report**

Utility Type Referred: **Water And Sewer**

Staff Summary:

The following utility systems (“the Utilities”) were referred to the Tennessee Board of Utility Regulation (“The Board”) for failure to complete the Annual Information Report pursuant to Tenn Code Ann. § 7-82-701. Since going under the board, the Utilities have submitted their Annual Information Report as ordered by The Board.

Ashland City

Benton – Decatur Special Sewer District

Cleveland Utilities Authority

Fentress County Utility District

Livingston

McEwen

Mountain City

Oak Ridge

Saltillo Utility District

Staff Recommendation:

The Utilities are officially released from the Board's oversight as it relates to their Annual Information Reports.

Entity Referred: **Multiple Utilities**

Referral Reason: **Late Audits**

Utility Type Referred: **Water and Sewer**

The Tennessee Board of Utility Regulation ("the Board") reviewed the Utility's ("the Utility" or "the Utility's") below for failure to submit audits pursuant to Tenn. Code Ann. § 7-82-701. The Utility's have since come into compliance with outstanding audits.

Town of Livingston

Staff Recommendation:

The board should release the Utility.

Entity Referred: **Multiple Entities**

Referral Reason: **Training**

Utility Type Referred: **Water And Sewer**

The following utilities reported that their governing body members were out of compliance with applicable training requirements per Tenn. Code Ann. §§ 7-34-115, 7-82-308, 68-221-605 & 68-221-1305. The utilities were ordered to provide board staff with proof that all governing body members have complied with applicable training requirements.

Kenton

The utilities have complied with the directives of the board. The utilities provided board staff with proof of the governing body members training, and Board staff believe that the utilities should be released from Board oversight.

Staff Recommendation:

The Utilities are officially released from the Board's oversight as it relates to their (non) compliance with training requirements.

Entity Referred: **Multiple Entities**

Referral Reason: **Water Loss**

Utility Type Referred: **Water and Sewer**

The following utilities were referred to the Tennessee Board of Utility Regulation (“The Board”) for Water Loss pursuant to Tenn. Code Ann. § 7-82-702. The utilities have complied with board orders and have taken steps to improve water loss over 2 consecutive years.

Bean Station Utility District

Clinton

Etowah

Huntsville Utility District

Rogersville

Staff Recommendation:

The utilities are officially released from the Board's oversight as it relates to water loss.

Entity Referred: **Bedford County Utility District**

Referral Reason: **Customer Complaint**

Utility Type Referred: **Water**

Staff Summary:

Board staff has received multiple letters from Bedford County stakeholders, including:

Mr. Joe M. Lambert, Jr. (Shelbyville-Bedford Partnership),
Commissioner Gregory G. Vick (Bedford County Commission, Second District), and
Dr. Kasey C. Kesselring (Foundation for the Advancement and Support of the Tennessee
Walking Show Horse).

Each correspondence expresses significant concern regarding utility service limitations within the U.S. 231 North Corridor, a designated high-growth and economic development zone in Bedford County.

The letters identify ongoing conflicts between the Bedford County Utility District (BCUD) and the Shelbyville Power and Water Board (SPW) concerning franchise rights for water service and the provision of sewer service to developments within this corridor.

BCUD retains territorial rights for water but reportedly lacks the infrastructure capacity to provide adequate pressure, volume, and fire suppression capabilities to meet current and future development needs. Conversely, SPW has been extending sewer service into the corridor, but without the benefit of corresponding water revenue, resulting in an unsustainable financial model for that utility and the taxpayers it serves. Board staff does not find the lack of providing the water for the area as an appropriate reason to deny sewer service to this corridor.

The 231 North Corridor has attracted substantial private and institutional investment exceeding \$1 billion, including projects such as:

Tennessee College of Applied Technology (TCAT) – \$57 million facility;
Duksan America – \$105 million manufacturing project;
Middle Tennessee State University Aviation Department relocation – \$75 million;
Nearest Green Distillery, Vanderbilt Bedford Hospital, and Music City Kartplex expansions; and

The proposed Tennessee Downs Auto Club – a \$215 million mixed-use development including a 2.5-mile track, clubhouse, and conference facilities.

These developments collectively face limitations related to water availability, water pressure, sewer capacity, and fire safety—conditions that have delayed construction and increased project costs. Stakeholders emphasize that this ongoing utility impasse poses a public safety concern, constrains economic development, and risks loss of major private investment.

Importantly, while Shelbyville does not hold water rights in the affected area, it may still lawfully provide sewer service, as both water and sewer are distinct, self-sustaining enterprise systems. This distinction allows for potential coordination or hybrid service models to meet local needs.

Stakeholders also note that alternative utility providers (such as other regional water or wastewater utilities) may be capable of serving the area if BCUD cannot meet system demands.

Board staff recommends that the Tennessee Board of Utility Regulation issue an order directing Board staff to convene and facilitate meetings among all relevant and affected parties to determine the most viable, efficient, and sustainable utility service solution for the 231 North Corridor.

The goal of this process is to:

1. Evaluate all available utility service options, including possible coordination between BCUD and SPW or alternative providers;
2. Ensure sufficient water, sewer, and fire protection services for current and planned developments; and
3. Support the continued economic growth and public safety of Bedford County and the surrounding region.

Given the substantial public and private investments in the 231 North Corridor and the risks posed by unresolved utility service deficiencies, Board staff believes that TBOUR intervention and coordination are necessary to protect the public convenience and necessity.

Board staff requests that the TBOUR discuss the role Board staff may play here, and whether it is appropriate for staff to initiate stakeholder meetings and report back to the Board at future meetings.

**BEFORE THE TENNESSEE BOARD OF UTILITY REGULATION
at NASHVILLE, TENNESSEE**

IN THE MATTER OF:

**TENNESSEE DOWNS
REAL ESTATE COMPANY, LLC**
Complainant,

v.

**THE BEDFORD COUNTY UTILITY
DISTRICT of BEDFORD COUNTY,
TENNESSEE**
Respondent.

Case No.: _____

FORMAL COMPLAINT

Complainant:

Tennessee Downs Real Estate Company, LLC
504 Stella Vista Court
Brentwood, Tennessee 37027
(415) 517-1334
davidb@laulima-dev.com

Respondent:

The Bedford County Utility District of Bedford County, Tennessee
P.O. Box 169
Shelbyville, Tennessee 37160

COMES NOW, Claimant, Tennessee Downs Real Estate Company, LLC (hereinafter “Claimant”), by and through the undersigned Counsel, and brings this Verified Formal Complaint pursuant to T.C.A. seq. 7-82-702 et seq. against the Respondent, Bedford County Utility District (hereinafter “Respondent”), for Refusal or Denial of Sewer Service, Confusing and Non-Transparent Rate Structure, Inadequate and Unreliable Water Pressure, Inability to Provide Natural

Gas, Failure to Provide Unbundled Completion Costs, Unreasonable Fees and Charges. In support of this Complaint, Plaintiff would show to this Honorable body the following:

PARTIES

1. Claimant Tennessee Downs Real Estate Company, LLC which is a Tennessee limited liability company, having its principal place of business located at 504 Stella Vista Court, Brentwood, Tennessee 37027 with a Map 040 Parcel 007.00], see Exhibit 1 attached, address Highway 231, North.
2. The Respondent, The Bedford County Utility District of Bedford County, Tennessee, is a municipal utility district, not for profit, Tennessee public benefit corporation whose principal place of business is addressed at P.O. Box 169, Shelbyville, Tennessee 37160.
3. The Agent for Service of Process Kevin Mayhorn, General Manager.

JURISDICTION & VENUE

1. Complainant files this complaint under **Tennessee Code Annotated § 7-82-702(b)**, which empowers the Tennessee Board of Utility Regulation ("Board") to hear and determine complaints about the reasonableness of regulations, requirements, fees, charges, practices, and adequacy of service provided by a utility district organized under **Title 7, Chapter 82**.
2. Respondent is a **utility district** operating under Title 7, Chapter 82, and is subject to the Board's jurisdiction.

FACTS

4. Complainant has encountered multiple failures and unreasonable practices by Respondent that violate its statutory duties and impair the ability to develop and

safely use the Tennessee Downs Real Estate Company, LLC property. These include, but are not limited to:

- A. **Refusal or Denial of Sewer Service** – refusal or failure to approve and provide sewer service after multiple requests.
- B. **Confusing and Non-Transparent Rate Schedule** – Respondent's published rate schedules are unclear, inadequate, and inconsistent.
- C. **Inadequate and Unreliable Water Pressure** – failure to maintain adequate and reliable water pressure to meet operational and safety needs, and a failure to represent the needs of the growth of the community at large.
- D. **Inability to Provide Natural Gas** – Respondent has stated natural gas service cannot be reasonably extended to the property of Tennessee Downs Real Estate Company, LLC.
- E. **E. Failure to Provide Unbundled Completion Costs** – Respondent refuses to provide itemized cost data for completion and connection.
- F. **Unreasonable Fees and Charges** – fees assessed appear excessive, non-transparent, and unsupported by actual costs.
- G. **Unreasonable Developer Responsibility Requirements** – including requests to allow a gas storage facility on Tennessee Downs property and to supply water pumping devices at developer's expense.
- H. **Inefficient, Inadequate, and Irresponsible Policies** – internal procedures do not ensure reliable and responsive service or timely decision-making.

- I. **Inadequate Fire Hydrant Infrastructure** — insufficient and unreliable hydrants compromising public safety.

RELIEF SOUGHT

WHEREFORE, Plaintiff prays for the following RELIEF:

- A. That Service of Process be issued pursuant to T.C.A. § 7-82-101 et seq. and Tenn. R. Civ. P. 4.04(8)
- B. Investigate and determine the adequacy and reasonableness of Respondent's service, rates, and practices;
- C. Order corrective measures, including extension/upgrade of sewer, water, and gas services to Tennessee Downs Real Estate Company, LLC;
- D. Require clear and published rate and fee schedules;
- E. Direct Respondent to provide itemized/unbundled completion and connection costs;
- F. Revise developer responsibility requirements to be fair, proportionate, and non-discriminatory;
- G. Ensure adequate and reliable fire protection infrastructure; and
- H. Grant any other relief the Board deems just and proper.

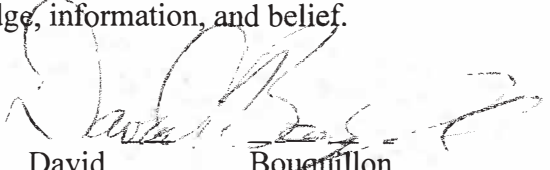
Respectfully submitted,

/s/ Joseph L. Lackey, III
 Joseph L. Lackey, III (BPR #36333)
Lackey McDonald, PLLC
 1608 17th Ave. South
 Nashville, TN 37212
 (615) 455-5033
 Jlackey3@lackeypllc.com

VERIFICATION

STATE OF TENNESSEE)
COUNTY OF DAVIDSON)

I, David Bouquillon, being an authorized representative of Tennessee Downs Real Estate Company, LLC and being duly sworn, state under oath that the factual averments contained in this Verified Complaint are true and correct to the best of my knowledge, information, and belief.


 David Bouquillon,
 Authorized Representative
 Tennessee Downs Real Estate
 Company, LLC

Sworn to and subscribed before me, this 1st day of October, 2025.


 Notary Public

My Commission Expires: March 2027



EXHIBIT A

DO NOT PUBLISH

Prepared by:

Tax Responsibility - Owner

Bobo, Hunt & White
111 N. Spring Street, Suite 202
Shelbyville, TN 37160

Tennessee Downs Real Estate Company, LLC
504 Stella Vista Court
Brentwood, TN 37027

The information contained herein
was provided by the parties.

Map 40, Parcel 7.00 NC

WARRANTY DEED

For and in consideration of the sum of Ten Dollars (\$10.00), cash in hand paid, and other good and valuable consideration, the receipt of all of which is hereby acknowledged, **IRA INNOVATIONS LLC FBO DENNY NORVELL HASTINGS IRA, ROBERT F. KILGORE and JOHN T. BOBO**, have this day bargained and sold and do hereby sell, transfer and convey unto **TENNESSEE DOWNS REAL ESTATE COMPANY, LLC**, a Tennessee limited liability company, its successors and assigns, certain real estate lying and being in the Fifth (5th) Civil District of Bedford County, Tennessee, described as follows, to wit:

Beginning at a concrete highway marker and old existing fence post situated in the west margin line of U. S. 231 Highway and being 62.25 feet from the center of the Highway; said point being the southeast corner of the Brandon property and the northeast corner of the property described; also, said point being located approximately ½ mile south of the Deason and Unionville Road intersection with U. S. 231 Highway; thence north 84 deg. 15 min. west 3664.30 feet to a corner fence post, said point being the northwest corner of said property; thence south 3 deg. 30 min. west 2405.00 feet to a fence point situated in the north margin line of Eady Road, said point being the southwest corner of said property and being 18 feet from the center of Eady Road; thence running with the north margin line of Eady Road and an existing fence line south 84 deg. 00 min. east 3311.31 feet to a concrete highway R/W marker, situated in the west margin line of U. S. 231 Highway and 109.7 feet from the center of said Highway; thence, running with said highway margin line north 60 deg. 44 min. east 70.0 feet to a point; thence north 11 deg. 44 min. 37 seconds east 1200.00 feet to a point; thence north 00 deg. 26 min. east 102.0 feet to a point; thence north 11 deg. 44 min. 37 seconds east 400.00 feet to a point; thence north 23 deg. 04 min. east 102.0 feet to a concrete Highway R/W marker; thence north 11 deg. 44 min. 37 seconds east 591.75 feet to the point of beginning, containing 195.14 acres, more or less, and bounded on the North by Brandon and Coop; on the West by Coop; South by Eady Road; and East by U. S. 231 Highway running between Shelbyville and Murfreesboro.

INCLUDED IN THE ABOVE DESCRIPTION BUT EXPRESSLY EXCLUDED THEREFROM is a certain tract or parcel of land containing 4.165 acres conveyed to the State of Tennessee for roadway purposes by deed from Charles E. Coffey and wife, Mai Coffey d/b/a CMC Properties, dated February 10, 1993, of record in Deed Book 196, page 421, Register's Office for Bedford County, Tennessee.

LESS AND EXCEPT the 10.00-acre tract, together with the easement for ingress and egress from U. S. Highway 231-North to the 10.00 acres being 50' x 400' consisting of 0.46 acre, conveyed to Greg Rucker and Richard Wilhelm, by Deed recorded May 18, 2020, of record in Book D357, page 366, Register's Office of Bedford County, Tennessee.

LESS AND EXCEPT the 23.17 acres conveyed to Titan Ready Mix, LLC, by Deed recorded November 12, 2020, of record in Book D361, page 16, Register's Office of Bedford County, Tennessee.

LESS AND EXCEPT a future roadway dedication to Bedford County, Tennessee, for no monetary payment from the County. The dedication would include any portion of the property herein conveyed lying within 50' north of the centerline of Eady Road.

Being a portion of the property conveyed to IRA Innovations LLC fbo Denny Norvell Hastings IRA, Robert F. Kilgore, and John T. Bobo by Deed from DHRK Properties, LLC, a Tennessee limited liability company, dated March 18, 2020, of record in Book D356, page 434, Register's Office of Bedford County, Tennessee.

THERE IS HEREBY RESERVED by the Grantors, their heirs, successors and assigns a perpetual easement and/or rights-of-way running with the land over and across the land herein conveyed for the purpose of Grantors connecting to and utilizing Grantee's future sewage/waste water disposal system. The easement will be from the west side of U. S. Highway 231-N to the location of the aforesaid sewage/waste water disposal system. This easement includes the right to construct, maintain and repair any and all lines, pipes, connectors and equipment necessary for the aforesaid connection and utilization.

For valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Grantee HEREBY CONVEYS to Grantors, their heirs, successors and assigns a perpetual and nonexclusive right to connect to and utilize the future sewage/waste water disposal system of the Grantee located on the property herein conveyed for the benefit of Grantors' real estate located across U. S. Highway 231-N consisting of approximately 4.6 acres. Grantor shall be responsible, at its sole expense, for all costs of accessing, connecting and maintaining any lines or other apparatus necessary to utilize the said system.

This conveyance is subject to any and all existing easements and restrictions.

To have and to hold said tracts or parcels of real estate, together with all improvements thereon and all appurtenances thereunto belonging, unto the said **TENNESSEE DOWNS REAL ESTATE COMPANY, LLC**, its successors and assigns, forever.

We covenant that we are lawfully seized and possessed of said property; have a good and lawful right to sell and convey the same, and that it is free and unencumbered, except for restrictions of record, if any.

We further covenant and bind our heirs, representatives, successors and assigns, to forever warrant and defend the title to said property unto the said **TENNESSEE DOWNS REAL ESTATE COMPANY, LLC**, its successors and assigns, against the lawful claims and demands of all persons, whomsoever.

For valuable consideration, **TENNESSEE DOWNS REAL ESTATE COMPANY, LLC**, does hereby join in this Warranty Deed for the sole purpose of conveying to Grantors, their heirs, successors and assigns the perpetual and nonexclusive right to connect to and utilize the future sewage/waste water disposal system of Grantee as more specifically described hereinabove.

(Signatures follow on multiple attached pages)

LAW OFFICES
BOBO, HUNT & WHITE
111 N. SPRING ST.
SUITE 202
P.O. BOX 169
SHELBYVILLE, TN 37162

WITNESS our signatures, this 28 day of April, 2022.

**IRA INNOVATIONS LLC
FBO DENNY NORVELL HASTINGS IRA**

By: Elisha Holcomb

Title: Authorized Representative

STATE OF Alabama

COUNTY OF Shelby

Personally appeared before the undersigned Notary Public in and for said State and County, the within named Elisha Holcomb, with whom I am personally acquainted, or proved to me on the basis of satisfactory evidence, and who acknowledged that he/she executed the foregoing instrument for the purposes therein contained, and who further acknowledged that he/she is the Authorized Representative of IRA INNOVATIONS LLC FBO DENNY NORVELL HASTINGS IRA, the bargainor, and is authorized by the entity to execute this instrument on its behalf.

Witness my hand and official seal at office in the City of Birmingham, State of Alabama, this 29 day of April, 2022.

Meagan Suzanne Glass
Notary Public

My commission expires: 8/13/2025

READ AND APPROVED, this 26th day of April, 2022.

Denny Norvell Hastings

STATE OF TENNESSEE

COUNTY OF BEDFORD.

Personally appeared before the undersigned Notary Public in and for said State and County, the within named DENNY NORVELL HASTINGS, the bargainor, with whom I am personally acquainted, and who acknowledged that he executed the foregoing instrument for the purposes therein contained.

Witness my hand and official seal at office in Shelbyville, Tennessee, this 26th day of April, 2022.

Ladonna Sudberry
Notary Public

My commission expires: 12/03/2024

WITNESS my signature, this 26th day of April, 2022.

Robert F. Kilgore

STATE OF TENNESSEE,

COUNTY OF BEDFORD.

Personally appeared before the undersigned Notary Public in and for said State and County, the within named **ROBERT F. KILGORE**, the bargainor, with whom I am personally acquainted, and who acknowledged that he executed the foregoing instrument for the purposes therein contained.

Witness my hand and official seal in Shelbyville, Tennessee, this the 26th day of April, 2022.

Ladonna Sudberry
Notary Public

My commission expires: 12/03/2024



LAW OFFICES
BOBO, HUNT & WHITE
111 N. SPRING ST.
SUITE 202
P.O. BOX 169
SHELBYVILLE, TN 37162

WITNESS my signature, this 26th day of April, 2022.



John T. Bobo

STATE OF TENNESSEE

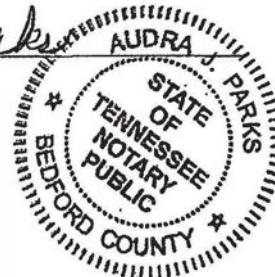
COUNTY OF BEDFORD.

Personally appeared before the undersigned Notary Public in and for said State and County, the within named **JOHN T. BOBO**, the bargainor, with whom I am personally acquainted, and who acknowledged that he executed the foregoing instrument for the purposes therein contained.

Witness my hand and official seal at office in Shelbyville, Tennessee, this 26th day of April, 2022.


Notary Public

My commission expires: Sept. 6, 2022



LAW OFFICES
BOBO, HUNT & WHITE
111 N. SPRING ST.
SUITE 200
P.O. BOX 169
SHELBYVILLE, TN 37162

WITNESS my signature, this 26th day of April, 2022.

**TENNESSEE DOWNS REAL ESTATE
COMPANY, LLC:**

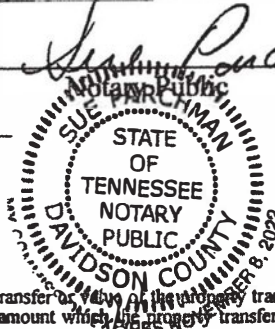
By: Bill B. Rutherford
Title: Manager

STATE OF Tennessee
COUNTY OF Davidson

Personally appeared before the undersigned Notary Public in and for said State and County, the within named Bill B. Rutherford, with whom I am personally acquainted, or proved to me on the basis of satisfactory evidence, and who acknowledged that he/she executed the foregoing instrument for the purposes therein contained, and who further acknowledged that he/she is the Manager of TENNESSEE DOWNS REAL ESTATE COMPANY, LLC, the Grantee herein, and is authorized by the entity to execute this instrument on its behalf.

Witness my hand and official seal at office in the City of Nashville, State of Tennessee, this 26th day of April, 2022.

My commission expires: 11/08/22

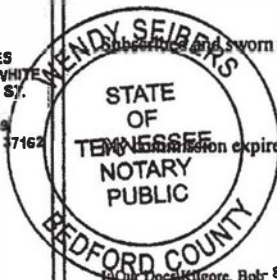


I or we, hereby swear or affirm that the actual consideration for the transfer or value of the property transferred, whichever is greater, is \$ 340,000.00, which amount is equal to or greater than the amount which the property transferred would command at a fair and voluntary sale.

x [Signature]
Affiant

Subscribed and sworn to before me this the 2nd day of May, 2022.

LAW OFFICES
BOBO, HUNT & WHITE
111 N. SPRING ST.
SUITE 202
P.O. BOX 169
SHELBYVILLE, TN 37162



Wendy Seibers
Notary Public or Registrar

STATE OF TENNESSEE, BED FORD COUNTY
JOHN H REED JR
REGISTER OF DEEDS

Book D373 Page 460

BK/PG: D373/454-460
22003768

7 PGS. AL-DEED	
TAMMY BATCH: 123006	
05/03/2022 - 01:35 PM	
VALUE	3400000.00
MORTGAGE TAX	0.00
TRANSFER TAX	12580.00
RECORDING FEE	35.00
DP FEE	2.00
REGISTER'S FEE	1.00
TOTAL AMOUNT	12618.00

EXHIBIT B

Buddy Koonce September 3, 2025 – September 30, 2025
Email Communications and Attachments

Tuesday, September 30, 2025 at 12:48:14 PM Central Daylight Time

Subject: FW: Tennessee Downs Auto Club - September Board Meeting Request
Date: Tuesday, September 30, 2025 at 12:48:14 PM Central Daylight Time
From: Gavin Dwyer <gmdwyer@lackeypllc.com>
Attachments: image001.png, 250929 BCUD TDAC Gas OPC.pdf, 250929 BCUD TDAC Water OPC.pdf, 200623 2020 BCUD Policy M Subdivisions and Developers.docx, 250617_RulesandRegulations-Water.pdf, 250617 RulesandRegulations-NaturalGas.pdf, TDREC, LLC v. Bedford County Utility[JLL3 9*30*25].docx, Bedford County Utility COmplaint exhibits.pdf

From: Buddy Koonce <bkoonce@bedfordutility.com>
Date: Tuesday, September 30, 2025 at 12:09 PM
To: David Bouquillon <davidb@laulima-dev.com>
Cc: Jeremy Carpenter <jcarpenter@tennesseedowns.com>, Joseph Lackey <jlackey3@lackeypllc.com>, Kevin Mayhorn <Kevin@bedfordutility.com>, dmd1133@gmail.com <dmd1133@gmail.com>
Subject: RE: Tennessee Downs Auto Club - September Board Meeting Request

David,

Attached for your review and files are opinion of probable costs to provide water and natural gas service to the above referenced development. These estimates are based on the preliminary site plan you provided to the District August 24, 2025. The plan is undated. Please be aware this site plan is not an actual plan or plat but appears to be a conceptual layout of the facilities described below, therefore the quantities listed in the estimates may differ from actual quantities.

I have also attached BCUD's Developer's Policy and Rule and Regulations for your review. The rules and regulations document contains current tap fee and other charges of this District.

BCUD does not provide fire protection flows within its service area.

BCUD does not reimburse tap fees or other costs related to the installation of facilities for new developments.

Let us know if you have any questions or need additional information.

Thanks, Buddy Koonce

From: David Bouquillon <davidb@laulima-dev.com>
Sent: Monday, September 29, 2025 8:48 AM
To: Buddy Koonce <bkoonce@bedfordutility.com>; Kevin Mayhorn <Kevin@bedfordutility.com>
Cc: Jeremy Carpenter <jcarpenter@tennesseedowns.com>; Joseph Lackey <jlackey3@lackeypllc.com>
Subject: Re: Tennessee Downs Auto Club - September Board Meeting Request
Importance: High

Caution: Think Security – This email originated from an external source.

Buddy,

I hope you had a great weekend. I'm following up on our conversation last week regarding the requested items below:

- All related costs associated with providing gas and water to our property.
- All associated tap/service fee's
- BCUD model of the existing system which can provide anticipated flow which can provide from a volume and pressure perspective. We need to understand the pressure in the system (PSI) and the anticipated flow (GPM) so we can analyze it against fire flow requirements.

Please let me know if you need any additional information or clarification. I appreciate your attention to these and look forward to your response.

David Bouquillon
President
Laulima Development LLC

Mobile: 415-517-1334
Email: davidb@laulima-dev.com

www.laulima-dev.com

From: David Bouquillon <davidb@laulima-dev.com>
Sent: Thursday, September 25, 2025 1:32 PM
To: Buddy Koonce <bkoonce@bedfordutility.com>; Kevin Mayhorn <Kevin@bedfordutility.com>
Cc: Jeremy Carpenter <jcarpenter@tennesseedowns.com>; Joseph Lackey <jlackey3@lackeypllc.com>
Subject: Re: Tennessee Downs Auto Club - September Board Meeting Request

Buddy,

Thanks for reaching out regarding the Tennessee Downs Auto Club development. I'm currently tied up on a Zoom call for the next hour or so, but I wanted to make sure you had the email I sent to Kevin ahead of the Board Meeting a few weeks back—please see it attached.

I'll give you a call shortly once I'm free.

Thanks again for your help.

David Bouquillon
President
Laulima Development LLC

Mobile: 415-517-1334
Email: davidb@laulima-dev.com

www.laulima-dev.com

From: Buddy Koonce <bkoonce@bedfordutility.com>
Sent: Thursday, September 25, 2025 12:33 PM
To: David Bouquillon <davidb@laulima-dev.com>; Kevin Mayhorn <Kevin@bedfordutility.com>
Cc: Jeremy Carpenter <jcarpenter@tennesseedowns.com>; Joseph Lackey <jlackey3@lackeyplc.com>
Subject: RE: Tennessee Downs Auto Club - September Board Meeting Request

Mr. Bouquillon,

I am responding in association with Kevin about your project.

To provide a detailed cost estimate for this project, we need additional information about this development. Specifically, could you provide a preliminary plat of the project with estimated demands for water and natural gas? Information such as the number of water and gas taps, type of users within the development and any unusual demands for water and gas would be especially helpful.

This information is needed to determine sizing of utilities.

If you have previously submitted this us and I have misplaced it, I apologize.

Please call me if you have any questions. My number is 615-351-2966.

Thanks, Buddy Koonce

From: David Bouquillon <davidb@laulima-dev.com>
Sent: Thursday, September 25, 2025 12:23 PM
To: Kevin Mayhorn <Kevin@bedfordutility.com>
Cc: Jeremy Carpenter <jcarpenter@tennesseedowns.com>; Joseph Lackey <jlackey3@lackeyplc.com>; Buddy Koonce <bkoonce@bedfordutility.com>
Subject: Re: Tennessee Downs Auto Club - September Board Meeting Request

Caution: Think Security – This email originated from an external source.

Kevin,

Thank you — this helps clarify the sewer service.

However, I'm still awaiting the information requested in my previous email. You noted that the future cost of the gas line will be borne by the developer; could you please provide a detailed cost analysis for both the gas and water services, including any associated fees?

Appreciate your help in getting this clarified.

Best regards,

David Bouquillon
 President
 Laulima Development LLC

Mobile: 415-517-1334
Email: davidb@laulima-dev.com

www.laulima-dev.com

From: Kevin Mayhorn <Kevin@bedfordutility.com>
Sent: Wednesday, September 24, 2025 9:37 AM
To: David Bouquillon <davidb@laulima-dev.com>
Cc: Jeremy Carpenter <jcarpenter@tennesseedowns.com>; Joseph Lackey <jlackey3@lackeypllc.com>; Buddy Koonce <bkoonce@bedfordutility.com>
Subject: Re: Tennessee Downs Auto Club - September Board Meeting Request

Good Morning,

Please see the attached. Let me know if this works for your needs.

Thanks,

Kevin Mayhorn

General Manager

Bedford County Utility District

P O Box 2755

214 Bethany Ln

Shelbyville TN 37162

931-684-1667

kevin@bedfordutility.com



From: David Bouquillon <davidb@laulima-dev.com>

Sent: Wednesday, September 24, 2025 9:09 AM
To: Kevin Mayhorn <Kevin@bedfordutility.com>
Cc: Jeremy Carpenter <jcarpenter@tennesseedowns.com>; Joseph Lackey <jlackey3@lackeypllc.com>; Buddy Koonce <bkoonce@bedfordutility.com>
Subject: Re: Tennessee Downs Auto Club - September Board Meeting Request

Caution: Think Security – This email originated from an external source.

Kevin,

I hope you had a great weekend and that your training went well. I'm following up on my email from last week regarding the items we discussed at the last Board Meeting.

Would you be able to formalize the denial for sewer service on your letterhead? Our lending partner is based out of state and requires documentation for their records.

If you have any questions or need anything further from me, feel free to call at 415-517-1334.

Thanks again,

David Bouquillon
 President
 Laulima Development LLC

Mobile: 415-517-1334
 Email: davidb@laulima-dev.com

www.laulima-dev.com

From: Kevin Mayhorn <Kevin@bedfordutility.com>
Sent: Wednesday, September 17, 2025 11:49 AM
To: David Bouquillon <davidb@laulima-dev.com>
Cc: Jeremy Carpenter <jcarpenter@tennesseedowns.com>; Joseph Lackey <jlackey3@lackeypllc.com>; Buddy Koonce <bkoonce@bedfordutility.com>
Subject: Re: Tennessee Downs Auto Club - September Board Meeting Request

David,

I am out of the office this week for training. Once I get back into the office I will discuss with our engineer what is needed to get the answers to the below questions.

As for a sanitary sewer, BCUD does not provide any sanitary sewer. We only provide water and natural gas. Shelbyville Power is the sewer provider in Shelbyville. I am not sure if they have service at your location. Their number is (931) 684-7171. If you would like to reach out to them about sewer.

Please let me know if you have any questions

Kevin Mayhorn

General Manager

Bedford County Utility District

P O Box 2755

214 Bethany Ln

Shelbyville TN 37162

931-684-1667

kevin@bedfordutility.com



From: David Bouquillon <davidb@laulima-dev.com>

Sent: Wednesday, September 17, 2025 10:53 AM

To: Kevin Mayhorn <Kevin@bedfordutility.com>

Cc: Jeremy Carpenter <jcarpenter@tennesseedowns.com>; Joseph Lackey <jlackey3@lackeyplc.com>

Subject: Re: Tennessee Downs Auto Club - September Board Meeting Request

 **Caution:** Think Security – This email originated from an external source.

Dear Mr. Mayhorn,

Thank you again for the opportunity to present our proposed development to the Board last week. We appreciate your letter confirming the availability of our requested GPD—it's a very encouraging step forward.

As we continue site planning and coordination, I wanted to follow up with a few additional questions:

Fire Flow Requirements:

We're currently evaluating fire protection needs and would appreciate any available system data to support that analysis. Specifically, we're seeking information on anticipated flow and pressure at or near our project site. If you have a model or summary indicating expected system pressure (PSI) and flow rates (GPM), that would be extremely helpful in assessing compliance with fire protection standards and coordinating with the local fire marshal.

Gas Infrastructure:

As discussed, gas service is not currently at our property line but may be extended pending financial commitments from the developer. If you could provide preliminary details on anticipated costs and timing for that infrastructure, it would greatly assist our early planning efforts.

Sanitary Sewer Service:

Your letter didn't reference sanitary sewer, so I wanted to confirm my understanding from our meeting with David Dickens—that your group does not currently provide sanitary sewer service. If this is a future offering, we'd appreciate any insight into timing or service area plans.

Please let us know if you need any additional information from our team to facilitate these requests. We're happy to provide site plans or coordinate directly with your engineering staff if that would be helpful.

Thanks again for your continued support—we look forward to your response.

Warm regards,

David Bouquillon
President
Laulima Development LLC

Mobile: 415-517-1334
Email: davidb@laulima-dev.com

www.laulima-dev.com

From: Kevin Mayhorn <Kevin@bedfordutility.com>

Sent: Tuesday, September 16, 2025 9:06 AM

To: David Bouquillon <davidb@laulima-dev.com>

Cc: Jeremy Carpenter <jcarpenter@tennesseedowns.com>; Joseph Lackey <jlackey3@lackeypllc.com>

Subject: Re: Tennessee Downs Auto Club - September Board Meeting Request

Mr. Bouquillon,

Please see the attached letter regarding utility services at Tennessee Downs Auto Club development. Let me know if you have any questions or need any additional information.

Thanks,

Kevin Mayhorn

General Manager

Bedford County Utility District

P O Box 2755

214 Bethany Ln

Shelbyville TN 37162

931-684-1667

kevin@bedfordutility.com



From: David Bouquillon <davidb@laulima-dev.com>

Sent: Thursday, September 4, 2025 2:14 PM

To: Kevin Mayhorn <Kevin@bedfordutility.com>

Cc: Jeremy Carpenter <jcarpenter@tennesseedowns.com>; Joseph Lackey <jlackey3@lackeypllc.com>

Subject: Re: Tennessee Downs Auto Club - September Board Meeting Request

USS

Warning: Sender @davidb@laulima-dev.com is not yet trusted by your organization. Please be careful before replying or clicking on the URLs.

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Caution: Think Security – This email originated from an external source.

Dear Mr. Mayhorn,

For our meeting today we wanted to provide you with a preliminary overview of anticipated utility demands for water, gas, and sewage for our future Tennessee Downs Auto Club development and to initiate coordination with your team for formal approval at the next Board Meeting before we move into the next phases of final design and permitting. I've attached our approved development master plan for your reference.

Water Usage

Based on current site planning and projected occupancy, we estimate peak daily water demand to reach approximately **50,800 gpd**. This includes 250 garage condo units, clubhouse amenities, auto maintenance/support buildings, and light commercial components. We plan to incorporate water-efficient fixtures and landscaping strategies to mitigate peak loads and support sustainability goals.

Gas Requirements

Natural gas usage is expected to be concentrated in residential heating, cooking, clubhouse operations which includes our wellness center and dining and bar. Preliminary load calculations suggest a total demand of **19,000 therms/month**, with seasonal variability. We are evaluating centralized versus distributed systems and welcome input on infrastructure alignment.

Sewage and Wastewater

Projected sewage output aligns with standard residential and light commercial benchmarks, totaling approximately **115,000 gpd**. We are coordinating with our civil engineers to ensure appropriate sizing of sewer laterals and lift station capacity and will provide detailed flow estimates in our formal submittals.

We recognize the importance of early coordination to ensure infrastructure readiness and regulatory compliance. We look forward to discussing in more detail any preliminary concerns or requirements you may have.

Sincerely,

David Bouquillon
President
Laulima Development LLC

Mobile: 415-517-1334
Email: davidb@laulima-dev.com

www.laulima-dev.com

From: David Bouquillon <davidb@laulima-dev.com>
Sent: Wednesday, September 3, 2025 10:38 AM
To: kevin@bedfordutility.com <kevin@bedfordutility.com>
Cc: Jeremy Carpenter <jcarpenter@tennesseedowns.com>; Joseph Lackey <jlackey3@lackeypllc.com>
Subject: Tennessee Downs Auto Club - September Board Meeting Request

Dear Mr. Mayhorn,

I've attached our formal request for the Tennessee Down Auto Club development to be included on your September Board Meeting agenda. We appreciate your consideration and look forward to the opportunity to present the project in greater detail.

Please let me know if any additional documentation is needed in advance. If you have any

questions, don't hesitate to reach out by phone or email.

David Bouquillon
President
Laulima Development LLC

Mobile: 415-517-1334
Email: davidb@laulima-dev.com

www.laulima-dev.com

**OPINION OF PROBABLE COST
BEDFORD COUNTY UTILITY DISTRICT
2025 TENNESSEE AUTO DOWNS CLUB WATER LINE EXTENSION**

<u>ITEM</u>	<u>DESCRIPTION</u>	<u>ESTIMATED QUANTITY</u>	<u>UNIT</u>	<u>UNIT PRICE</u>	<u>AMOUNT</u>
1.	8" SDR 11 HDPE Gas Line	4,000	L.F.	\$ 90.00	\$ 360,000.00
2.	4" SDR 11 HDPE Gas Line	20,500	L.F.	\$ 55.00	\$ 1,127,500.00
3.	8" Valve with Boxes	4	Each	\$ 2,400.00	\$ 9,600.00
4.	6" Valve with Boxes	25	Each	\$ 1,200.00	\$ 30,000.00
4.	Directional Bore of 8" SDR 11 PE Pipe	300	L.F.	\$ 400.00	\$ 120,000.00
5.	Hot Tap Connection	1	Each	\$ 5,000.00	\$ 5,000.00
6.	Gas Main Meter Assembly	250	Each	\$ 1,500.00	\$ 375,000.00
7.	3/4" PE Service Line	5,000	L.F.	\$ 20.00	\$ 100,000.00
ESTIMATED CONSTRUCTION COST					\$ 1,767,100.00
BCUD ADMINISTRATIVE FEE (15%)					\$ 265,065.00

9/30/25 GCK

**OPINION OF PROBABLE COST
BEDFORD COUNTY UTILITY DISTRICT
2025 TENNESSEE AUTO DOWNS CLUB WATER LINE EXTENSION**

ITEM	DESCRIPTION	ESTIMATED QUANTITY	UNIT	UNIT PRICE	AMOUNT
1.	8" Class 350 DIP Water Line	1,500	L.F.	\$ 100.00	\$ 150,000.00
2.	6" Class 350 DIP Water Line	20,500	L.F.	\$ 70.00	\$ 1,435,000.00
3.	8" Gate Valve with Boxes	4	Each	\$ 2,400.00	\$ 9,600.00
4.	6" Gate Valve with Boxes	25	Each	\$ 1,200.00	\$ 30,000.00
5.	Ductile Iron Fittings	1,000	Lbs	\$ 8.00	\$ 8,000.00
6.	4 1/2" Hydrants	5	Each	\$ 1,500.00	\$ 7,500.00
7.	Water Services	250	Each	\$ 750.00	\$ 187,500.00
8.	3/4" PEX Service Line	6,000	L.F.	\$ 8.00	\$ 48,000.00
ESTIMATED CONSTRUCTION COST					\$ 1,725,600.00
BCUD ADMINISTRATIVE FEE (15%)					\$ 258,840.00

9/30/25 GCK

BEDFORD COUNTY UTILITY DISTRICT

Policy No.:	Policy Description:	Page No.:	Issue Date:
M	Subdivisions and Developers	1	9/8/16

RESPONSIBLE FOR ADMINISTERING POLICY

Board of Commissioners and General Manager.

BACKGROUND AND PURPOSE

In order for the District to serve the public and to comply with the rules and regulations of the Environmental Protection Agency and the Tennessee Department of Environment and Conservation and other state and federal regulations, the District must establish rates, fees and charges to produce revenue sufficient to meet all its obligations. The Board of Commissioners must set rates, fees and charges to produce sufficient revenues to pay for operating expenses and to amortize the bond indebtedness of the District. The District will require that the Developers who seek to profit from the residential or commercial construction pay their fair share of such costs. Should the costs of construction be unusual or other unusual circumstances exist, the District may modify or add to these procedures. The determination of unusual circumstances will be made by the District on a case-by-case basis.

The District is run for the benefit of all present and future customers, and while no customer shall intentionally be treated unfairly, no customer shall be treated in a way that compromises the interests of others.

LIMITATIONS

The District is subject to various state and federal regulations and has no discretion to provide service in a manner which would violate such regulations.

POLICY STATEMENT

1. Developer's Plat

A Developer seeking to obtain service from the District will submit to the General Manager a plat of the proposed Development. The plat must be presented to the General Manager at least two (2) weeks prior to the next Regular Board Meeting (See Policy Y). The plat shall include the number, size and any other information that will assist the District in making a determination of availability of service. Each plat shall show the number of units and size (single family, duplex, etc.) to be served in the Development. The Developer will pay a **Hydraulic Analysis/Development Evaluation Fee** for District Personnel to flow test and perform a Water Computer Assisted Drawing (Water Cad) test to determine the feasibility of water service to the Development. The current **Hydraulic Analysis/Development Evaluation Fee** is listed in the **Schedule of Rates and Fees (Exhibit A-2)**. If the General Manager determines that the Development complies with District's policy, then it will be presented to the Board of Commissioners at the next Regular Board meeting (See Policy Y). (210408)

BEDFORD COUNTY UTILITY DISTRICT

Policy No.:	Policy Description:	Page No.:	Issue Date:
M	Subdivisions and Developers	2	11/8/07

2. Administration Fee - Developer

Upon receipt of the Developer's Preliminary Plat and approval by the Board of Commissioners to proceed, the District will submit the plat to its Engineer for preparation of a cost estimate, if applicable. The Engineer will develop within **two (2) weeks** of Board approval to proceed, a cost estimate including any off-site improvements that may be required to serve this Development. Within **sixty (60) days** of Board approval to proceed, the Developer is required to make a non-refundable Administration Fee to the District of **Fifteen percent (15%)** of the estimated costs of the utility construction, as stated by the District's Engineer, which is to cover supervision, overhead, administration, legal and other service costs, all of which will be performed by the District. If the Administration Fee is not enough to cover all costs incurred by the District, then the remainder shall be paid by the Developer before water is turned on.

3. Developer's Plans and Specifications

After the Administrative Fee (See Policy M-2) has been paid by the Developer within the time period as stated in **Policy M-2 – Administrative Fee – Developer**, the Engineer will prepare plans and specifications, approved by the District, and submit them to the Tennessee Department of Health and Environment for approval.

4. Developer Contract

Before any work is begun or any final plats are signed on any Development, a **Developer Contract** (See Exhibit M-1) will be signed by the District and the Developer. The **Developer Contract** must be completed within **thirty (30) days** of approval of the plans and specifications by the State of Tennessee (See Policy M-3). Developers who subdivide property located on an existing water line or an heir are not required to complete a **Developer Contract**, but are subject to **Policy M-9b – Service Connections – Installed on Existing Water Lines**.

Upon execution of the Developer Contract, the Developer must pay all fees and charges established by the District for the Developer which may include, but are not limited to, the following:

- a. Engineering/Plan Review Fees.
- b. 15% administration fee as referred to in Section 2.

BEDFORD COUNTY UTILITY DISTRICT

Policy No.:	Policy Description:	Page No.:	Issue Date:
M	Subdivisions and Developers	3	2/13/97

The District may confer with its attorney during any of the procedures covered under the **Subdivisions and Developers Policy** (See Policy M).

5. Surety Bond - Developer

Upon execution of the Developer Contract, the District may require the Developer to post a surety bond with a corporate surety authorized to do business in the State of Tennessee or obtain an irrevocable letter of credit issued by a national bank or a bank authorized to do business in the State of Tennessee for the costs to construct the system improvements to serve the Development. The General Manager may authorize reduction of the bond or letter of credit based on completion of the project by the District's Engineer as designed by such engineer, with the bond to be reduced to fifty percent (50%) after the project shall be certified as sixty-five percent (65%) complete, reduced to twenty-five percent (25%) complete upon certification that the project is ninety percent (90%) complete and to ten percent (10%) upon certification that the construction is one hundred percent (100%) complete, subject to acceptance by the District.

6. Development Costs

The costs and expenses incidental to the installation and connection of District service facilities for residential subdivisions and commercial developments shall be borne by the Developer.

7. Permits - Developer

The developer shall obtain all permits (building, plumbing, electrical, etc.) to serve the facilities.

8. Easements - Developer

When the plan calls for the installation of mains under streets to be opened and dedicated within the development, the Developer shall execute a Deed of Dedication to the District of twenty (20) foot easements within which such lines are to be installed or shall execute a Deed conveying in fee simple the property within which such lines are to be installed. These Deeds shall describe the easements and property of reference in the book and page of the recorded plat.

BEDFORD COUNTY UTILITY DISTRICT

Policy No.:	Policy Description:	Page No.:	Issue Date:
M	Subdivisions and Developers	4	7/13/00

The District's policy regarding the requirements of easements are as follows:

- a. All system improvements including storage tanks, access roads, booster or pumping stations and other facilities shall be constructed on easements approved by the District or on property conveyed in fee simple to the District.
- b. All easements shall be obtained by the Developer or his agent..
- c. All final plats shall show a utility easement fronting all streets before the plat will be approved by the District.
- d. Any easements that are required outside a proposed Development shall be obtained by the Developer or his agent prior to the initiation of system construction, except those covered in (e) below.
- e. If a line within a public right-of-way must be extended to bring service to a new Development, the District will obtain the necessary permission to use such public right-of-way from the state, county or other governmental authority having jurisdiction over the right-of-way.

9. Service Connections - Developer

All service connections will be installed by the Developer during construction of the development. The water tap privilege fee, the system development fee and the non-refundable turn-on fee for each individual lot will be paid at the time water service is requested by the current owner and construction is completed. The district will install the meter after all fees are paid and construction is complete.

Water service on existing water lines will be installed by the district when the water tap privilege fee, the system development fee and the non-refundable turn-on fee for each individual lot is paid for and upon request. (210408)

BEDFORD COUNTY UTILITY DISTRICT

Policy No.:	Policy Description:	Page No.:	Issue Date:
M	Subdivisions and Developers	5	3/10/07

10. Cul-de-sacs

Cul-de-sacs are prohibited in any development, unless in the determination of the Board of Commissioners it is not feasible for the water line extension be tied into a proposed or existing water line (i.e. loop the water line). If a cul-de-sac is permitted, it must be placed to the end of the Development in order that the proposed road and water line may be extended at a future date, unless otherwise approved by the Board of Commissioners. A minimum **Cul-de-sac Maintenance Fee** of \$3,000.00 per cul-de-sac will be charged to the Developer. This fee is nonrefundable, even if the cul-de-sac is eliminated, and the water line is extended and tied into a proposed or existing water line at a future date.

11. Hydrants

Hydrants may be required in developments within Bedford County Utility District territory to satisfy Fire Flow requirements. The location and number of hydrants are to be determined by the District's Management and District's Engineer, in accordance with the requirement of Fire Code of the Municipality involved. This policy covers all hydrants located within Shelbyville's city limits and any Municipality's Urban Growth Boundary (UGB) where BCUD will provide fire flow.

There is a one-time charge of \$2000.00 for each hydrant installed to be paid to the District by the Developer. This Fee shall be paid by the Developer before the development's water system is Placed in service.

This hydrant charge is for future repair and maintenance of the Hydrant(s).

12. Construction Phase - Developer

The District's Engineer will determine a **Start Date** and **Completion Date** based upon the scope of work to be performed in the Development. Before any work is begun on the Development, the Developer shall notify the District of when construction is to begin, and all progress thereon shall be reported weekly to the District. All construction begun, continued, or completed hereunder shall be subject to the supervision of the District's Engineer and/or District personnel, who shall have continuous right of inspection through the progress of the work. No pipes, fittings or connection shall be covered until inspected and approved by the District. All utility lines will be tested and approved by the Tennessee Department of Health and Environment. No water service will be permitted to any lot/parcel in the Development until the Developer has placed the appropriate road bond with the appropriate local, county or state road/highway authority, and all roads in the Development have been constructed to a degree that would be acceptable by the appropriate local, county or state road/highway authority.

BEDFORD COUNTY UTILITY DISTRICT

Policy No.:	Policy Description:	Page No.:	Issue Date:
M	Subdivisions and Developers	6	02/08/01

13. Final Acceptance of Development By Board of Commissioners

Upon completion of the Development by the Developer and approval by the District inspector and the Tennessee Department of Health and Environment, the Developer will submit a final plat (as-built) for acceptance by the Board of Commissioners. All final plats, once approved by the Board of Commissioners, must be signed by the Board President or Secretary only.

Upon final acceptance by the Board of Commissioners, the Developer shall indemnify the District from any loss or damage that may directly or indirectly result from the installation of utility lines and other facilities by the Developer for a period of one (1) year after the District's acceptance of the facilities.

The Developer will convey in writing a **Deed of Conveyance** (See Exhibit M-2) for the Development to the District.

The District retains the right to extend the utility lines of the Development at any time.

14. Failure By Developer To Meet Any Due Dates

Approval by the Board of Commissioners to proceed will be rescinded if the Developer fails to meet any due dates as stated in **Policy M – Subdivision and Developer Policy**.

RECORD KEEPING DURATION

All records regarding Subdivisions and Developers Contracts shall be kept indefinitely.

OMISSIONS

In the absence of specific rules, regulations or policies, the disposition of situations involving service shall be made by the Board of Commissioners in accordance with its usual and customary practices.

EXHIBIT M-1**DEVELOPER CONTRACT
WATER CONTRACT FOR****(Subdivision)**

THIS AGREEMENT, made and entered into this day by and between **BEDFORD COUNTY UTILITY DISTRICT** of Bedford County, Tennessee, a municipal corporation, hereinafter referred to as "District", and _____, hereinafter referred to as "Developer".
(Name/Names)

WITNESSETH:

THAT FOR AND IN CONSIDERATION OF the sum of money hereinafter mentioned, and the mutual promises of the parties herein contained and particularly taking into consideration the fact that the District has installed large storage reservoirs and large trunk mains, all at great expense, in order that the area involved, among other areas, might be developed by the Developer and the community permitted thereby to expand, and in consideration provided for by the Developer are to be joined with them, and in consideration of the District assuming responsibility for the repair, maintenance and replacement of the mains provided by the Developer, as well as to maintain the total system, and other good valuable consideration, the receipt of all of which is hereby acknowledged, the parties have entered into the following agreement:

1. LOCATION OF CONNECTION OF DISTRICT TO DEVELOPER'S INSTALLATION.

The District hereby agrees to and will permit the Developer to connect on to the District's water main at _____ and to install the water mains, valves, fittings and
(Location of Main Line)
other necessary connections for water service to _____. All
(Subdivision)

installation by the Developer is to be in accordance with the Plans and Specifications (**Attachment 1**) as shown on the plan which is attached hereto as well as the Plans and Specifications attached hereto, all of which are incorporated herein by reference.

2. SUBSEQUENT EXPANSION OF DEVELOPMENT.

If and when future sections of this Development are planned, the Developer or subsequent Developer shall resubmit a plan to the District for approval as herein provided.

The Developer understands that the District does not have an unlimited supply of water and can only allocate a limited amount of water for this type Development. The Developer understands that if water is available, he may be required to do certain off-site improvements which will insure that, not only his Development, but existing customers will have adequate flow and pressure.

3. CONSTRUCTION AND INSTALLATION.

The Developer is to perform all of the necessary work for the installation of the mains at the Developer's expense and in accordance with the plans and specifications referred to herein above, and for that purpose the Developer has agreed to the District Engineer's Opinion of Probable Cost (**Attachment 2**) in the amount of \$_____, a copy of which is attached hereto and incorporated herein by reference. The Developer will hold the District harmless for a period of one (1) year from completion and acceptance by the District from any liability arising out of work performed pursuant to this Contract.

The **Start Date** for the commencement of work is _____ and required **Completion Date** is _____.

4. RIGHT OF INSPECTION OF INSTALLATIONS.

All construction begun, continued or completed hereunder shall be subject to the supervision of the District's Engineer and/or District personnel who shall have a continuous right of inspection through the progress of the work. No pipe, fittings or connections shall be covered until inspected and approved by the District.

5. COST OF INSTALLATION.

It is specifically understood and agreed that all installation costs, including pipes, valves and fittings shall be paid by the Developer.

6. CHANGES IN PLANS AND SPECIFICATIONS.

In the event of a change in the Plans and Specifications of the Development by agreement of the parties, and prior to actual installation of the facilities provided for in the Plans and Specifications, then such change shall be deemed incorporated in this Contract, as though set out verbatim herein, and a copy of the changed plans shall be attached to this contract and made a part hereof. It is further understood that such changed plans, if any, may be construed for a total description of the properties conveyed to the District by the Developer as provided in Paragraph 2.

7. ADMINISTRATION EXPENSE.

In addition to the payment of the costs of installation provided for herein, the Developer agrees to and will pay to the District upon the execution of this contract a non-refundable Administration Fee of fifteen (15) percent of the District Engineer's Opinion of Probable Cost, or \$_____, which is to cover supervision, overhead, administration, inspection, legal and other service costs, all of which will be performed by the District.

8. SURETY BOND.

Upon execution of this contract, the Developer will give a surety bond or letter of credit (**Attachment 3**) for one hundred percent (100%) of the construction costs as stated in the Engineer's Opinion of Probable Costs.

9. REPAIRS, SCHEDULED OBLIGATIONS AND PRIVILEGE FEES.

The Developer further agrees:

(a) That the obligations of the Developer hereunder are in addition to and not in-lieu of the obligation of the Developer to pay all rates, charges and fees to satisfy all obligations set forth in the District's Schedule of Rates and Charges in effect at the date such obligations arise, all as set forth herein.

(b) Service Connections:

(1) Installed on proposed water lines:

All service connections on proposed water lines will be installed by the Developer during construction of the Development. Water service to each individual lot will be provided after construction is completed and upon the request of the current owner. The owner will pay the current water tap privilege fee, the system development fee, and a non-refundable turn-on fee, at which time the district will install the meter.

(2) Installed on existing water lines:

The current owner will pay the current water tap privilege fee, the system development fee And the non-refundable turn-on fee. The district will install the water service.

All fees must be paid before any water is provided to the Development, and only after the lines have been tested and approved by the Department of Health; provided, however, that the District may furnish water only to designated sections of the development upon the Developer paying appropriate fees for lots therein and after testing and approval of the lines by the Department of Health.

Developer will insure that there are a minimum of three (3) monthly statements being paid from the Development. In the event that there are less than three (3) paying customers, the Developer shall pay the balance of minimum fees to insure the payment of at least three (3) monthly fees.

(c) The following cul-de-sac/s have been approved by the Board of Commissioners on _____ and the Developer agrees to pay the following **Cul-de-sac Maintenance Fee**.

Location

Cul-de-sac Maintenance Fee

\$ _____

\$ _____

This fee is nonrefundable, even if the cul-de-sac is eliminated, and the water line is extended and tied into a proposed or existing water line at a future date.

(d) The developer agrees to pay the following Hydrant fee in accordance with the District's rules and regulation. There will be _____ Hydrants in this Development with a Hydrant fee of \$2000.00 each.

(e) The developer agrees to pay a System Development Charge of \$_____. for _____ lots in this development.

10. NUMBER OF LOTS IN SUBDIVISION.

There will be _____ lots in this Development, of which _____ lots are located on proposed water lines and _____ lots are located on existing water lines. The developer must pay for _____ meters for taps on proposed line..

11. METER AND APPLICATION FOR SERVICE.

The District will install meters in the service connections of the Developer on lots where the tap fees and service fees have been paid (See Paragraph 9). Any other applications for service within the Development will be accepted under normal policies and procedures of the District.

12. EASEMENT BY DEVELOPER.

The Developer will execute and deliver to the District an easement(s) prepared by the District for any portion of line to be installed on the Developer's property prior to any construction.

13. FREEDOM FROM LIENS AND ENCUMBRANCES.

The District retains exclusive right to extend these mains at any time and, upon the completion of the installations contracted for herein, the Developer hereby represents and will warrant that no liens or encumbrances shall remain for the installation of mains, valves, fittings, and other connections will be installed in accordance with the foregoing provisions and the Plans and Specifications above mentioned, and warrants same against defects in workmanship and material for a period of one (1) year from the date of completion and acceptance by the District.

14. AS-BUILT DRAWINGS.

The Developer will deliver to the District as-built drawings for all facilities it constructs.

15. TITLE AND CONVEYANCE.

It is agreed that the District shall have exclusive title and ownership of all said mains, service lines, valves, fittings and all meters installed, or to be installed in the Development, and the Developer hereby conveys to the District, free and clear of all encumbrances, all equipment and installations dealt with herein without the necessity of any further contract or deed. The Developer shall execute and deliver a Deed of Conveyance of all such property, suitably acknowledged for registration.

16. SUCCESSORS AND ASSIGNS.

Except as otherwise limited herein, the terms, covenants and conditions of the contract shall insure to the benefit of, and be binding upon, the parties hereto and their respective heirs, executors, administrators, personal representatives, successors and assigns.

17. PARAGRAPH HEADINGS.

The paragraph headings contained herein are inserted only for convenience of reference and are in no way to be construed as a part of this contract or limitation on the scope of the particular paragraphs to which they refer.

18. CHOICE OF LAW.

In any suit or action, either at law or in equity, in which the construction of the terms and provisions of this contract is in issue, the local law of Tennessee shall be applied.

19. GRAMMATICAL USAGE.

In construing the Contract, masculine or feminine pronouns shall be substituted for those neuter in form and vice versa, and plural terms shall be substituted for singular and singular for plural, in any place in which the context so requires.

20. ENFORCEMENT OF CONTRACT.

If any provision of this Contract or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Contract, or the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each provision of this Contract shall be valid and be enforced to the fullest extent permitted by law.

21. ATTORNEY FEES.

In the event the Developer breaches this Contract, the Developer shall bear the cost of the District's reasonable charges, including attorney's fees and other expenses incurred in any efforts to enforce this Contract whether by negotiation, litigation or otherwise.

22. SUBDIVISIONS AND DEVELOPERS POLICY.

A copy of the District's Subdivisions and Developers Policy (**Attachment 4**) is attached and made a part of this Contract, and in the event of any discrepancies between the terms of this Contract and the Subdivisions and Developers Policy, the latter shall apply.

23. RULES AND REGULATIONS.

A copy of the District's Rules and Regulations (**Attachment 5**) is attached and made a part of this Contract, and in the event of any discrepancies between the terms of this Contract and the Rules and Regulations, the latter shall apply.

24. ENTIRE AGREEMENT.

This Contract contains the entire agreement between the parties hereto, and no terms or provisions hereof may be changed, waived, discharged or terminated unless the same be in writing and signed by all parties hereto.

25. COUNTERPARTS.

This Contract is executed for the convenience of the parties in several counterpart originals, each of which is in all respects identical to the others and complete.

IN WITNESS WHEREOF, the parties have entered into this agreement this _____ day of _____, 20____.

DEVELOPER

BEDFORD COUNTY UTILITY DISTRICT

By: _____

By: _____

General Manager

Title: _____

Address: _____

ATTEST: _____

Attachments:

1. Plans and Specifications.
2. District Engineer's Opinion of Probable Cost.
3. Surety Bond.
4. Subdivisions and Developers Policy
5. Rules and Regulations.

SCHEDULE OF FEES DEVELOPER POLICY
(SEE EXHIBIT A-2 & POLICY M FOR CURRENT RATES)

DEVELOPMENT

Fire Line Tap Fee	X	.	=	
SDC Fire Line	X	.	=	
Tap fee on existing line (includes meter)	X	.	=	
Tap fee on propose line (excludes meter)	X	.	=	
Meter(s) for propose line	X	.	=	
SDC Total lots	X	.	=	
Non-refundable service fee	X	.	=	
Cul-de-sac fee(s)	X	.	=	
Hydrant fee(s)	X	.	=	
TOTAL Fees				

Prepared By:

Exhibit M-2

Bobo, Hunt, White & Nance
202 Regions Bank Bldg.
Shelbyville, TN 37160

**DEED OF CONVEYANCE
 OF WATER SYSTEM IMPROVEMENTS**

THIS DEED OF CONVEYANCE OF WATER SYSTEM IMPROVEMENTS is made this _____ day of _____, 201____, by and between **BEDFORD COUNTY UTILITY DISTRICT** of Bedford County, Tennessee, a utility district, hereinafter called the "District," and _____, hereinafter called the "Owner."

 (Name/Names)

WITNESSETH:

WHEREAS, the District has established and is operating a central water treatment and distribution system serving the rural areas of Bedford County, in which the Owner has planned and constructed a development presently known as _____

 (Subdivision)

as shown on Plat of Record in Plat Cabinet _____, Envelope _____, Register's Office of Bedford County, Tennessee, hereinafter known as the "Development," which Development is the real estate (or a portion thereof) described in Deed Book _____, page _____, Register's Office of Bedford County, Tennessee.

WHEREAS, the water system improvements for this Development have been completed in accordance with the District's approved water system plans and specifications, and

WHEREAS, the District has accepted the water system improvements for use within their water system, as evidenced by the Acceptance executed hereon, and

WHEREAS, the Owner hereby warrants all water system improvements, both on-site and off-site (if applicable), against all defects in materials and workmanship for a period of one (1) year from the date of acceptance thereof in writing by the District, and concurrence by the Board of Commissioners of the Bedford County Utility District.

WHEREAS, the Owner hereby warrants that the water system improvements are paid for in full and that no liens or encumbrances remain in regard to the water system improvements, and

WHEREAS, the Owner covenants and agrees to hold the District and its agents harmless from the claim of any person, firm or corporation, and to defend any action at law or equity brought, and to protect the District and its agents against any judgments rendered arising from the installation of the water system improvements for this Development, whether the same be on private or public property, and

WHEREAS, The Owner agrees to execute, acknowledge and deliver to the District any and all easements upon the lands of Owner that may be necessary or appropriate as determined by the District for the operation and maintenance of the District's water system, or portion thereof, whether such is for the Development or others, and

WHEREAS, the Owner understands and agrees that no third party shall obtain any benefits or right to the water system within or off-site of this Development with respect to water tapping privileges until all necessary arrangements have been made in accordance with the District's Rules, Regulations and Policies.

NOW, THEREFORE, for and in consideration of the premises, the receipt and sufficiency of which is hereby acknowledged, _____,

(Name/Names)

being the Owner of the aforesaid Development, does hereby sell, transfer and convey unto Bedford County Utility District the total water system improvements for the Development as above-described, both on-site and off-site.

Witness our signatures, this ____ day of _____, 201____.

STATE OF TENNESSEE,
COUNTY OF BEDFORD.

Personally appeared before the undersigned Notary Public in and for said State and County, the within named _____ and _____, the bargainors, with whom I am personally acquainted, and who acknowledged that they executed the foregoing instrument for the purposes therein contained.

Witness my hand and official seal, at office, on this ____ day of _____, 201____.

Notary Public

My commission expires: _____

ACCEPTANCE

The Bedford County Utility District does hereby accept this conveyance pursuant to Board action on the _____ day of _____, 201_____.

BEDFORD COUNTY UTILITY DISTRICT:

By: _____

Its: _____

STATE OF TENNESSEE,
COUNTY OF BEDFORD.

Personally appeared before me, the undersigned authority in and for said State and County, _____, the within named bargainer with whom I am personally acquainted, and who acknowledged before me that they executed the foregoing instrument for the purpose contained therein and who further acknowledged that they are the _____ of the Bedford County Utility District, and are authorized by the District to execute this instrument on its behalf.

Witness my hand and official seal, at office, on this _____ day of _____, 201_____.

Notary Public

My commission expires: _____

Exhibit M-3

BEDFORD COUNTY UTILITY DISTRICT DEVELOPER TIMETABLE

Task	Timetable
1. The Developer will present Plat of proposed development to General Manager and pay a Capacity Test Fee . (See Policy M-1)	Two (2) weeks prior to Regular Board meeting. Earlier if District workload is heavy.
2. General Manager will present the Plat and results of Capacity Test to the Board of Commissioners for approval. (See Policy M-1)	Regular Board meeting, normally second (2 nd) Thursday of month.
3. District Engineer will prepare cost estimate for Development (See Policy M-2)	Within two (2) weeks of Board approval to proceed.
4. Developer will pay Administrative Fee (15%) to the District. (See Policy M-2)	Within sixty (60) days of Board approval to proceed.
5. District Engineer will prepare plans and specifications, approved by District, and submit them to the Tennessee Department of Health and Environment for approval. (See Policy M-3)	Under normal workload of District Engineer, allow sixty (60) days for preparation of plans and approval by Tennessee Department of Health and Environment.
6. Developer will execute a Developer Contract and pays all fees. (See Policy M-4)	Within (30) Days of approval of plans and specifications by Tennessee Department of Health and Environment.
7. Construction Phase. (See Policy M-11)	As determined by District Engineer.
8. Upon final acceptance by Board, the Developer will submit as built and convey in writing a Deed of Conveyance for the Development to the District. (See Policy M-12)	As specified by Board and District personnel.

NOTE: Failure By Developer To Meet Any Due Dates

Approval by the Board of Commissioners to proceed will be rescinded if the Developer fails to meet any due dates as stated in **Policy M – Subdivision and Developer Policy**.

BEDFORD COUNTY UTILITY DISTRICT
P.O. Box 2755
Shelbyville, Tennessee 37160
Telephone 931-684-1667

SCHEDULE OF FEES DEVELOPER POLICY (See EXHIBIT A-2 & POLICY M for Current Rates)

Development

Fire Line Tap Fee

___ X ___ = ___

SDC Fire Line

___ X ___ = ___

Tap Fee on exiting line (includes meter)

___ X ___ = ___

Tap fee on propose line (excludes meter)

___ X ___ = ___

Meter(s) for propose line

___ X ___ = ___

SDC Total taps

___ X ___ = ___

Non-refundable service fee(s)

___ X ___ = ___

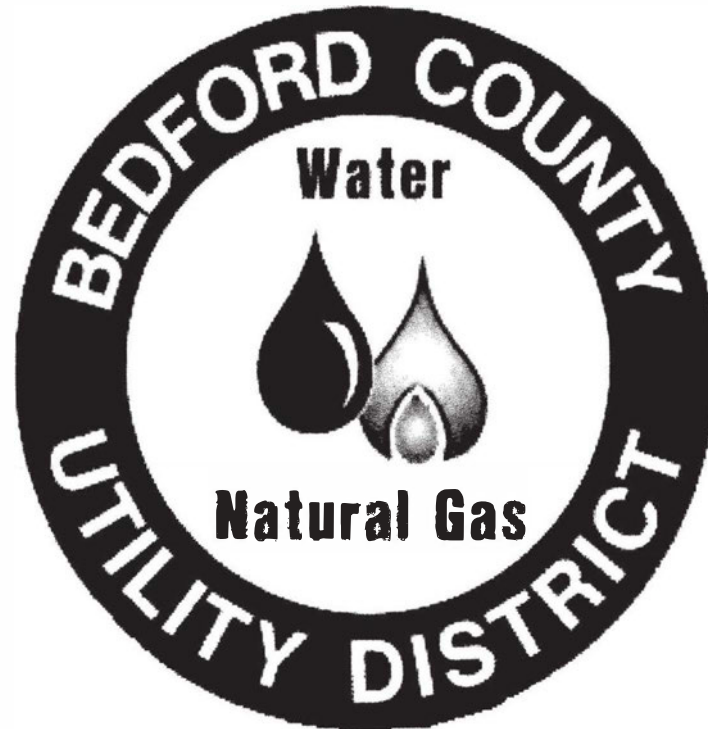
Cul-de-sac fee(s)

___ X ___ = ___

Hydrant fee(s)

___ X ___ = ___

Total Fees



WATER SYSTEM RULES AND REGULATIONS

BEDFORD COUNTY UTILITY DISTRICT OF BEDFORD COUNTY, TENNESSEE

WATER SYSTEM RULES AND REGULATIONS

Water will be furnished subject to the Rules and Regulations of the Board of Commissioners of the part of every application, contract and agreement entered into between the property owner or customer and the District. Bedford County Utility District of Bedford County, Tennessee, which Rules and Regulations, as well as any Rules and Regulations hereinafter amended, modified, or promulgated, are made a part of every application, contract and agreement entered into between the property owner or customer and the District.

DEFINITIONS:

- A. District - The word "District" will be used in these Rules and Regulations to designate the Bedford County Utility District of Bedford County, Tennessee.
- B. Customer - The word "customer" will be used in these Rules and Regulations to designate a person, firm or corporation contracting with the District for the furnishing of water to property.
- C. Property - The word "property" shall mean, except where otherwise specified:
 - (1) A building under one (1) roof and ownership and occupied by one (1) business or as one (1) residence. This includes mobile homes in trailer parks as defined in paragraph D.
 - (2) One (1) or more buildings on a single tract of land, all under one (1) ownership and occupied by one (1) family or business.
 - (3) One (1) side of a double house having a solid vertical partition wall.
- D. Trailer Park - A "trailer park" consists of three (3) or more trailers where the spaces are owned by the trailer park owner.
- E. Apartment House - An "apartment house" is a building housing three (3) or more families or three (3) or more households.
- F. Service Connection - The phrase "service connection" will be used in these Rules and Regulations to designate the tap on the main, together with that portion of the line extending from the tap to the meter: in those installations where the meter is set at or near the property line on the street, highway or right of way on which the main is located, only the portion of the line extending from the tap to and including the meter shall be included as part of the service connection.

1. Customer Deposit

Effective June 11, 2009 applicants for water service, who are either a tenant or renter of rental property must pay a refundable deposit of (\$100.00) one hundred dollars. (A-1)

2. Water Service Contract

Any applicant for water service shall complete a Water Service Contract and submit same to the District with applicable tap/privilege fee and service fee. If water service cannot be supplied in accordance with the District's rules, regulations or policies or those of any state or federal agency with oversight regarding service, the liability of the District to the applicant for such water service shall be limited to the refund of the applicable tap/privilege fee and service fee. (A-2)

3. Water Taps

The District shall be responsible for installing and maintaining all service connections (taps). The customer will provide, at no cost to the District, a suitable place for the location of a service connection on the customer's property line. **In The Case of An Emergency**, any occupied residence two (2) years old, experiencing an unusable water supply (i.e. contaminated well or spring) may request a service connection be installed on the private property of another individual property owner, however, it is the responsibility of the customer to grant to or obtain for the District, its successors and assigns, a perpetual easement in, across, over, under and upon the respective property, with the right to erect, construct, install, and lay, and thereafter use, operate, inspect, maintain, replace, and remove water pipelines and appurtenant facilities, together with the right to utilize adjoining property belonging to the customer or another individual property owner for the purpose of ingress and egress from the above described property. The customer may be required to execute such additional instruments and pay any fees necessary to give further effect to these provisions as may be requested by the District. Emergency water taps and any water tap not located on the property of the customer must be relocated to the property line of the customer if water service is extended to the customer's property. The customer must tie into the relocated water tap within thirty (30) days from the date the water tap is relocated.

All water lines shall be of sufficient size to be compatible with the service connection needed, in the opinion of the District, for furnishing ample water to said customers.

Anyone wishing to purchase a two (2) inch or larger tap must pay a **Hydraulic Analysis Fee** in order for District Personnel or the District Engineer to determine the feasibility of water service to the tap. The current Hydraulic **Analysis Fee** is listed in the Schedule of Rates and Fees (Exhibit A-2).

The District will install a meter and curb stop valve for each service connection, both of which shall remain the property of the District. (A-4)

All water service taps larger than a residential tap will be sold at the discretion of the Board of Commissioners who will determine the tap/privilege fee from time to time. **(See Policy A, Customer Rates, Fees and Charges, Policy J Commercial and Industrial Customers and Policy JA, Agricultural Customers)**

4. System Development Charge

In order to provide for capital improvements necessitated by unusual and rapid growth, the Bedford County Utility District has implemented a **System Development Charge (SDC)** for any properties needing access to BCUD's water system through extension, new development, or tapping onto an existing line. The **SDC** applies to landowners requiring one or more taps as well as to landowners and developers who subdivide real property for any purpose, with one **SDC** required per tap. The amount of the **SDC** depends on meter size and must be paid at the time of approval of a subdivision plan or when an application is made for a new tap. The **SDC** shall be set by the Board from time to time, and the Board shall set the rules and regulations regarding the amount, nature, and applicability of the fee to be charged the landowner and/or developer.

Determination of an SDC for a requested service is described in **Policy A, Customer Fees, Rates and Charges, Exhibit A-2, Schedule of Rates and Charges.**

5. Customer Service Lines

The customer shall be responsible for and bear the expense of installing and maintaining the service line from the meter to the house or point of use. Said service line materials and installation shall conform to the standards and specifications established by the District. Failure to meet the standards for the installation and material for service line from the meter to the point of use shall be grounds for denial of service to the customer. As to presently installed lines of an existing customer which do not meet the standards, no leak adjustment for the customer's service will be authorized or paid after the first leak adjustment for the customer's service line unless and until the customer's service line meets the standards established by the District. The customer shall be liable for any damage incurred to the District's property resulting from the customer's negligence.

Acceptable service line materials are as follows:

Polyethylene - Polyethylene service tubing is to be ultra-high molecular weight polyethylene tubing with a pressure rating of 160 psi working pressure. Polyethylene service tubing must bear the National Sanitation Foundation Laboratories, Inc. seal of approval.

PEX-Crosslinked Polyethylene Tubing, meeting ASTM F876 Standard Specifications.

PVC - PVC Pipe shall be NSF - approved, Type 1, Grade 1, Type 1120 material conforming to AST, D2241 and ASTM - 1784. PVC Pipe shall be Class 200, SDR 21, Schedule 40 or Schedule 80 with solvent weld or integral gasketed joints.

Copper - Copper service tubing shall be Type K soft copper tubing only. (A-5)

7. Customer Cut-Off Device

The customer shall be required to install and maintain a cut-off device on the customer's side of the service connection. The cut-off must be no more than (24") twenty four inches from the meter box in a PVC valve box or equivalent. (A-7)

6. Pressure Regulator Device

The customer shall be required to install and maintain a pressure regulator device on the customer's side of the service connection. The Pressure regular must be no more than (12") twelve inches from the customer's cut-off device in a PVC valve box or equivalent. (A-8)

8. Minimum Bill

The District will charge at least a minimum bill per month per customer for the water service regardless of the amount of water used. (The minimum bill reflects each customer's share of the overhead to operate the system.) If the customer fails to connect to the system when service is available and a service connection is made, the customer will pay a minimum bill per month until such time as the customer installs his service or he removes himself or his business from a metered location. By keeping the account active, the customer can demand service at any time and therefore must share in its costs. (A-10)

9. Forfeited Discount

If full payment is not received in the District office by the close of business on the due date on the bill, the customer must pay the gross amount (including forfeited discount) shown on the bill. (A-11)

10. Repossessed Water Taps

In the event a customer on a water line extension (i.e. dry tap) refuses to pay his account, he will continue to receive a minimum bill. Once the account balance exceeds \$250.00 and remains unpaid for a period of six (6) months from the date of last payment in full, the service connection will be repossessed by the District. The customer will be sent a **Repossessed Tap Notice** notifying him that he has thirty (30) days to reinstate his account with the District and halt repossession of the tap. If the customer does not respond within the thirty (30) day period, the District will physically remove the tap from the customer's property. If a new customer requests water service at this location at a future date, he must apply for water service. If the customer is the one owing the past

due account, he must apply for water service and pay twice the current tap/privilege fee and all past due charges on said account.

In the event a customer wishes to surrender his water tap (i.e. dry tap) to the District, he may request this in writing to the Board of Commissioners for approval. Once approved by the Board of Commissioners, the customer will pay a **Tap Removal Fee** and any amounts owed on his account. The charge for this service is shown in the Schedule of Rates and Charges. Once all amounts have been paid, the District will schedule to have the water tap removed during regular work hours. (A-14)

11. Service Calls

In the event a customer requests that the District check a service connection for proper operation (i.e. report of a water leak) and no District responsibility is found, then the customer will be charged a service call fee. (A-15)

12. Billing Frequency

Utility bills for residences will be rendered monthly. Commercial and industrial customers may be billed monthly or more frequently, at the discretion of the Board of Commissioners. (B-1)

13. Billing Due Date (15th or 25th)

The customer shall be required to pay his bill by the due date as noted on his bill. The customer's failure to pay by the due date shall constitute a penalty which will be added to the bill. Should the due date for payment of a bill fall on a week-end or a holiday observed by the District, the bill may be paid on the following business day at the net amount. (B-2)

14. Failure to Receive Bill

Utility bills are recognized as a routine bill owed by the customer. The customer's failure to receive a bill does not change in any way the customer's obligation to pay the amount due in a timely manner. (B-3)

15. Termination of Service by Customer

In the event a customer removes himself or his business from a service location at which he is receiving water, he shall give the District a minimum of five (5) calendar day's notice of his intention to move. To remove himself or his business from a service location, the customer, if the owner must sell the property where the service is located, or, if a renter, move from the property where the service is located. The customer shall be responsible for payment of water consumed up to the date his service is terminated. In the event a customer desires to move to a new location within the District, he shall pay the tapping fee, if applicable, and service fee.

A customer that wishes to final out a water service that serves their property must meet the following conditions. The customer must have paid a water bill at said location for at

least three (3) years, thirty six (36) months. The customer must sign a final out request form (A-7) and further agree that if they wish to reestablish service at said location they will pay a two hundred and fifty dollar (\$250.00) Reestablish Service Fee as stated in the **Schedule of Rates and Charges**. (A-2).

The procedure for customer notification of discontinuance of service is as follows

- a. In person, customer must present acceptable identification.
- b. Telephone, fax or writing, customer must include address, account number, and one (1) other positive account identification. (B-6)

16. Adjustments to Bills/ Leak Adjustments

A. Customer and District Responsibilities

It is the customer's responsibility to keep their plumbing system in good working order and to notify the District of any changes in contact information (i.e. land line and/or mobile telephone number).

The District may, but is not required to, notify the customer of what the District considers leakage on the customer's side of the meter. When leakage is suspected, an attempt will be made to notify the customer by a telephone call to the contact number on the customer account. Failure of the District to notify the customer or failure of the customer to receive notification of suspected leakage does not relieve the customer from the payment obligation for water consumption on the account. The District shall be under no obligation to extend the discount or the due date of the time for paying any bills because of a billing adjustment. (D-1)

B. Determination of Need for Adjustment

A billing adjustment will be considered only if the customer's excess water usage is at least two (2) times their average usage, which shall be determined by averaging the monthly billing usage for up to twelve (12) months preceding the billing cycle of the adjustment. (D-2)

B. Request for Leak Adjustment

All requests for leak adjustments must be received in writing or in person at the business office of the District during regular business hours. Customer must locate and repair the leak before any request for a leak adjustment is made. The customer must locate and repair the leak before any request for a leak adjustment may be made. When the leak has been repaired, the customer must provide the date and proof of repair (e.g. plumber's invoice, receipt for parts used, picture of leak, etc.). Accommodations will be made for handicapped customers via request to the District office. (D-3)

C. Frequency of Leak Adjustments

Within a given twelve (12) month period, a customer is allowed only one (1) leak adjustment. The twelve month period is defined as the month with excess water usage and the eleven months prior thereto. However, up to two consecutive monthly bills that

indicate excess water usage may be adjusted at one time. When considering the second of two consecutive bills, the average usage used in figuring its eligibility for adjustment will be the same as the average usage used in determining eligibility of the first month.

A customer who needs a subsequent leak adjustment within the twelve month period may request in writing to the District an adjustment to the bill of the most recent leakage. If approved, by the District an adjustment will be made in lieu of the previous leak adjustment for that period. The customer's account will be charged the difference between the previous adjusted payment and the actual payment due for the month of the original adjustment. The actual usage for that month will then figure into the customer's average usage for that period. (D-4)

D. Leak Adjustment Eligibility

The District shall not be obligated to make any adjustments of any bills not contested after ninety (90) days from the billing date. If the District attempted to notify a customer as set forth above of a suspected leak and if the leak has continued for a period of three months without the customer having repaired the leak and having documented the repair to the satisfaction of the District, then the customer shall not be eligible for any leak adjustment as provided by the policy regardless of the cause or circumstance.

To be adjusted, the leak must not be readily evident to a reasonable person (such as leaks that are underground, within walls or under floors) or the leak must occur while the occupants are away from the premises. (D-5)

Adjustments on water bills will not be made for the following:

- a) Premises left or abandoned without reasonable care for the plumbing system.
- b) Filling of swimming pools.
- c) Watering of lawns or gardens.
- d) Irrigation Systems
- e) Customer had already received an adjustment in previous 12 mos.
- f) Leaking/Dripping Faucet
- g) Leaking/Running Toilet
- h) Hoses left running
- i) Booster pump failure

E. Calculation of Billing Adjustment

If an adjustment of the customer's bill due to a leak is warranted, the amount of the bill will be determined based on the average usage. The customer must pay twice the average usage plus one-third ($\frac{1}{3}$) the current rate per thousand (1,000) gallons for water used in excess of twice the average usage. When adjusting the second of two consecutive bills, the average usage used in figuring its adjustment will be the same as the average usage used in determining the adjustment of the first month. (D-6)

17. Discontinuance of Service (Cut-offs)

Reasons for discontinuance of service:

- a) Nonpayment of bill or other charges directly related to customer's service

- b) Partial payment of bill or other charges, except when a customer inadvertently fails to pay a penalty, however, the penalty must be paid by the next cut-off date.
- c) Failure to comply with District rules, regulations and policies.
- d) Any threat to public health on the customer's premises which may endanger other customers.
- e) Tampering with District equipment or stealing service.
- f) In the event that a customer has more than one (1) residence on a tap.
- g) Customer has an amount past due from any previous service. (F-1)

If payment is not received within ten (10) days after the due date service will be discontinued. (F-2)

Service will be reinstated only during regular working hours, Monday through Friday, 8:00 A.M. to 4:30 P.M. (F-5)

In the event a customer who has been cut-off for nonpayment of service wishes to be reinstated as a current customer, he shall pay all cost for discontinuance of service to include a reconnect fee, past due charges and any applicable service fees. If reconnect and other fees are not paid by 3:30 PM, service is not subject to reconnection until the next business day. (F-6)

In the event a customer who has been cut-off for nonpayment cuts the meter lock for the purpose of reinstating water service, said customer will be charged a cut lock fee.

Should the customer cut the meter lock again, the meter will be removed. (F-7)

The District shall not disconnect a customer's service on which a life support system or dialysis machine is in operation and the disconnection of service would be life threatening to the individual receiving treatment. It is the responsibility of the customer to notify the District if service discontinuance would be life threatening. After notification, the District will flag the customer's account and meter as an "Emergency Medical Service" to insure that the service is not cut off by District personnel or others.

If an emergency medical service customer cannot pay a bill or other charge, it shall be the customer's responsibility to find a social service agency or charitable group to assist the customer. (F-14)

18. Multiple Connections to One (1) Meter

At no time shall there be more than one (1) residence connected to one (1) meter. (G-1)

Authorized employees, representatives and contractors of the District shall have access to all properties served by the District at reasonable times for the purpose of reading meters, maintaining and inspecting lines and connections to the District (or believed to be connected to the District), observation, measurement, sampling and testing as provided by the policies of the District and by state and federal law. (G-5)

19. Theft of Service

Anyone found to be in violation of the theft of service policy will be subject to a tampering fee. (H-3)

Service will not be restored until all payments for the following are received by the District:

- a. Adjusted payment for utility service.
- b. Tampering fee.
- c. Reconnection fee and any other fees as deemed appropriate.
- d. The cost of damages to District property to include labor, equipment, overhead and replacement parts. (H-5)

20. Shortages and Emergencies

The District cannot and does not guarantee either a sufficient supply or an adequate or uniform pressure, and shall not be liable for any damage or loss resulting from an inadequate or interrupted supply, from any pressure variations, or for damages from the resumption of service. (K-1)

The District may declare service restrictions during a period of shortage and emergencies. (K-2)

21. Cross-connections

No person shall cause a cross-connection, auxiliary intake, by-pass or inter-connection to be made, or allow one to exist for any purpose whatsoever unless the construction and operation of same have been approved by the Tennessee Department of Public Health and the operation of such cross-connection, auxiliary Intake, by-pass or inter-connection is at all times under the direct supervision of the Board of Commissioners of the Bedford County Utility District. (Cross-connections Policy L)

A District representative shall have the right to enter at any reasonable time any property served by a connection to the District's Public Water Supply for the purpose of inspecting the piping system or systems thereof for cross-connections, auxiliary intakes, by-passes or inter-connections. On request, the owner, lessee or occupant of any property so served shall furnish to the District any pertinent information regarding the piping system or systems on such property. The refusal of such information or refusal of access, when requested, shall be deemed evidence of the presence of cross-connections. (Policy L)

22. Water Line Extensions

In the event the District shall see fit to extend any main line of its waterworks, the District shall, upon considering all circumstances, bear the cost of this extension. (Policy Z)

23. Subdivisions and Developers

In the event an individual wishes to extend/develop a water line at their own expense, the individual must adhere to the District's Subdivisions and Developers Policy. (M)

The foregoing Rules and Regulations, the aforementioned Schedule of Rates and Charges and Organizational Data may be amended, modified, enlarged or otherwise changed at any time a majority of the Board of Commissioners deems same necessary.

The District has, by proper resolution, adopted the foregoing Rules and Regulations for the Bedford County Utility District of Bedford County, Tennessee, which resolution declares that if any section, paragraph, clause or provision of these Rules and Regulations shall be held to be invalid or ineffective for any reason, the remainder of these Rules and Regulations shall remain in full force and effect.

(A-1) - Denotes Policy Number where rule and/or regulations are found.

"In accordance with Federal law and U.S. Department of Agriculture policy, this institution is prohibited from discriminating on the basis of race, color, national origin, age, disability, religion, sex, and familial status. (Not all prohibited bases apply to all programs).

To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410 or call (800) 795-3272 (voice) or (202) 720-6382 (TDD)."

EXHIBIT A-2**BEDFORD COUNTY UTILITY DISTRICT
SCHEDULE OF RATES AND CHARGES****Definitions:**

Residential tap: a three quarter (3/4) inch water meter.

Residential meter equivalent (RME): the ratio defined as a given meter's maximum continuous operation flow rating divided by the maximum continuous operating flow rating of a residential meter.

Present Water Rates:

Residential meter		
First 1,500 gallons	\$	18.00 minimum
All over 1,500 gallons		7.70 per 1,000 gallons
1 inch meter		
First 5,000 gallons	\$	40.75 minimum
All over 5,000 gallons		7.70 per 1,000 gallons
2 or 3 inch meter		
First 25,000 gallons	\$	170.75 minimum
All over 25,000 gallons		7.70 per 1,000 gallons
4 inch meter		
First 50,000 gallons	\$	333.25 minimum
All over 50,000 gallons		7.70 per 1,000 gallons
6 inch meter		
First 62,500 gallons	\$	414.50 minimum
All over 62,500 gallons		7.70 per 1,000 gallons
8 inch meter		
First 75,000 gallons	\$	495.75 minimum
All over 75,000 gallons		7.70 per 1,000 gallons
12 inch meter		
First 100,000 gallons	\$	658.25 minimum
All over 100,000 gallons		7.70 per 1,000 gallons

Effective July 1, 2025

Water Tap/Privilege Fees:

The tap/privilege fee will be based on the residential meter equivalent for the meter size required

Water Tap/privilege Fees:	
3/4 inch	\$ 1,800.00
1 inch	\$ 5,000.00
2 inch	\$ 15,000.00
3 to 12 inch	(See Policy J – Industrial and Commercial Customers And Policy JA-Agricultural Customers)

Should the cost of the installation of a residential tap exceed the tap/privilege fee, the additional cost will be borne by the customer. For a tap larger than a residential tap the customer will pay the tap/privilege fee plus the cost of installation.

System Development Charges (SDC):

Residential tap	\$ 1,200.00
2-inch Tap	\$ 5,000.00 minimum

The SDC for water service provided by taps larger than a residential tap will be set by the Board of Commissioners based on either the District engineer's evaluation or the RME multiplied times the residential tap SDC, whichever is greater.

Other Fees:	
Cut Lock Fee	\$ 150.00 per cut lock
Late Payment Fee	11.0% of water service
Nonrefundable service fee	50.00 per connection
Reconnection Fee (during business hours only)	75.00 per reconnect
Repossessed Water Tap Fee	250.00 per water tap
Residential Renter Deposit	100.00 per service
Returned Check Service Fee	30.00 per returned check
Service Call Fee	60.00 per service call
Tampering Fee (Water Theft)	250.00 per occurrence
Tap Removal Fee	250.00 per tap
Reestablish Service Fee	250.00 per service

Hydraulic Analysis/Development Evaluation Fees

Residential:	5 to 10 lots or 2" tap	\$ 600.00
	11 to 20 lots	750.00
	21 to 25 lots	1,000.00
	25 lots or greater	\$1,000.00 plus \$25.00 per lot over 25 lots
Commercial/Industrial:	\$2,500.00 per water availability determination	

BEDFORD COUNTY UTILITY DISTRICT OF BEDFORD COUNTY, TENNESSEE

ORGANIZATIONAL DATA

Authorization:

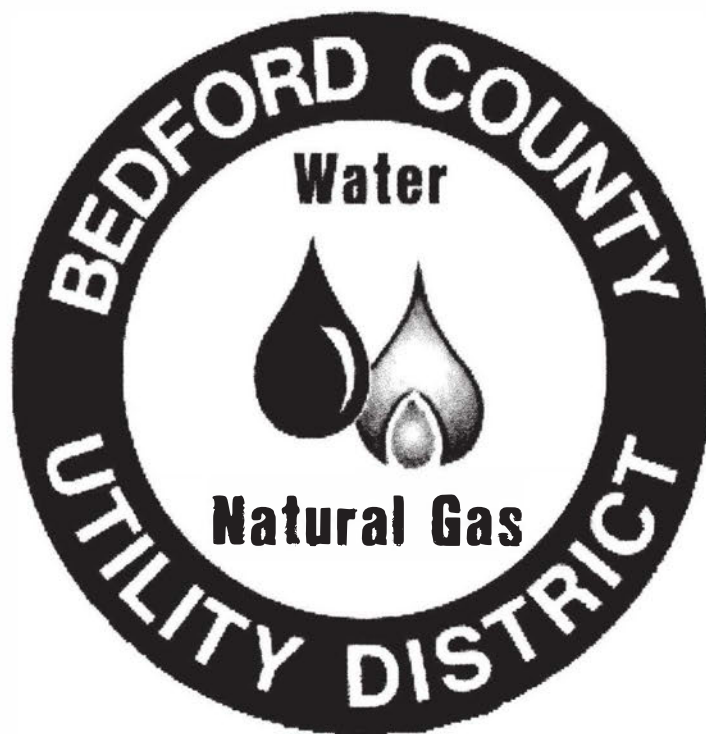
This organization was incorporated and created pursuant to Chapter 82, Title 7, Tennessee Code Annotated, on December 8, 1980, by order of the County Judge of Bedford, Tennessee, consolidating the Southwest Bedford Public Utility District of Bedford County, Tennessee, the Northwest Bedford Public Utility District of Bedford County, Tennessee and the Bedford Public Utility District of Bedford County, Tennessee into the Bedford County Utility District of Bedford County, Tennessee.

On September 17, 1985 all assets and liabilities and the further operation of the water distribution system of the Normandy Road Water Cooperative were assumed by the Bedford County Utility District of Bedford County, Tennessee.

Commissioners:	
David Dickens	President
Todd Davidson	Vice President
John Jones	Secretary
Frank Cartwright	Treasurer
Kim Neeley	Commissioner

Administration:

Telephone - Office Hours	931-684-1667
After Hours	931-294-5117
Office Hours	Monday - Friday 8:00 A.M. - 4:30 P.M.
Address - Mailing	P.O. Box 2755 Shelbyville, TN 37162
Office	214 Bethany Lane Shelbyville, TN 37160
Website	www.bedfordutility.com
Pay by Phone	1-877-795-0944



NATURAL GAS SYSTEM RULES AND REGULATIONS

BEDFORD COUNTY UTILITY DISTRICT OF BEDFORD COUNTY, TENNESSEE

NATURAL GAS SYSTEM RULES AND REGULATIONS

Natural Gas will be furnished subject to the Rules and Regulations of the Board of Commissioners of the Bedford County Utility District of Bedford County, Tennessee, which Rules and Regulations, as well as any Rules and Regulations hereinafter amended, modified, or promulgated, are made a part of every application, contract and agreement entered into between the property owner or customer and the District.

DEFINITIONS:

- A. District - The word "District" will be used in these Rules and Regulations to designate the Bedford County Utility District of Bedford County, Tennessee.
- B. Customer - The word "customer" will be used in these Rules and Regulations to designate a person, firm or corporation contracting with the District for the furnishing of natural gas to property.
- C. Property - The word "property" shall mean, except where otherwise specified:
 - 1. A building under one (1) roof and ownership and occupied by one (1) business or as one (1) residence. This includes mobile homes in trailer parks as defined in paragraph D.
 - 2. One (1) or more buildings on a single tract of land, all under one (1) ownership and occupied by one (1) family or business
 - 3. One (1) side of a double house having a solid vertical partition wall.
- D. Trailer Park - A "trailer park" consists of three (3) or more trailers where the parking spaces are owned by the trailer park owner.
- E. Apartment House -An "apartment house" is a building housing three (3) or more families or three (3) or more households.
- F. Service Connection - The phrase "service connection" will be used in these Rules and Regulations to designate the tap on the main, together with that portion of the line extending from the tap to the meter.

1. Natural Gas Service Contract

Any applicant for natural gas service shall complete a Natural Gas Service Contract and submit same to the District with applicable tap fee and service fee. If natural gas service cannot be supplied in accordance with the District's rules, regulations or policies or those of any state or federal agency with oversight regarding service, the liability of the District to the applicant for such natural gas service shall be limited to the refund of the applicable tap fee, service fee and meter deposit.

2. Natural Gas Taps

The District shall be responsible for installing and maintaining the necessary service connection to the main, service line piping, meter, pressure regulator and necessary fitting to furnish natural gas to the customer. The standard natural gas tap fee will be charged for service line piping up to the first one hundred (400) feet as measured from the customer's property line to the meter set and a rate per foot for every foot in excess of one hundred (400) feet, as defined in the **Schedule of Rates and Charges – Natural Gas**. The entire service line, regardless of length, shall be the property of the District.

3. Customer's Responsibility

The customer shall be responsible for damage to any natural gas meter or equipment belonging to the District placed on the premises occupied by the customer and will immediately reimburse the District for all cost of repairing or replacing same.

Customer will keep meter free of debris and obstacles, and any obstructions such as locked gates, bushes and dogs. District employees or its authorized agents shall have access to the customer's premises at all reasonable times for the purpose of checking, reading, service and disconnecting the meter, shutting off the gas, and any such other purposes as the District may deem advisable to protect its interest and safety to the public.

4. Non-participation In A Natural Gas Line Extension

Any applicant, who owned property on a natural gas line extension installed with District funds and would not grant a natural gas easement, will pay the normal service fee, meter deposit and twice the current tap fee.

5. Minimum Bill

The District will charge at least a minimum bill per month per customer for the natural gas service regardless of the amount used. (The minimum bill reflects each customer's share of the overhead to operate the system.) If the customer fails to connect to the system when service is available and a service connection is made, the customer will pay a minimum bill per month until such time as the customer installs his service or he removes himself or his business from a metered location. By keeping the account active, the customer can demand service at any time and therefore must share in its costs.

6. Forfeited Discount

If full payment is not received in the District office by the close of business on the due date on the bill, the customer must pay the gross amount (including forfeited discount) shown on the bill.

7. Repossessed Natural Gas Taps

In the event a customer on a Natural Gas line extension (i.e. dry tap) refuses to pay his account, he will continue to receive a minimum bill. Once the account balance exceeds \$250.00 and remains unpaid for a period of six (6) months from the date of last payment in full, the District will repossess the service connection. The customer will be sent a **Repossessed Tap Notice** notifying him that he has thirty (30) days to reinstate his account with the District and halt repossession of the tap. If the customer does not respond within the thirty (30) day period, the District will physically remove the tap from the customer's property. If a new customer requests natural gas service at this location at a future date, he must apply for natural gas service. If the customer is the one owing the past due account, he must apply for natural gas service and pay the current tap fee, meter deposit, service fee and all past due charges on said account.

8. Service Calls

In the event a customer requests that the District check a service connection for proper operation and no District responsibility is found, then the customer will be charged a service call fee.

Customers are required to **immediately** report any natural gas leaks whether they exist on the customer's side or the District's. The District will not charge any customer a service call fee for reporting a natural gas leak.

9. Billing Frequency

Utility bills for residences will be rendered monthly. Commercial and industrial customers may be billed monthly or more frequently, at the discretion of the Board of Commissioners.

10. Billing Due Date

The customer shall be required to pay his bill by the due date as noted on his bill. The customer's failure to pay by the due date shall constitute a penalty which will be added to the bill. Should the due date for payment of a bill fall on a weekend or a holiday observed by the District, the bill may be paid on the following business day at the net amount.

11. Failure To Receive Bill

Utility bills are recognized as a routine bill owed by the customer. The customer's failure to receive a bill does not change in any way the customer's obligation to pay the amount due in a timely manner.

12. Termination of Service By Customer

In the event a customer removes himself or his business from a service location at which he is receiving natural gas service, he shall give the District a minimum of five (5) calendar days notice of his intention to move. To remove himself or his business from a service location, the customer, if the owner, must sell the property where the service is located, or, if a renter, move from the property where the service is located. The customer shall be responsible for payment of natural gas consumed up to the date his service is terminated. In the event a customer desires to move to a new location within the District, he shall pay the tapping fee, if applicable, meter deposit and service fee.

The procedure for customer notification of discontinuance of service is as follows:

- a. In person, customer must present acceptable identification.
- b. Telephone, fax or writing, customer must include address, account number, and one (1) other positive account identification.

13. Adjustments to Bills/ Leak Adjustments

The District does not allow adjustments for natural gas leaks. The customer shall be responsible for all gas passing through the meter.

14. Discontinuance of Service (Cut-offs)

Reasons for discontinuance of service:

- a. Nonpayment of bill or other charges.
- b. Partial payment of bill or other charges, except when a customer inadvertently fails to pay a penalty, however, the penalty must be paid by the next cut-off date.
- c. Failure to comply with District rules, regulations and policies.
- d. Any threat to public safety and/or health on the customer's premises which may endanger other customers.
- e. Tampering with District equipment or stealing service.
- f. In the event that a customer has more than one (1) residence on one (1) tap.
- g. Customer has an amount past due from any previous service.

A Final Notice will be mailed if payment is not received by the due date. If payment is not received within ten (10) days after the due date, service will be discontinued.

Service will be reinstated only during regular working hours, Monday through Friday, 8:00 A.M. to 4:30 P.M.

In the event a customer who has been cut-off for nonpayment of service wishes to be reinstated as a current customer, he shall pay all cost for discontinuance of service to include a reconnect fee, past due charges and any applicable service fees.

In the event a customer, who has been cut-off, cuts the meter lock for the purpose of reinstating natural gas service, said customer will be charged a tampering fee and be subject to legal prosecution

In the event a customer, who has been cut-off, cuts the meter lock for the purpose of reinstating natural gas service, said customer will be charged a tampering fee and be subject to legal prosecution.

Should the customer cut the meter lock again, the meter will be removed and natural gas service terminated permanently and be subject to legal prosecution.

15. Multiple Connections to One (1) Meter

At no time shall there be more than one (1) residence connected to one (1) meter.

Authorized employees, representatives and contractors of the District shall have access to all properties served by the District at reasonable times for the purpose of reading meters, maintaining and inspecting lines and connections to the District (or believed to be connected to the District), observation, measurement, sampling and testing as provided by the policies of the District and by state and federal law.

16. Theft of Service

Anyone found to be in violation of the theft of service policy will be subject to a tampering fee and be subject to legal prosecution.

Service will not be restored until all payments for the following are received by the District:

- a. Adjusted payment for utility service.
- b. Tampering fee.
- c. Reconnection fee and any other fees as deemed appropriate.
- d. The cost of damages to District property to include labor, equipment, overhead and replacement parts.

Anyone found to be in violation of theft of service policy for a second time will have their natural gas service terminated permanently and be subject to legal prosecution.

17. Shortages and Emergencies

The District cannot and does not guarantee an adequate supply of natural gas service and shall not be liable for any damage or loss resulting from an inadequate or interrupted supply, or for damages from the resumption of service.

The District may declare service restrictions during a period of shortage and emergencies.

18. Natural Gas Line Extensions

In the event the District shall see fit to extend any main line of its natural gas system, the District shall, upon considering all circumstances, determine the feasibility of this extension.

19. Subdivisions and Developers

In the event a customer wishes to extend/develop a natural gas line at their own expense, the customer must adhere to the District's Subdivisions and Developers Policy.

20. Natural Gas Security Deposit:

Commercial, Industrial, and Agricultural customers establishing or reestablishing service will be required to pay a security deposit equal to the customer's highest estimated monthly volume or the highest monthly volume for the previous customer during the last twelve (12) month period at the rate in effect at the time service is established or re-established.

The security deposit is required for each account.

The security deposit may be cash, bond, or an irrevocable letter of credit as approved by management. A cash deposit made by any method other than cashier's check will not be effective until the check clears the bank.

Any Commercial, Industrial, and Agricultural customer at the time this policy is adopted whose service has been disconnected due to non-payment will be required to pay a security deposit equal to an average of the customer's highest two (2) months usage in the previous (12) month period at the rate in effect at the time service is reestablished.

The foregoing Rules and Regulations, the aforementioned Schedule of Rates and Charges and Organizational Data may be amended, modified, enlarged or otherwise changed at any time a majority of the Board of Commissioners deems same necessary.

The District has, by proper resolution, adopted the foregoing Rules and Regulations for the Bedford County Utility District of Bedford County, Tennessee, which resolution declares that if any section, paragraph, clause or provision of these Rules and Regulations shall be held to be invalid or ineffective for any reason, the remainder of these Rules and Regulations shall remain in full force and effect.

"In accordance with Federal law and U.S. Department of Agriculture policy, this institution is prohibited from discriminating on the basis of race, color, national origin, age, disability, religion, sex, and familial status. (Not all prohibited bases apply to all programs).

To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410 or call (800) 795-3272 (voice) or (202) 720-6382 (TDD)."

SCHEDULE OF RATES AND CHARGES NATURAL GAS

Present Natural Gas Rates:

Residential-Commercial Rate:	
Customer Monthly Charge	\$10.00
Per MCF (Thousand Cubic Feet) [With PGA]	\$12.00
Purchase Gas Adjustment (PGA) Base	\$3.00
Agricultural-Commercial Rate:	
Customer Monthly Charge	\$10.00
Per MCF (Thousand Cubic Feet) [With PGA]	\$12.00
Purchase Gas Adjustment (PGA) Base	\$3.00
Industrial/processing Rate:	
Customer Monthly Charge	\$200.00
Per MCF	\$12.00
Purchase Gas Adjustment (PGA) Base	\$3.00

Natural Gas Tap Fees:

First Four Hundred (400) Feet	\$800.00
In excess of Four Hundred (400) Feet	\$5.00 Per Foot

Should the cost of the installation of the tap exceed the tap fee, the additional cost will be borne by the customer (i.e. rock trenching and/or rock boring)

Other Fees:

Nonrefundable service fee	\$50.00 per connection
Cut Lock Fee	\$250.00 per cut lock
Meter Deposit (Refundable)	\$50.00 per connection
Service Call Fee	\$60.00 per service call
Returned Check Service Fee	\$30.00 per returned check
Reconnection Fee	\$75.00 per reconnect
Tampering Fee	\$250.00 per occurrence
Late Payment Fee	11.0% of natural gas service

BEDFORD COUNTY UTILITY DISTRICT OF BEDFORD COUNTY, TENNESSEE

ORGANIZATIONAL DATA

Authorization:

This organization was incorporated and created pursuant to Chapter 82, Title 7, Tennessee Code Annotated, on December 8, 1980, by order of the County Judge of Bedford, Tennessee, consolidating the Southwest Bedford Public Utility District of Bedford County, Tennessee, the Northwest Bedford Public Utility District of Bedford County, Tennessee and the Bedford Public Utility District of Bedford County, Tennessee into the Bedford County Utility District of Bedford County, Tennessee.

Commissioners:

David Dickens	President
Todd Davidson	Vice President
John Jones	Secretary
Frank Cartwright	Treasurer
Kim Neeley	Commissioner

Administration:

Telephone - Office Hours	931-684-1667
After Hours	931-294-5117
Office Hours	Monday - Friday 8:00 A.M. - 4:30 P.M.
Address - Mailing	P.O. Box 2755 Shelbyville, TN 37162
Office	214 Bethany Lane Shelbyville, TN 37160
Website	www.bedfordutility.com
Pay by Phone	1-877-795-0944

Tuesday, September 30, 2025 at 10:39:14 AM Central Daylight Time

Subject: Re: Tennessee Downs Auto Club - September Board Meeting Request
Date: Monday, September 29, 2025 at 8:48:39 AM Central Daylight Time
From: David Bouquillon
To: Buddy Koonce, Kevin Mayhorn
CC: Jeremy Carpenter, Joseph Lackey
Priority: High
Attachments: image001.png

Buddy,

I hope you had a great weekend. I'm following up on our conversation last week regarding the requested items below:

- All related costs associated with providing gas and water to our property.
- All associated tap/service fee's
- BCUD model of the existing system which can provide anticipated flow which can provide from a volume and pressure perspective. We need to understand the pressure in the system (PSI) and the anticipated flow (GPM), so we can analyze it against fire flow requirements.

Please let me know if you need any additional information or clarification. I appreciate your attention to these and look forward to your response.

David Bouquillon
 President
 Laulima Development LLC

Mobile: 415-517-1334
 Email: davidb@laulima-dev.com

www.laulima-dev.com

From: David Bouquillon <davidb@laulima-dev.com>
Sent: Thursday, September 25, 2025 1:32 PM
To: Buddy Koonce <bkoonce@bedfordutility.com>; Kevin Mayhorn <Kevin@bedfordutility.com>
Cc: Jeremy Carpenter <jcarpenter@tennesseedowns.com>; Joseph Lackey <jlackey3@lackeypllc.com>
Subject: Re: Tennessee Downs Auto Club - September Board Meeting Request

Buddy,

Thanks for reaching out regarding the Tennessee Downs Auto Club development. I'm currently tied up on a Zoom call for the next hour or so, but I wanted to make sure you had the email I sent to Kevin ahead of the Board Meeting a few weeks back—please see it attached.

I'll give you a call shortly once I'm free.

Thanks again for your help.

David Bouquillon

Tuesday, September 30, 2025 at 11:15:18 AM Central Daylight Time

Subject: Re: Tennessee Downs Auto Club - September Board Meeting Request
Date: Thursday, September 4, 2025 at 2:14:15 PM Central Daylight Time
From: David Bouquillon
To: kevin@bedfordutility.com
CC: Jeremy Carpenter, Joseph Lackey
Attachments: 250824 TDAC Final Site Plan Draft.pdf

Dear Mr. Mayhorn,

For our meeting today we wanted to provide you with a preliminary overview of anticipated utility demands for water, gas, and sewage for our future Tennessee Downs Auto Club development and to initiate coordination with your team for formal approval at the next Board Meeting before we move into the next phases of final design and permitting. I've attached our approved development master plan for your reference.

Water Usage

Based on current site planning and projected occupancy, we estimate peak daily water demand to reach approximately **50,800 gpd**. This includes 250 garage condo units, clubhouse amenities, auto maintenance/support buildings, and light commercial components. We plan to incorporate water-efficient fixtures and landscaping strategies to mitigate peak loads and support sustainability goals.

Gas Requirements

Natural gas usage is expected to be concentrated in residential heating, cooking, clubhouse operations which includes our wellness center and dining and bar. Preliminary load calculations suggest a total demand of **19,000 therms/month**, with seasonal variability. We are evaluating centralized versus distributed systems and welcome input on infrastructure alignment.

Sewage and Wastewater

Projected sewage output aligns with standard residential and light commercial benchmarks, totaling approximately **115,000 gpd**. We are coordinating with our civil engineers to ensure appropriate sizing of sewer laterals and lift station capacity and will provide detailed flow estimates in our formal submittals.

We recognize the importance of early coordination to ensure infrastructure readiness and regulatory compliance. We look forward to discussing in more detail any preliminary concerns or requirements you may have.

Sincerely,

David Bouquillon
President
Laulima Development LLC

Mobile: 415-517-1334

Email: davidb@laulima-dev.com

www.laulima-dev.com

From: David Bouquillon <davidb@laulima-dev.com>

Sent: Wednesday, September 3, 2025 10:38 AM

To: kevin@bedfordutility.com <kevin@bedfordutility.com>

Cc: Jeremy Carpenter <jcarpenter@tennesseedowns.com>; Joseph Lackey <jlackey3@lackeypllc.com>

Subject: Tennessee Downs Auto Club - September Board Meeting Request

Dear Mr. Mayhorn,

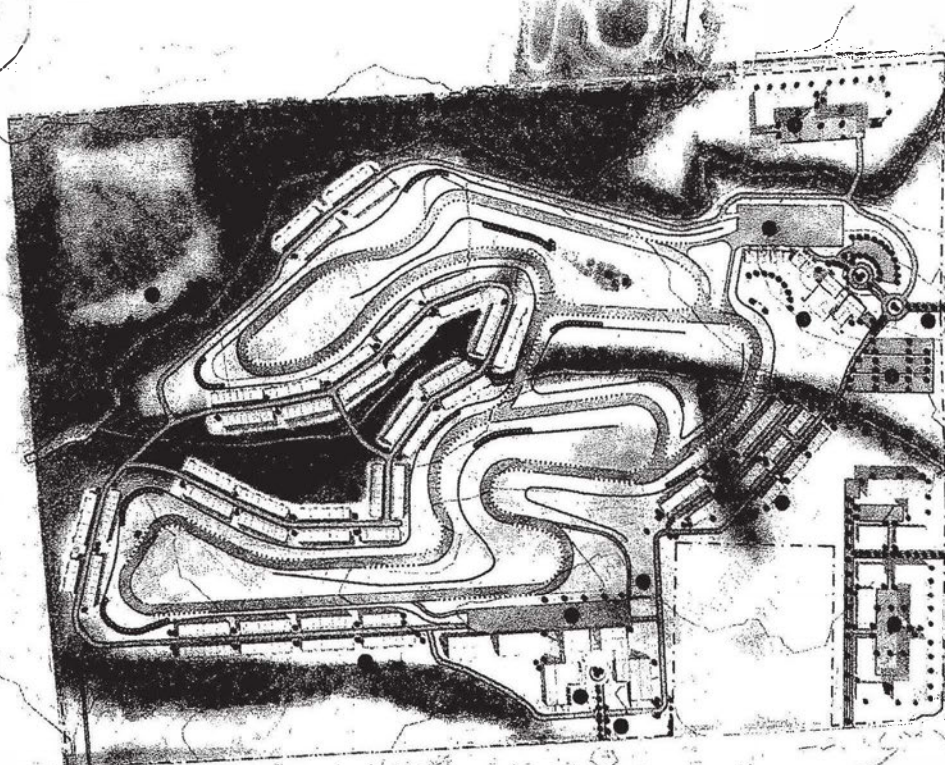
I've attached our formal request for the Tennessee Down Auto Club development to be included on your September Board Meeting agenda. We appreciate your consideration and look forward to the opportunity to present the project in greater detail.

Please let me know if any additional documentation is needed in advance. If you have any questions, don't hesitate to reach out by phone or email.

David Bouquillon
President
Laulima Development LLC

Mobile: 415-517-1334
Email: davidb@laulima-dev.com

www.laulima-dev.com



1. PRIMARY GATE
2. EVENT GATE
3. CLUBHOUSE
4. PARKING
5. GARAGE CONDOS
6. NORTH PADDOCK
7. SOUTH PADDOCK
8. SPECIALTY CAR STORAGE
9. GCPC OPERATIONS
10. FUELING STATION
11. COMMERCIAL
12. FUTURE



TENNESSEE DOWNS

DESIGNED BY: [illegible] & [illegible]

President
Laulima Development LLC

Mobile: 415-517-1334
Email: davidb@laulima-dev.com

www.laulima-dev.com

From: Buddy Koonce <bkoonce@bedfordutility.com>
Sent: Thursday, September 25, 2025 12:33 PM
To: David Bouquillon <davidb@laulima-dev.com>; Kevin Mayhorn <Kevin@bedfordutility.com>
Cc: Jeremy Carpenter <jcarpenter@tennesseedowns.com>; Joseph Lackey <jlackey3@lackeypllc.com>
Subject: RE: Tennessee Downs Auto Club - September Board Meeting Request

Mr. Bouquillon,

I am responding in association with Kevin about your project.

To provide a detailed cost estimate for this project, we need additional information about this development. Specifically, could you provide a preliminary plat of the project with estimated demands for water and natural gas? Information such as the number of water and gas taps, type of users within the development and any unusual demands for water and gas would be especially helpful.

This information is needed to determine sizing of utilities.

If you have previously submitted this us and I have misplaced it, I apologize.

Please call me if you have any questions. My number is 615-351-2966.

Thanks, Buddy Koonce

From: David Bouquillon <davidb@laulima-dev.com>
Sent: Thursday, September 25, 2025 12:23 PM
To: Kevin Mayhorn <Kevin@bedfordutility.com>
Cc: Jeremy Carpenter <jcarpenter@tennesseedowns.com>; Joseph Lackey <jlackey3@lackeypllc.com>; Buddy Koonce <bkoonce@bedfordutility.com>
Subject: Re: Tennessee Downs Auto Club - September Board Meeting Request

 **Caution:** Think Security – This email originated from an external source.

Kevin,

Thank you — this helps clarify the sewer service.

However, I'm still awaiting the information requested in my previous email. You noted that the future cost of the gas line will be borne by the developer; could you please provide a detailed cost analysis for both the gas and water services, including any associated fees?

Appreciate your help in getting this clarified.

Best regards,

David Bouquillon
President
Laulima Development LLC

Mobile: 415-517-1334
Email: davidb@laulima-dev.com

www.laulima-dev.com

From: Kevin Mayhorn <Kevin@bedfordutility.com>
Sent: Wednesday, September 24, 2025 9:37 AM
To: David Bouquillon <davidb@laulima-dev.com>
Cc: Jeremy Carpenter <jcarpenter@tennesseedowns.com>; Joseph Lackey <jlackey3@lackeypllc.com>;
Buddy Koonce <bkoonce@bedfordutility.com>
Subject: Re: Tennessee Downs Auto Club - September Board Meeting Request

Good Morning,

Please see the attached. Let me know if this works for your needs.

Thanks,

Kevin Mayhorn
General Manager
Bedford County Utility District
P O Box 2755
214 Bethany Ln
Shelbyville TN 37162
931-684-1667
kevin@bedfordutility.com



From: David Bouquillon <davidb@laulima-dev.com>
Sent: Wednesday, September 24, 2025 9:09 AM
To: Kevin Mayhorn <Kevin@bedfordutility.com>



September 24, 2025

Tennessee Downs Auto Development
HWY 321 South
Shelbyville, TN

Subject: Utility Availability at Proposed Development on Highway 231 South, Shelbyville, TN

Dear Mr. Bouquillon,

This letter is to confirm that Bedford County Utility District does not provide sewer service. Our utility district provides water and natural gas services only. Any inquiries or arrangements regarding sewer availability will need to be directed to the appropriate local authority or utility provider that manages sewer infrastructure in your project area.

Thank you for contacting Bedford County Utility District, and please let us know if we may be of further assistance.

Sincerely,

Kevin Mayborn
General Manager
Bedford County Utility District

Cc: Jeremy Carpenter <jcarpenter@tennesseedowns.com>; Joseph Lackey <jlackey3@lackeypllc.com>; Buddy Koonce <bkoonce@bedfordutility.com>
Subject: Re: Tennessee Downs Auto Club - September Board Meeting Request

Caution: Think Security – This email originated from an external source.

Kevin,

I hope you had a great weekend and that your training went well. I'm following up on my email from last week regarding the items we discussed at the last Board Meeting.

Would you be able to formalize the denial for sewer service on your letterhead? Our lending partner is based out of state and requires documentation for their records.

If you have any questions or need anything further from me, feel free to call at 415-517-1334.

Thanks again,

David Bouquillon
 President
 Laulima Development LLC

Mobile: 415-517-1334
 Email: davidb@laulima-dev.com

www.laulima-dev.com

From: Kevin Mayhorn <Kevin@bedfordutility.com>
Sent: Wednesday, September 17, 2025 11:49 AM
To: David Bouquillon <davidb@laulima-dev.com>
Cc: Jeremy Carpenter <jcarpenter@tennesseedowns.com>; Joseph Lackey <jlackey3@lackeypllc.com>; Buddy Koonce <bkoonce@bedfordutility.com>
Subject: Re: Tennessee Downs Auto Club - September Board Meeting Request

David,

I am out of the office this week for training. Once I get back into the office I will discuss with our engineer what is needed to get the answers to the below questions.

As for a sanitary sewer, BCUD does not provide any sanitary sewer. We only provide water and natural gas. Shelbyville Power is the sewer provider in Shelbyville. I am not sure if they have service at your location. Their number is (931) 684-7171. If you would like to reach out to them about sewer.

Please let me know if you have any questions

Kevin Mayhorn
General Manager
 Bedford County Utility District
 P O Box 2755
 214 Bethany Ln
 Shelbyville TN 37162
 931-684-1667
kevin@bedfordutility.com



From: David Bouquillon <davidb@laulima-dev.com>
Sent: Wednesday, September 17, 2025 10:53 AM
To: Kevin Mayhorn <Kevin@bedfordutility.com>
Cc: Jeremy Carpenter <jcarpenter@tennesseedowns.com>; Joseph Lackey <jlackey3@lackeypllc.com>
Subject: Re: Tennessee Downs Auto Club - September Board Meeting Request



Caution: Think Security – This email originated from an external source.

Dear Mr. Mayhorn,

Thank you again for the opportunity to present our proposed development to the Board last week. We appreciate your letter confirming the availability of our requested GPD—it's a very encouraging step forward.

As we continue site planning and coordination, I wanted to follow up with a few additional questions:

Fire Flow Requirements:

We're currently evaluating fire protection needs and would appreciate any available system data to support that analysis. Specifically, we're seeking information on anticipated flow and pressure at or near our project site. If you have a model or summary indicating expected system pressure (PSI) and flow rates (GPM), that would be extremely helpful in assessing compliance with fire protection standards and coordinating with the local fire marshal.

Gas Infrastructure:

As discussed, gas service is not currently at our property line but may be extended pending financial commitments from the developer. If you could provide preliminary details on anticipated costs and timing for that infrastructure, it would greatly assist our early planning efforts.

Sanitary Sewer Service:

Your letter didn't reference sanitary sewer, so I wanted to confirm my understanding from our meeting with David Dickens—that your group does not currently provide sanitary sewer service. If this is a future offering, we'd appreciate any insight into timing or service area plans.

Please let us know if you need any additional information from our team to facilitate these requests. We're happy to provide site plans or coordinate directly with your engineering staff if that would be helpful.

Thanks again for your continued support—we look forward to your response.

Warm regards,

David Bouquillon
President
Laulima Development LLC

Mobile: 415-517-1334
Email: davidb@laulima-dev.com

www.laulima-dev.com

From: Kevin Mayhorn <Kevin@bedfordutility.com>
Sent: Tuesday, September 16, 2025 9:06 AM
To: David Bouquillon <davidb@laulima-dev.com>
Cc: Jeremy Carpenter <jcarpenter@tennesseedowns.com>; Joseph Lackey <jlackey3@lackeypllc.com>
Subject: Re: Tennessee Downs Auto Club - September Board Meeting Request

Mr. Bouquillon,

Please see the attached letter regarding utility services at Tennessee Downs Auto Club development. Let me know if you have any questions or need any additional information.

Thanks,

Kevin Mayhorn
General Manager
Bedford County Utility District
P O Box 2755
214 Bethany Ln
Shelbyville TN 37162
931-684-1667
kevin@bedfordutility.com



BEDFORD COUNTY

UTILITY DISTRICT

September 16, 2025

Tennessee Downs Auto Development
HWY 321 South
Shelbyville, TN

Subject: Utility Availability at Proposed Development on Highway 231 South, Shelbyville, TN

Dear Mr. Bouquillon,

The Bedford County Utility District has reviewed the proposed Tennessee Downs Auto Development located on Highway 231 South in Shelbyville, Tennessee. We are pleased to inform you that we have sufficient water capacity available to serve the development at this location.

At this time, however, our natural gas distribution main line does not extend to the proposed site, and therefore we are unable to provide natural gas services without significant infrastructure upgrades. Should the developer wish to pursue natural gas availability, Bedford County Utility District is open to discussing the required improvements. Please note that any such upgrades would be at the expense of the developer.

We appreciate your consideration of Bedford County Utility District for your utility needs and look forward to working with you on this project. Please feel free to contact our office at 931.684.1667 or kevin@bedfordutility.com if you would like to discuss this matter further.

Sincerely,

A handwritten signature in black ink, appearing to read 'K Mayhorn'. The signature is fluid and cursive, with a large initial 'K' and a stylized 'M'.

Kevin Mayhorn
General Manager
Bedford County Utility District



From: David Bouquillon <davidb@laulima-dev.com>
Sent: Thursday, September 4, 2025 2:14 PM
To: Kevin Mayhorn <Kevin@bedfordutility.com>
Cc: Jeremy Carpenter <jcarpenter@tennesseedowns.com>; Joseph Lackey <jlackey3@lackeypllc.com>
Subject: Re: Tennessee Downs Auto Club - September Board Meeting Request

USS

Warning: Sender @davidb@laulima-dev.com is not yet trusted by your organization.
 Please be careful before replying or clicking on the URLs.

[Report Phishing](#) [Block as Junk](#) [Mark as Safe](#)

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Dear Mr. Mayhorn,

For our meeting today we wanted to provide you with a preliminary overview of anticipated utility demands for water, gas, and sewage for our future Tennessee Downs Auto Club development and to initiate coordination with your team for formal approval at the next Board Meeting before we move into the next phases of final design and permitting. I've attached our approved development master plan for your reference.

Water Usage

Based on current site planning and projected occupancy, we estimate peak daily water demand to reach approximately **50,800 gpd**. This includes 250 garage condo units, clubhouse amenities, auto maintenance/support buildings, and light commercial components. We plan to incorporate water-efficient fixtures and landscaping strategies to mitigate peak loads and support sustainability goals.

Gas Requirements

Natural gas usage is expected to be concentrated in residential heating, cooking, clubhouse operations which includes our wellness center and dining and bar. Preliminary load calculations suggest a total demand of **19,000 therms/month**, with seasonal variability. We are evaluating centralized versus distributed systems and welcome input on infrastructure alignment.

Sewage and Wastewater

Projected sewage output aligns with standard residential and light commercial benchmarks, totaling approximately **115,000 gpd**. We are coordinating with our civil engineers to ensure appropriate sizing of sewer laterals and lift station capacity and will provide detailed flow estimates in our formal submittals.



1. PRIMARY GATE
2. EVENT GATE
3. CLUBHOUSE
4. PARKING
5. GARAGE CONDOS
6. NORTH PADDOCK
7. SOUTH PADDOCK
8. SPECIALTY CAR STORAGE
9. GCPC OPERATIONS
10. FUELING STATION
11. COMMERCIAL
12. FUTURE



TENNESSEE DOWNS

HOLLYWOOD GAMES, COMPANY, & OUTBACK

We recognize the importance of early coordination to ensure infrastructure readiness and regulatory compliance. We look forward to discussing in more detail any preliminary concerns or requirements you may have.

Sincerely,

David Bouquillon
President
Laulima Development LLC

Mobile: 415-517-1334
Email: davidb@laulima-dev.com

www.laulima-dev.com

From: David Bouquillon <davidb@laulima-dev.com>
Sent: Wednesday, September 3, 2025 10:38 AM
To: kevin@bedfordutility.com <kevin@bedfordutility.com>
Cc: Jeremy Carpenter <jcarpenter@tennesseedowns.com>; Joseph Lackey <jlackey3@lackeypllc.com>
Subject: Tennessee Downs Auto Club - September Board Meeting Request

Dear Mr. Mayhorn,

I've attached our formal request for the Tennessee Down Auto Club development to be included on your September Board Meeting agenda. We appreciate your consideration and look forward to the opportunity to present the project in greater detail.

Please let me know if any additional documentation is needed in advance. If you have any questions, don't hesitate to reach out by phone or email.

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President
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LAULIMA DEVELOPMENT

September 3, 2025

Mr. Mayhorn
General Manager
Bedford County Utility District
214 Bethany Lane
Shelbyville, TN 37160

RE: Tennessee Downs Auto Club

Dear Mr. Mayhorn,

On behalf of Tennessee Downs & Laulima Development, I respectfully submit this request for inclusion on your September board meeting agenda.

Our team is currently finalizing financial strategies for the Tennessee Downs Auto Club development. As part of our capital structuring process, our lenders have identified key infrastructure requirements essential to the success of the project. Specifically, we are seeking confirmation of availability and capacity for the following utilities:

- Potable water
- Adequate water pressure
- Sanitary sewer service
- Natural gas

We anticipate providing detailed usage estimates within the next few days. In the meantime, we appreciate your consideration of this request and look forward to discussing how we can align with your planning and service capabilities.

Sincerely,



David Bouquillon
President

EXHIBIT C

Tuesday, September 30, 2025 at 11:15:18 AM Central Daylight Time

Subject: Re: Tennessee Downs Auto Club - September Board Meeting Request
Date: Thursday, September 4, 2025 at 2:14:15 PM Central Daylight Time
From: David Bouquillon
To: kevin@bedfordutility.com
CC: Jeremy Carpenter, Joseph Lackey
Attachments: 250824 TDAC Final Site Plan Draft.pdf

Dear Mr. Mayhorn,

For our meeting today we wanted to provide you with a preliminary overview of anticipated utility demands for water, gas, and sewage for our future Tennessee Downs Auto Club development and to initiate coordination with your team for formal approval at the next Board Meeting before we move into the next phases of final design and permitting. I've attached our approved development master plan for your reference.

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We recognize the importance of early coordination to ensure infrastructure readiness and regulatory compliance. We look forward to discussing in more detail any preliminary concerns or requirements you may have.

Sincerely,

David Bouquillon
President
Laulima Development LLC

Mobile: 415-517-1334

Email: davidb@laulima-dev.com

www.laulima-dev.com

From: David Bouquillon <davidb@laulima-dev.com>
Sent: Wednesday, September 3, 2025 10:38 AM
To: kevin@bedfordutility.com <kevin@bedfordutility.com>
Cc: Jeremy Carpenter <jcarpenter@tennesseedowns.com>; Joseph Lackey <jlackey3@lackeypllc.com>
Subject: Tennessee Downs Auto Club - September Board Meeting Request

Dear Mr. Mayhorn,

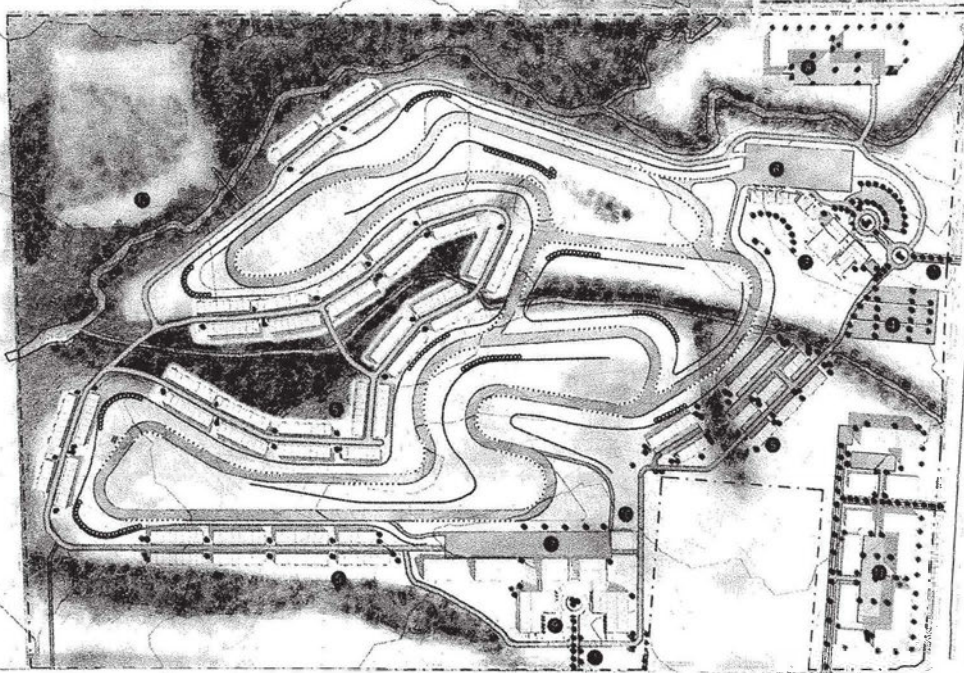
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Please let me know if any additional documentation is needed in advance. If you have any questions, don't hesitate to reach out by phone or email.

David Bouquillon
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10. FUELING STATION
11. COMMERCIAL
12. FUTURE



TENNESSEE
DOWNS

WINDYVIEW ROAD, WINDYVIEW, A DISTANCE

Tuesday, September 30, 2025 at 10:39:14 AM Central Daylight Time

Subject: Re: Tennessee Downs Auto Club - September Board Meeting Request
Date: Monday, September 29, 2025 at 8:48:39 AM Central Daylight Time
From: David Bouquillon
To: Buddy Koonce, Kevin Mayhorn
CC: Jeremy Carpenter, Joseph Lackey
Priority: High
Attachments: image001.png

Buddy,

I hope you had a great weekend. I'm following up on our conversation last week regarding the requested items below:

- All related costs associated with providing gas and water to our property.
- All associated tap/service fee's
- BCUD model of the existing system which can provide anticipated flow which can provide from a volume and pressure perspective. We need to understand the pressure in the system (PSI) and the anticipated flow (GPM), so we can analyze it against fire flow requirements.

Please let me know if you need any additional information or clarification. I appreciate your attention to these and look forward to your response.

David Bouquillon
 President
 Laulima Development LLC

Mobile: 415-517-1334
 Email: davidb@laulima-dev.com

www.laulima-dev.com

From: David Bouquillon <davidb@laulima-dev.com>
Sent: Thursday, September 25, 2025 1:32 PM
To: Buddy Koonce <bkoonce@bedfordutility.com>; Kevin Mayhorn <Kevin@bedfordutility.com>
Cc: Jeremy Carpenter <jcarpenter@tennesseedowns.com>; Joseph Lackey <jlackey3@lackeypllc.com>
Subject: Re: Tennessee Downs Auto Club - September Board Meeting Request

Buddy,

Thanks for reaching out regarding the Tennessee Downs Auto Club development. I'm currently tied up on a Zoom call for the next hour or so, but I wanted to make sure you had the email I sent to Kevin ahead of the Board Meeting a few weeks back—please see it attached.

I'll give you a call shortly once I'm free.

Thanks again for your help.

David Bouquillon

President
Laulima Development LLC

Mobile: 415-517-1334
Email: davidb@laulima-dev.com

www.laulima-dev.com

From: Buddy Koonce <bkoonce@bedfordutility.com>
Sent: Thursday, September 25, 2025 12:33 PM
To: David Bouquillon <davidb@laulima-dev.com>; Kevin Mayhorn <Kevin@bedfordutility.com>
Cc: Jeremy Carpenter <jcarpenter@tennesseedowns.com>; Joseph Lackey <jlackey3@lackeypllc.com>
Subject: RE: Tennessee Downs Auto Club - September Board Meeting Request

Mr. Bouquillon,

I am responding in association with Kevin about your project.

To provide a detailed cost estimate for this project, we need additional information about this development. Specifically, could you provide a preliminary plat of the project with estimated demands for water and natural gas? Information such as the number of water and gas taps, type of users within the development and any unusual demands for water and gas would be especially helpful.

This information is needed to determine sizing of utilities.

If you have previously submitted this us and I have misplaced it, I apologize.

Please call me if you have any questions. My number is 615-351-2966.

Thanks, Buddy Koonce

From: David Bouquillon <davidb@laulima-dev.com>
Sent: Thursday, September 25, 2025 12:23 PM
To: Kevin Mayhorn <Kevin@bedfordutility.com>
Cc: Jeremy Carpenter <jcarpenter@tennesseedowns.com>; Joseph Lackey <jlackey3@lackeypllc.com>; Buddy Koonce <bkoonce@bedfordutility.com>
Subject: Re: Tennessee Downs Auto Club - September Board Meeting Request

Caution: Think Security – This email originated from an external source.

Kevin,

Thank you — this helps clarify the sewer service.

However, I'm still awaiting the information requested in my previous email. You noted that the future cost of the gas line will be borne by the developer; could you please provide a detailed cost analysis for both the gas and water services, including any associated fees?

Appreciate your help in getting this clarified.

Best regards,

David Bouquillon
President
Laulima Development LLC

Mobile: 415-517-1334
Email: davidb@laulima-dev.com

www.laulima-dev.com

From: Kevin Mayhorn <Kevin@bedfordutility.com>
Sent: Wednesday, September 24, 2025 9:37 AM
To: David Bouquillon <davidb@laulima-dev.com>
Cc: Jeremy Carpenter <jcarpenter@tennesseedowns.com>; Joseph Lackey <jlackey3@lackeypllc.com>; Buddy Koonce <bkoonce@bedfordutility.com>
Subject: Re: Tennessee Downs Auto Club - September Board Meeting Request

Good Morning,

Please see the attached. Let me know if this works for your needs.

Thanks,

Kevin Mayhorn
General Manager
Bedford County Utility District
P O Box 2755
214 Bethany Ln
Shelbyville TN 37162
931-684-1667
kevin@bedfordutility.com



From: David Bouquillon <davidb@laulima-dev.com>
Sent: Wednesday, September 24, 2025 9:09 AM
To: Kevin Mayhorn <Kevin@bedfordutility.com>



September 24, 2025

Tennessee Downs Auto Development
HWY 321 South
Shelbyville, TN

Subject: Utility Availability at Proposed Development on Highway 231 South, Shelbyville, TN

Dear Mr. Bouquillon,

This letter is to confirm that Bedford County Utility District does not provide sewer service. Our utility district provides water and natural gas services only. Any inquiries or arrangements regarding sewer availability will need to be directed to the appropriate local authority or utility provider that manages sewer infrastructure in your project area.

Thank you for contacting Bedford County Utility District, and please let us know if we may be of further assistance.

Sincerely,

A handwritten signature in dark ink, appearing to read "K. Mayhorn".

Kevin Mayhorn
General Manager
Bedford County Utility District

Cc: Jeremy Carpenter <jcarpenter@tennesseedowns.com>; Joseph Lackey <jlackey3@lackeypllc.com>; Buddy Koonce <bkoonce@bedfordutility.com>
Subject: Re: Tennessee Downs Auto Club - September Board Meeting Request

Caution: Think Security – This email originated from an external source.

Kevin,

I hope you had a great weekend and that your training went well. I'm following up on my email from last week regarding the items we discussed at the last Board Meeting.

Would you be able to formalize the denial for sewer service on your letterhead? Our lending partner is based out of state and requires documentation for their records.

If you have any questions or need anything further from me, feel free to call at 415-517-1334.

Thanks again,

David Bouquillon
 President
 Laulima Development LLC

Mobile: 415-517-1334
 Email: davidb@laulima-dev.com

www.laulima-dev.com

From: Kevin Mayhorn <Kevin@bedfordutility.com>
Sent: Wednesday, September 17, 2025 11:49 AM
To: David Bouquillon <davidb@laulima-dev.com>
Cc: Jeremy Carpenter <jcarpenter@tennesseedowns.com>; Joseph Lackey <jlackey3@lackeypllc.com>; Buddy Koonce <bkoonce@bedfordutility.com>
Subject: Re: Tennessee Downs Auto Club - September Board Meeting Request

David,

I am out of the office this week for training. Once I get back into the office I will discuss with our engineer what is needed to get the answers to the below questions.

As for a sanitary sewer, BCUD does not provide any sanitary sewer. We only provide water and natural gas. Shelbyville Power is the sewer provider in Shelbyville. I am not sure if they have service at your location. Their number is (931) 684-7171. If you would like to reach out to them about sewer.

Please let me know if you have any questions

Kevin Mayhorn
General Manager
 Bedford County Utility District
 P O Box 2755
 214 Bethany Ln
 Shelbyville TN 37162
 931-684-1667
 kevin@bedfordutility.com



From: David Bouquillon <davidb@laulima-dev.com>
Sent: Wednesday, September 17, 2025 10:53 AM
To: Kevin Mayhorn <Kevin@bedfordutility.com>
Cc: Jeremy Carpenter <jcarpenter@tennesseedowns.com>; Joseph Lackey <jlackey3@lackeypllc.com>
Subject: Re: Tennessee Downs Auto Club - September Board Meeting Request

Caution: Think Security – This email originated from an external source.

Dear Mr. Mayhorn,

Thank you again for the opportunity to present our proposed development to the Board last week. We appreciate your letter confirming the availability of our requested GPD—it's a very encouraging step forward.

As we continue site planning and coordination, I wanted to follow up with a few additional questions:

Fire Flow Requirements:

We're currently evaluating fire protection needs and would appreciate any available system data to support that analysis. Specifically, we're seeking information on anticipated flow and pressure at or near our project site. If you have a model or summary indicating expected system pressure (PSI) and flow rates (GPM), that would be extremely helpful in assessing compliance with fire protection standards and coordinating with the local fire marshal.

Gas Infrastructure:

As discussed, gas service is not currently at our property line but may be extended pending financial commitments from the developer. If you could provide preliminary details on anticipated costs and timing for that infrastructure, it would greatly assist our early planning efforts.

Sanitary Sewer Service:

Your letter didn't reference sanitary sewer, so I wanted to confirm my understanding from our meeting with David Dickens—that your group does not currently provide sanitary sewer service. If this is a future offering, we'd appreciate any insight into timing or service area plans.

Please let us know if you need any additional information from our team to facilitate these requests. We're happy to provide site plans or coordinate directly with your engineering staff if that would be helpful.

Thanks again for your continued support—we look forward to your response.

Warm regards,

David Bouquillon
President
Laulima Development LLC

Mobile: 415-517-1334
Email: davidb@laulima-dev.com

www.laulima-dev.com

From: Kevin Mayhorn <Kevin@bedfordutility.com>
Sent: Tuesday, September 16, 2025 9:06 AM
To: David Bouquillon <davidb@laulima-dev.com>
Cc: Jeremy Carpenter <jcarpenter@tennesseedowns.com>; Joseph Lackey <jlackey3@lackeypllc.com>
Subject: Re: Tennessee Downs Auto Club - September Board Meeting Request

Mr. Bouquillon,

Please see the attached letter regarding utility services at Tennessee Downs Auto Club development. Let me know if you have any questions or need any additional information.

Thanks,

Kevin Mayhorn
General Manager
Bedford County Utility District
P O Box 2755
214 Bethany Ln
Shelbyville TN 37162
931-684-1667
kevin@bedfordutility.com



BEDFORD COUNTY

UTILITY DISTRICT

September 16, 2025

Tennessee Downs Auto Development
HWY 321 South
Shelbyville, TN

Subject: Utility Availability at Proposed Development on Highway 231 South, Shelbyville, TN

Dear Mr. Bouquillon,

The Bedford County Utility District has reviewed the proposed Tennessee Downs Auto Development located on Highway 231 South in Shelbyville, Tennessee. We are pleased to inform you that we have sufficient water capacity available to serve the development at this location.

At this time, however, our natural gas distribution main line does not extend to the proposed site, and therefore we are unable to provide natural gas services without significant infrastructure upgrades. Should the developer wish to pursue natural gas availability, Bedford County Utility District is open to discussing the required improvements. Please note that any such upgrades would be at the expense of the developer.

We appreciate your consideration of Bedford County Utility District for your utility needs and look forward to working with you on this project. Please feel free to contact our office at 931.684.1667 or kevin@bedfordutility.com if you would like to discuss this matter further.

Sincerely,

Kevin Mayhorn
General Manager
Bedford County Utility District



From: David Bouquillon <davidb@laulima-dev.com>
Sent: Thursday, September 4, 2025 2:14 PM
To: Kevin Mayhorn <Kevin@bedfordutility.com>
Cc: Jeremy Carpenter <jcarpenter@tennesseedowns.com>; Joseph Lackey <jlackey3@lackeypllc.com>
Subject: Re: Tennessee Downs Auto Club - September Board Meeting Request

USS

Warning: Sender @davidb@laulima-dev.com is not yet trusted by your organization. Please be careful before replying or clicking on the URLs.

[Report Phishing](#) [Block as Junk](#) [Mark as Safe](#)

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Caution: Think Security – This email originated from an external source.

Dear Mr. Mayhorn,

For our meeting today we wanted to provide you with a preliminary overview of anticipated utility demands for water, gas, and sewage for our future Tennessee Downs Auto Club development and to initiate coordination with your team for formal approval at the next Board Meeting before we move into the next phases of final design and permitting. I've attached our approved development master plan for your reference.

Water Usage

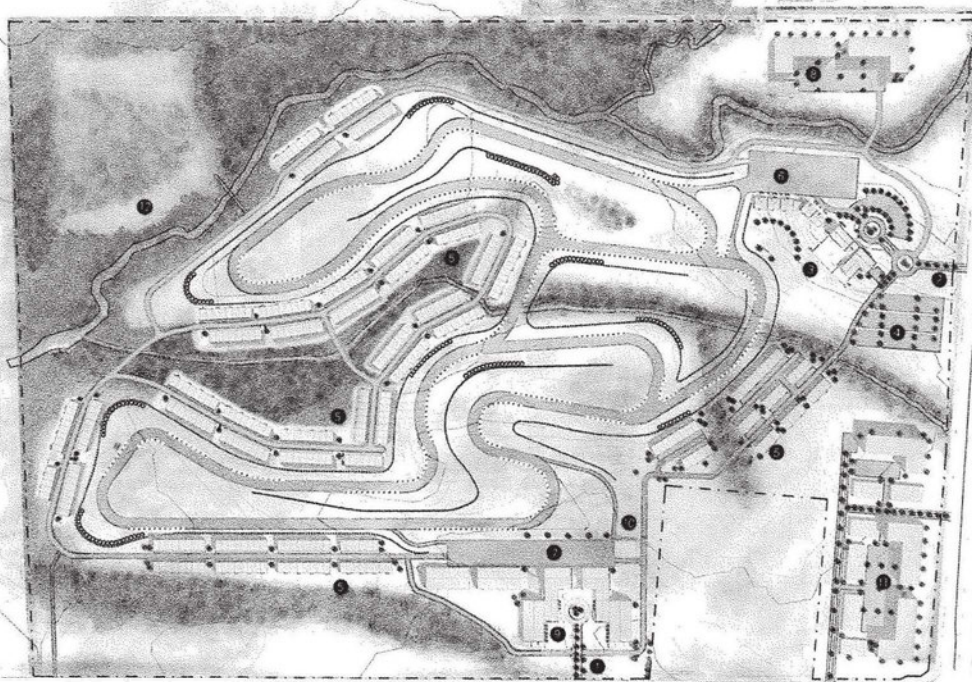
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Natural gas usage is expected to be concentrated in residential heating, cooking, clubhouse operations which includes our wellness center and dining and bar. Preliminary load calculations suggest a total demand of **19,000 therms/month**, with seasonal variability. We are evaluating centralized versus distributed systems and welcome input on infrastructure alignment.

Sewage and Wastewater

Projected sewage output aligns with standard residential and light commercial benchmarks, totaling approximately **115,000 gpd**. We are coordinating with our civil engineers to ensure appropriate sizing of sewer laterals and lift station capacity and will provide detailed flow estimates in our formal submittals.



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TENNESSEE DOWNS

UNAPPROVED CHASE, UNIVERSITY, & SPYGLASS

We recognize the importance of early coordination to ensure infrastructure readiness and regulatory compliance. We look forward to discussing in more detail any preliminary concerns or requirements you may have.

Sincerely,

David Bouquillon
President
Laulima Development LLC

Mobile: 415-517-1334
Email: davidb@laulima-dev.com

www.laulima-dev.com

From: David Bouquillon <davidb@laulima-dev.com>
Sent: Wednesday, September 3, 2025 10:38 AM
To: kevin@bedfordutility.com <kevin@bedfordutility.com>
Cc: Jeremy Carpenter <jcarpenter@tennesseedowns.com>; Joseph Lackey <jlackey3@lackeypllc.com>
Subject: Tennessee Downs Auto Club - September Board Meeting Request

Dear Mr. Mayhorn,

I've attached our formal request for the Tennessee Down Auto Club development to be included on your September Board Meeting agenda. We appreciate your consideration and look forward to the opportunity to present the project in greater detail.

Please let me know if any additional documentation is needed in advance. If you have any questions, don't hesitate to reach out by phone or email.

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Email: davidb@laulima-dev.com

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Mobile: 415-517-1334
Email: davidb@laulima-dev.com

www.laulima-dev.com



LAULIMA DEVELOPMENT

September 3, 2025

Mr. Mayhorn
General Manager
Bedford County Utility District
214 Bethany Lane
Shelbyville, TN 37160

RE: Tennessee Downs Auto Club

Dear Mr. Mayhorn,

On behalf of Tennessee Downs & Laulima Development, I respectfully submit this request for inclusion on your September board meeting agenda.

Our team is currently finalizing financial strategies for the Tennessee Downs Auto Club development. As part of our capital structuring process, our lenders have identified key infrastructure requirements essential to the success of the project. Specifically, we are seeking confirmation of availability and capacity for the following utilities:

- Potable water
- Adequate water pressure
- Sanitary sewer service
- Natural gas

We anticipate providing detailed usage estimates within the next few days. In the meantime, we appreciate your consideration of this request and look forward to discussing how we can align with your planning and service capabilities.

Sincerely,



David Bouquillon
President

JOSEPH W. JARRATT
744 S. White Station Road
Memphis, TN 38117

September 9, 2025

Ross Colona
Assistant Director, Local Government Finance
Comptroller of the Treasury
425 Rep. John Lewis Way North
Nashville, TN 37243

RE: Tennessee Board of Utility Regulation
Walnut Grove and Houston Levee Property
Shelby County, Tennessee

Dear Ross,

The Tennessee Board of Utility Regulation heard the above referenced case on February 13th. I would like to thank you, your staff, and the Board Members for taking the time to understand the complexities of the situation and working with both parties to come to a reasonable conclusion.

Since the meeting in February, the City of Memphis has granted access to sewer services via a PD modification, all municipal approvals have been completed related to zoning, and we are in the final design phase of the project.

We are now able to maximize the value of the property, create a high-quality mixed-use development, and generate significant tax revenue for Shelby County. This would not have happened without TNBOUR.

I view TNBOUR as a champion for the property rights of the citizens of Tennessee. I do not state that lightly. The citizens of the State need TNBOUR as an advocate. Please keep up the fight.

Please share this letter with the Board Members and staff. Let them know how much we appreciate their efforts.

Sincerely,


Joseph W. Jarratt

Entity Referred: **City of Memphis**

Referral Reason: **Customer Complaint**

Utility Type Referred: **Sewer**

Staff Summary:

The complainant (Memphis Investment Properties, LLC) requests sewer service for a proposed 75-lot single-family residential redevelopment at 4853 Egypt Central Road. Their engineer, EDS, Inc., asserts that existing sewer gravity lines are available near the site with sufficient capacity to serve the development.

However, the City of Memphis disputes that the property currently has access to its sewer system, citing that the site lies outside the City's service boundary and lacks an existing authorized connection. Memphis Public Works denied the request, referencing its 2017 sewer extension policy, which restricts sewer service extensions into unincorporated Shelby County unless specifically approved by the City.

The complainant argues that the request qualifies under Public Chapter 461 (2025), which allows eligible properties to connect when statutory criteria are met. Supporting letters from State Senator Brent Taylor and the project engineer urge approval, emphasizing public health, housing needs, and economic development benefits.

The central dispute is whether the developer has physical and legal access to a sewer gravity line that would make the parcel eligible for service, as Memphis maintains no such access exists.

2000 FIRST HORIZON BUILDING
165 MADISON AVENUE
MEMPHIS, TENNESSEE 38103

PHONE: 901.526.2000
FAX: 901.577.2303

www.bakerdonelson.com

CC DRAYTON, SHAREHOLDER
Direct Dial: 901-577-2210
E-Mail Address: ccdrayton@bakerdonelson.com

October 9, 2025

VIA EMAIL:
Nate.Fontenot@cot.tn.gov

Nate Fontenot, CFE
Comptroller of the Treasury
Division of Local Government Finance
425 Rep. John Lewis Parkway N.
Nashville, TN 37243

Re: 4853 Egypt Central

Dear Mr. Fontenot:

I will be appearing as legal counsel for the City of Memphis at the hearing scheduled for October 17, 2025 regarding 4853 Egypt Central. Please contact me if you have any questions.

Sincerely,

cc: Mayor Paul Young
Scott Morgan, Public Works Director
Tannera Gibson, Chief Legal Officer
Odell Horton, Deputy City Attorney

4935-8373-3361v1
2954677-000004

October 8, 2025

Page 2

HB 543 - SB 1138**FISCAL MEMORANDUM**

Fiscal Review Committee
Tennessee General Assembly

March 28, 2025

Fiscal Analyst: Justin Billingsley | Email: justin.billingsley@capitol.tn.gov | Phone: 615-741-2564

SUMMARY OF BILL AS AMENDED (006658): Prohibits a city, town, or utility district that has operated a sewerage system outside of the corporate boundaries of the city or town for 25 years or more from ceasing the operation of such system outside the corporate boundaries so long as the system maintains sufficient capacity to continue to provide sewerage service outside of its corporate boundaries, as determined by a study, report, or other information and evidence presented to the Tennessee Board of Utility Regulation (TBOUR) in an informal hearing.

Requires a utility system under the regulation of the TBOUR that provides wastewater service to provide a connection to the owner of real property for wastewater service when the utility system: (1) has an existing gravity sewer line located on the owner's property and; (2) the owner requests such connection and service. If the utility system refuses to provide wastewater services to the owner, the owner may submit a complaint to TBOUR for a review and hearing on the refusal to provide wastewater services; provided, the owner must first appeal or make complaint to the utility system's governing board regarding such refusal of service. Specifies, when the governing body of the utility system is the legislative body of the city, town, metropolitan government, or county providing wastewater service, the owner's appeal or complaint must be acted upon within 60 days of submission by the owner. If the governing body fails to act on such appeal or complaint within 60 days, the owner may proceed with submission of its complaint to TBOUR, which must conduct its review and hearing on the refusal of service without a decision from such governing board. Specifies that this act does not affect, impact, or interfere with the rates in existing or future water or wastewater services contractual arrangements, or renewals or extensions of such existing or future agreements.

FISCAL IMPACT OF BILL AS AMENDED:**OTHER FISCAL IMPACT**

Due to multiple unknown variables, any mandatory increases in local revenue or expenditures cannot be determined with reasonable certainty, but are considered significant.

Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.

Assumptions for the bill as amended:

- This legislation would require an unknown entity to perform a study or report on all sewerage systems operated by municipalities, towns, cities, and utility districts in the state which have provided sewerage services to areas outside the corporate boundaries of their

respective municipalities for over 25 years and present such study to the TBOUR to confirm the necessity of a closure, or ceasing of operations in such areas.

- This legislation does not specify the entity who will perform the study or report.
- For purposes of this analysis, it is assumed that such study or report will not be performed by a local government entity, but rather, a private entity seeking to develop land in the areas outside the corporate boundaries of a municipality.
- It is unknown how many sewerage systems operated by towns, cities, and utility districts in this state have operated outside of their respective corporate boundaries for 25 years or more.
- The Memphis Public Works Division (MPWD) operates and maintains the city's sewerage system and has provided sewerage services outside Memphis's corporate boundaries for over 25 years.
- The city of Memphis has reported a strain on its sewerage system, requiring it to utilize large septic storage tanks in outlying areas where sewerage capacity is insufficient.
- This legislation would require that Memphis continue service to outlying areas, which, due to growth in population resulting from additional developments in such areas, is increasing the strain on the MPWD sewerage system.
- This legislation could reasonably result in significant increases in local expenditures for Memphis to expand sewerage services in areas outside the corporate boundary of the city.
- This legislation specifies that this act does not affect, impact, or interfere with the rates in existing or future water or wastewater services contractual arrangements, or renewals or extensions of such existing or future agreements.
- Based on information from TAUD, this legislation would prevent a sewer system, believed to be the MPWD, which serves a customer outside its corporate boundaries who is a smaller utility, from increasing rates on the smaller utility for any increased service provided to it as a direct result of this legislation.
- A current contract between the MPWD and a smaller utility would set forth how rates can be changed, and this legislation cannot undo the current contract provisions.
- This legislation may result in the MPWD being prohibited from increasing the rates on the smaller utility for future contracts, if any such increase can be attributed solely to any increased service provided by the MPWD to the smaller utility as a direct result of this legislation; however, if such prohibition can be effectively enforced, it is assumed that the MPWD may increase rates for customers other than the smaller utility, regardless of whether such increase is attributed to this legislation, as there are multiple reasons why a utility would increase rates.
- If the MPWD is unable to increase rates on any customers as a result of this legislation, the MPWD may impose a capacity fee on the smaller utility to cover any costs it incurs as a result of this legislation.
- In conclusion, it is assumed that the MPWD will pass on any additional costs it incurs as a result of this legislation to its customers, whether by rate or fee imposed on all or a portion of its customers.
- This legislation requires a utility system that provides wastewater service to provide connection to the owner of real property for wastewater service when the utility system: (1) has an existing gravity sewer line located on the owner's property and; (2) the owner requests such connection and service.

- If the utility system refuses to provide wastewater services to the owner, the owner may submit a complaint to TBOUR for a review and hearing on the refusal to provide wastewater services; provided, the owner must first appeal or make complaint to the utility's system's governing board regarding such refusal of service.
- The proposed legislation specifies, when the governing body of the utility system is the legislative body of the city, town, metropolitan government, or county providing wastewater service, the owner's appeal or complaint must be acted upon by such governing body within 60 days of submission by the owner. If the governing body fails to act on such appeal or complaint within 60 days, the owner may proceed with submission of its complaint to TBOUR, which must conduct its review and hearing on refusal of service without a decision from the utility's governing board.
- It is assumed that the referenced property owner is an entity doing business in an area or areas outside the corporate boundaries of the City of Memphis.
- It is assumed that 60 days is not a sufficient time for the MPWD to act upon an appeal or complaint from an owner, and thus, the owner will apply to TBOUR to seek a remedy.
- Based upon multiple unknown variables, any impact upon local government from any actions taken by either the MPWD or TBOUR, to alleviate any violation brought to TBOUR, cannot be reasonably determined.
- According to TBOUR, there is no fee associated with submitting a complaint to the Board, and any complaint heard by TBOUR can be handled during regularly-scheduled public meetings, resulting in no significant impact to state government.
- Due to multiple unknown variables, any mandatory increases in local revenue or expenditures cannot be determined with reasonable certainty, but are considered significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

Bojan Savic, Executive Director

Amendment No. 1 to HB0543

Todd
Signature of Sponsor

AMEND Senate Bill No. 1138

House Bill No. 543*

by deleting all language after the enacting clause and substituting:

SECTION 1. Tennessee Code Annotated, Title 7, Chapter 35, Part 4, is amended by adding the following as a new section:

(a) A city or town that has operated a sewerage system outside of the corporate boundaries of the city or town for twenty-five (25) years or more shall not cease operating the sewerage system outside of its corporate boundaries so long as the sewerage system maintains sufficient capacity to continue to provide sewerage service outside of its corporate boundaries, as determined by a study, report, or other information and evidence presented to the Tennessee board of utility regulation in a hearing pursuant to § 7-82-702(b)(1)(E).

(b) This section does not affect, impact, or interfere with the rates in existing or future water or wastewater services contractual arrangements, or renewals or extensions of such existing or future agreements.

SECTION 2. Tennessee Code Annotated, Title 7, Chapter 82, Part 3, is amended by adding the following as a new section:

(a) A utility district that has operated a sewerage system in the unincorporated territory of a county for twenty-five (25) years or more shall not cease operating the sewerage system in the unincorporated territory so long as the sewerage system maintains sufficient capacity to continue to provide sewerage service in such unincorporated territory, as determined by a study, report, or other information and

evidence presented to the Tennessee board of utility regulation in a hearing pursuant to § 7-82-702(b)(1)(E).

(b) This section does not affect, impact, or interfere with the rates in existing or future water or wastewater services contractual arrangements, or renewals or extensions of such existing or future agreements.

SECTION 3. Tennessee Code Annotated, Title 7, Chapter 82, Part 7, is amended by adding the following as a new section:

(a) A utility system, as defined in § 7-82-701(b), that provides wastewater service shall provide a connection to the owner of real property for wastewater service when the utility system:

(1) Has an existing gravity sewer line located on the owner's property;

and

(2) The owner requests such connection and service.

(b) If the utility system refuses to provide wastewater service to the owner, the owner may submit a complaint to the Tennessee board of utility regulation for a review and hearing on the refusal to provide wastewater service in accordance with § 7-82-702(b)(1)(E); provided, the owner shall first appeal or make a complaint to the utility system's governing board on the utility's refusal to provide wastewater service.

(c) When the governing board of the wastewater utility system is the legislative body of the city, town, metropolitan government, or county providing wastewater service, the owner's appeal or complaint on the utility's refusal to provide wastewater service must be acted upon within sixty (60) days of the submission of the appeal or complaint by the owner. If the legislative body of the city, town, metropolitan government, or county providing wastewater service fails to act on the owner's appeal or complaint within sixty (60) days, the owner may proceed with the submission of its complaint to the Tennessee board of utility regulation, which shall conduct its review and hearing on the

refusal to provide wastewater service in accordance with § 7-82-702(b)(1)(E) without a decision from the utility's governing board on the owner's appeal or complaint.

(d) This section does not affect, impact, or interfere with the rates in existing or future water or wastewater services contractual arrangements, or renewals or extensions of such existing or future agreements.

SECTION 4. This act takes effect upon becoming a law, the public welfare requiring it.

HB 543 - SB 1138

FISCAL NOTE

Fiscal Review Committee
Tennessee General Assembly

March 6, 2025

Fiscal Analyst: Justin Billingsley | Email: justin.billingsley@capitol.tn.gov | Phone: 615-741-2564

SUMMARY OF BILL: Prohibits a city, town, utility district, or municipality that has operated a sewerage system outside of the corporate boundaries of the city or town for 25 years or more from ceasing the operation of such system outside the corporate boundaries so long as the system maintains sufficient capacity, as determined by a study conducted by the Tennessee Advisory Commission on Intergovernmental Relations (TACIR).

FISCAL IMPACT:

STATE GOVERNMENT

EXPENDITURES
FY25-26

General Fund
>\$1,000,000

OTHER FISCAL IMPACT

Due to multiple unknown variables, any mandatory increases in local revenue or expenditures cannot be determined with reasonable certainty, but are considered significant.

Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.

Assumptions:

- This legislation would require TACIR to perform a study on all sewerage systems operated by municipalities, towns, cities, and utility districts in the state which have provided sewerage services to areas outside the corporate boundaries of their respective municipalities for over 25 years to determine the capacity of such systems.
- According to information from TACIR, this study cannot be performed utilizing its existing resources.
- It's unknown how many sewerage systems operated by municipalities, towns, cities, and utility districts in this state have operated outside of their respective corporate boundaries for 25 years or more.
- The Memphis Public Works Division (MPWD) operates and maintains the city's sewerage system and has provided sewerage services outside Memphis's corporate boundaries for over 25 years.

- It is assumed that any study performed by an entity in contract with TACIR would cost in excess of \$1,000,000, to analyze applicable sewerage systems across the state, including but not limited to, that of the MPWD.
- It is assumed such study would be performed in FY25-26, therefore, this legislation will result in a one-time increase in state expenditures in FY25-26 exceeding \$1,000,000.
- The city of Memphis has reported a strain on its sewerage system, requiring it to utilize large septic storage tanks in outlying areas where sewerage capacity is insufficient.
- This legislation would require that Memphis continue service to outlying areas, which, due to growth in population resulting from additional developments in such areas, is increasing the strain on the MPWD sewerage system.
- This legislation could reasonably result in significant increases in local expenditures for Memphis to expand sewerage services in areas outside the corporate boundary of the municipality, town, and city.
- It is assumed that MPWD would raise utility fees imposed on its customers; however, it is assumed that any increase in utility fee revenue would not offset all costs incurred by the city for any expansion of service required by this legislation.
- In the absence of this legislation, areas outside the corporate boundaries of Memphis would have to find alternative solutions to provide sewerage services in their respective areas, which would require significant increases in local expenditures.
- Due to multiple unknown variables, any alternative solutions cannot be determined with specificity; therefore, an increase in such local expenditures cannot be reasonably determined.
- Due to multiple unknown variables, any mandatory increases in local revenue or expenditures cannot be determined with reasonable certainty, but are considered significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

Bojan Savic, Executive Director

SENATE BILL 1138
By Taylor

HOUSE BILL 543

By Vaughan

AN ACT to amend Tennessee Code Annotated, Title 7,
Chapter 35; Title 7, Chapter 82 and Title 68,
Chapter 221, relative to sewer systems.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 7, Chapter 35, Part 4, is amended by adding the following as a new section:

A city or town that has operated a sewerage system outside of the corporate boundaries of the city or town for twenty-five (25) years or more shall not cease operating the sewerage system outside the corporate boundaries so long as the sewerage system maintains sufficient capacity, as determined by a study conducted by the Tennessee advisory commission on intergovernmental relations (TACIR).

SECTION 2. Tennessee Code Annotated, Title 7, Chapter 82, Part 3, is amended by adding the following as a new section:

A utility district that has operated a sewerage system in the unincorporated territory of a county for twenty-five (25) years or more shall not cease operating the sewerage system in the unincorporated territory so long as the sewerage system maintains sufficient capacity, as determined by a study conducted by the Tennessee advisory commission on intergovernmental relations (TACIR).

SECTION 3. Tennessee Code Annotated, Title 68, Chapter 221, Part 2, is amended by adding the following as a new section:

A municipality that has operated a sewage treatment works outside of the corporate boundaries of the city or town for twenty-five (25) years or more shall not cease operating the sewage treatment works outside the corporate boundaries so long

as the sewage treatment works maintains sufficient capacity, as determined by a study conducted by the Tennessee advisory commission on intergovernmental relations (TACIR).

SECTION 4. This act takes effect upon becoming a law, the public welfare requiring it.



State of Tennessee

PUBLIC CHAPTER NO. 461

SENATE BILL NO. 1138

By Taylor, Rose

Substituted for: House Bill No. 543

By Vaughan, Todd, Tim Hicks, Warner

AN ACT to amend Tennessee Code Annotated, Title 7, Chapter 35; Title 7, Chapter 82 and Title 68, Chapter 221, relative to sewer systems.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 7, Chapter 35, Part 4, is amended by adding the following as a new section:

(a) A city or town that has operated a sewerage system outside of the corporate boundaries of the city or town for twenty-five (25) years or more shall not cease operating the sewerage system outside of its corporate boundaries so long as the sewerage system maintains sufficient capacity to continue to provide sewerage service outside of its corporate boundaries, as determined by a study, report, or other information and evidence presented to the Tennessee board of utility regulation in a hearing pursuant to § 7-82-702(b)(1)(E).

(b) This section does not affect, impact, or interfere with the rates in existing or future water or wastewater services contractual arrangements, or renewals or extensions of such existing or future agreements.

SECTION 2. Tennessee Code Annotated, Title 7, Chapter 82, Part 3, is amended by adding the following as a new section:

(a) A utility district that has operated a sewerage system in the unincorporated territory of a county for twenty-five (25) years or more shall not cease operating the sewerage system in the unincorporated territory so long as the sewerage system maintains sufficient capacity to continue to provide sewerage service in such unincorporated territory, as determined by a study, report, or other information and evidence presented to the Tennessee board of utility regulation in a hearing pursuant to § 7-82-702(b)(1)(E).

(b) This section does not affect, impact, or interfere with the rates in existing or future water or wastewater services contractual arrangements, or renewals or extensions of such existing or future agreements.

SECTION 3. Tennessee Code Annotated, Title 7, Chapter 82, Part 7, is amended by adding the following as a new section:

(a) A utility system, as defined in § 7-82-701(b), that provides wastewater service shall provide a connection to the owner of real property for wastewater service when the utility system:

- (1) Has an existing gravity sewer line located on the owner's property; and
- (2) The owner requests such connection and service.

(b) If the utility system refuses to provide wastewater service to the owner, the owner may submit a complaint to the Tennessee board of utility regulation for a review and hearing on the refusal to provide wastewater service in accordance with § 7-82-702(b)(1)(E); provided, the owner shall first appeal or make a complaint to the utility system's governing board on the utility's refusal to provide wastewater service.

(c) When the governing board of the wastewater utility system is the legislative body of the city, town, metropolitan government, or county providing wastewater service, the owner's appeal or complaint on the utility's refusal to provide wastewater service must be acted upon within sixty (60) days of the submission of the appeal or complaint by the owner. If the legislative body of the city, town, metropolitan government, or county providing wastewater service fails to act on the owner's appeal or complaint within sixty (60) days, the owner may proceed with the submission of its complaint to the Tennessee board of utility regulation, which shall conduct its review and hearing on the refusal to provide wastewater service in accordance with § 7-82-702(b)(1)(E) without a decision from the utility's governing board on the owner's appeal or complaint.

(d) This section does not affect, impact, or interfere with the rates in existing or future water or wastewater services contractual arrangements, or renewals or extensions of such existing or future agreements.

SECTION 4. This act takes effect upon becoming a law, the public welfare requiring it.

SENATE BILL NO. 1138

PASSED: April 21, 2025


RANDY McNALLY
SPEAKER OF THE SENATE


CAMERON SEXTON, SPEAKER
HOUSE OF REPRESENTATIVES

APPROVED this 9th day of May 2025


BILL LEE, GOVERNOR

HB 0543 by *Vaughan

(SB 1138) by *Taylor

Sewage - As enacted, prohibits a municipal sewer system or utility district that has operated a sewerage system outside of the corporate boundaries of the city or town for 25 years or more from ceasing operation of the sewerage system outside the corporate boundaries so long as the sewerage system maintains sufficient capacity; requires a utility system that provides wastewater service to provide a connection to the owner of real property for wastewater service when the utility system meets certain requirements. - Amends TCA Title 7, Chapter 35; Title 7, Chapter 82 and Title 68, Chapter 221.

Companion bill has been assigned Public Chapter Number 461 by the Secretary of State.

Bill History

HB0543 ACTIONS

DATE

Comp. became Pub. Ch. 461	05/15/2025
Sponsor(s) Added.	04/21/2025
Comp. SB subst.	04/21/2025
H. Placed on Regular Calendar for 4/21/2025	04/17/2025
Placed on cal. Calendar & Rules Committee for 4/17/2025	04/17/2025
Rec. for pass; ref to Calendar & Rules Committee	04/17/2025
Rec. for pass by s/c ref. to Finance, Ways, and Means Committee	04/17/2025
Placed on s/c cal Finance, Ways, and Means Subcommittee for 4/17/2025	04/16/2025
Placed on s/c cal Finance, Ways, and Means Subcommittee for	04/09/2025

SB1138 ACTIONS

DATE

Effective date(s) 05/09/2025	05/15/2025
Pub. Ch. 461	05/15/2025
Signed by Governor.	05/09/2025
Transmitted to Governor for action.	05/01/2025
Signed by H. Speaker	04/30/2025
Signed by Senate Speaker	04/29/2025
Enrolled and ready for signatures	04/28/2025
Passed H., Ayes 71, Nays 22, PNV 0	04/21/2025
Am. withdrawn. (Amendment 1 - HA0223)	04/21/2025
Subst. for comp. HB.	04/21/2025
Rcvd. from S., held on H. desk.	04/16/2025

4/14/2025

Placed behind the budget 04/09/2025

Placed on s/c cal Finance, Ways,
and Means Subcommittee for
4/9/2025 04/02/2025Assigned to s/c Finance, Ways,
and Means Subcommittee 04/01/2025Rec. for pass. if am., ref. to
Finance, Ways, and Means
Committee 04/01/2025Placed on cal. Agriculture &
Natural Resources Committee for
4/1/2025 03/26/2025Rec for pass if am by s/c ref. to
Agriculture & Natural Resources
Committee 03/26/2025Placed on s/c cal Agriculture &
Natural Resources Subcommittee
for 3/26/2025 03/19/2025Action Def. in s/c Agriculture and
Natural Resources Subcommittee
to 3/26/2025 03/19/2025Placed on s/c cal Agriculture &
Natural Resources Subcommittee
for 3/19/2025 03/12/2025Action Def. in s/c Agriculture &
Natural Resources Subcommittee
to 3/19/2025 03/12/2025Placed on s/c cal Agriculture &
Natural Resources Subcommittee
for 3/12/2025 03/05/2025Assigned to s/c Agriculture &
Natural Resources Subcommittee 02/05/2025P2C, ref. to Agriculture & Natural
Resources Committee 02/05/2025

Intro., P1C. 02/03/2025

Filed for introduction 01/29/2025

Sponsor(s) Added.

164
04/15/2025Engrossed; ready for transmission
to House 04/15/2025Passed Senate as amended, Ayes
26, Nays 6 04/15/2025Amendment withdrawn.
(Amendment 1 - SA0253) 04/15/2025Senate adopted Amendment
(Amendment 2 - SA0402) 04/15/2025Placed on Senate Regular Calendar
for 4/15/2025 04/14/2025Senate Reset on calendar for
4/15/2025 04/14/2025Placed on Senate Regular Calendar
for 4/14/2025 04/11/2025Recommended for passage with
amendment/s, refer to Senate
Calendar Committee Ayes 9, Nays
2 PNV 0 04/09/2025Placed on Senate Finance, Ways,
and Means Committee calendar
for 4/9/2025 04/09/2025Action deferred in Senate Finance,
Ways, and Means Committee to
4/9/2025 04/08/2025Placed on Senate Finance, Ways,
and Means Committee calendar
for 4/8/2025 04/01/2025Recommended for passage with
amendment/s, refer to Senate
Finance, Ways, and Means
Committee Ayes 7, Nays 2 PNV 0 03/26/2025Placed on Senate Energy, Ag., and
Nat. Resources Committee
calendar for 3/26/2025 03/19/2025Action deferred in Senate Energy,
Ag., and Nat. Resources 03/19/2025

Committee to 3/26/2025

165

Placed on Senate Energy, Ag., and
Nat. Resources Committee
calendar for 3/19/2025

03/13/2025

Passed on Second Consideration,
refer to Senate Energy, Ag., and
Nat. Resources Committee

02/12/2025

Introduced, Passed on First
Consideration

02/10/2025

Filed for introduction

02/06/2025

Willie F. Brooks, Jr.
Shelby County Register of Deeds

Owner: NASDAHL CLIFFORD S

Parcel Address: 4853 EGYPT-CENTRAL RD

Parcel ID: D0147 00095C

2025 Appraisal: \$180,400

Tax District: UNINCORP

Year Built: 1952

Lot Number:

Subdivision:

Plat BK & PG: UNKNOWN

Dimensions:

Total Acres: 20

Owner Address: 493 E RACQUET CLUB PL

MEMPHIS TN

38117



520 1,040 ft

BRENT TAYLOR
STATE SENATOR, DISTRICT 31
SHELBY COUNTY

LEGISLATIVE OFFICE:
714 CORDELL HULL BUILDING
425 5th AVENUE, NORTH
NASHVILLE, TENNESSEE 37243-0154
(615) 741-3036
FAX: (615) 253-0266
EMAIL: sen.brent.taylor@capitol.tn.gov

Tennessee State Senate

NASHVILLE

MEMBER OF COMMITTEES

JUDICIARY
COMMERCE & LABOR
TRANSPORTATION & SAFETY

DISTRICT OFFICE:
10390 GRAYBOURNE DRIVE
EADS, TN 38028
(901) 461-7500

September 22, 2025

Tennessee Board of Utilities Regulators
Cordell Hull Building
425 Rep. John Lewis Way N.
Nashville, TN 37243

Re: Support for Sewer Service Connection –
[4853 Egypt Central Rd, Shelby Co, TN Parcel D0147 00095C]

Dear Commissioners,

I am writing to express my strong support for the request to provide sewer service to the parcel located at 4853 Egypt Central Road in Shelby County, Tennessee. This parcel represents an important opportunity for local economic development, community growth, and responsible land use. Providing access to adequate sewer infrastructure is essential to ensuring that the property can be used in a manner that benefits both the surrounding community and the long-term planning objectives of our state.

This parcel complies with the requirements established under **Public Chapter 461**, making it fully eligible for connection and consistent with state policy regarding utility service extensions. Meeting these statutory criteria demonstrates that this request is aligned with the public interest and within the framework set forth by the Tennessee General Assembly.

I respectfully urge the Board to give favorable consideration to this request. Approval of sewer service for this parcel will support smart growth, protect public health by ensuring reliable wastewater management and foster economic activity within City of Memphis and Shelby County.

Thank you for your careful review and consideration of this matter. I appreciate your continued service on behalf of the people of Tennessee.

Tennessee Board of Utilities Regulators
Page Two
September 22, 2025

Please feel free to contact me if you require any additional information.

Sincerely,

Senator Brent Taylor
District 31

E.D.S., INC.
ENGINEERS, PLANNERS
882 WILLOW TREE CIRCLE, SUITE 201
CORDOVA, TN 38018
Telephone (901) 759-4892
Fax (901) 759-9625
FILE NO. 115-25
June.16, 2025

Mr. Faraedoon Qaladize, PE
Sanitary Sewer Administrator
Sewer Design Department
125 N. Main Street, Room 639
Memphis, TN 38103

Re: 4853 Egypt Central
Shelby County, TN
Parcel: D0147 00095C

Dear. MR. Qaladize:

On behalf of our client Memphis investment Properties, we respectfully request sewer service for the above referenced site. Subject site is located on the south side of Egypt Central Road, 642' West of Singleton Pkwy and it contains an area of 20.0 acres, site has two sewer stub which was part of old two lot subdivision, Developer is requesting redevelopment of site into 75 single family development. Sewer lines are available near the site with ample capacity. Total output from development will be .096 CFS. Memphis and Shelby County are in need of affordable housing stock, this tract is adjacent to Hampton Woods subdivision and it would be natural extension of resident use to the east.

Once you review this should you have any question please contact me.

Sincerely,

Danny B. Tabrizi, P.E.
Project Manager

Attachments

cc: File
Memphis Investment Properties
Jim Reedy

Request for Sewer Availability

- 1.) Purpose of request: proposed (re)development ☒ IWDP _____
refinance _____

- 2.) Type of development/use: Residential Development

Proposed loading*: 75 single family lots

1096 CFS
43 GPM

Other information**:

*for single family residential give the maximum number of persons to occupy the residence

**commercial users must provide anticipated gallons per day, number of shifts, hours of operation, discharge timeframe and surge loading (if any).

**industrial users—please submit sections 2, 3, 4, 7.1 and 7.2 of your industrial waste water discharge permit (IWDP) application.

- 3.) If single family residential, please give address and/or parcel number and location relative to (N/S/E/W) nearest street intersection: 4853 EGgt-Central Road

West of Singleton PKWY D0147 00095C
see Attached Plat

--or attach a plat.

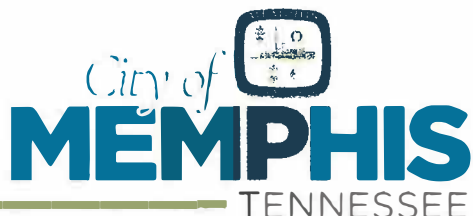
- 4.) Contact person information: Name: Mr. Jim Reedy
Telephone No.: 901-268-6597

- 5.) Person who is to receive letter:

Name/title: Jim Reedy - Pres

Company: Memphis Investment Properties

Address: 4701 Summer Ave
Memphis, TN 38122



PAUL A. YOUNG
MAYOR

August 28, 2025

Danny B. Tabrizi, P.E.
EDS, Inc.
882 Willow Tree Circle, Ste.201
Cordova, TN 38018
dbtabrizi@aol.com

RE: 4853 Egypt Central Road, Parcel D0147 00095C

Dear Mr. Tabrizi:

Thank you for your email correspondence received on August 25, 2025 concerning the above-referenced property. As previously outlined in my letter dated August 8, 2025, the City of Memphis is not able to authorize the requested sewer connection at this time based on the reasons set forth in such letter.

Additionally, in accordance with the newly enacted state law adopted as Public Chapter 461, the City is to provide sewer services to the owner of real property when the City has an existing gravity line located on the owner's property. As you have stated, "sewer lines are located in the vicinity of this site". More specifically, there is sewer located in the right of way next to the property. However, there is no sewer located on the property as required by Public Chapter 461. Consequently, the City is not required to approve the requested sewer connection based on this new state law.

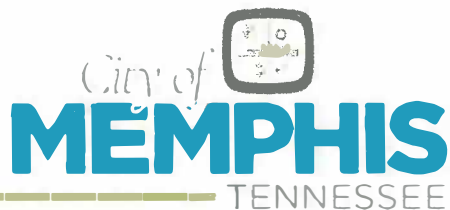
If you have additional questions regarding this matter, please contact me at 901.636.7109 or via email at Scott.Morgan@memphistn.gov.

Sincerely,

A handwritten signature in blue ink, appearing to read "Scott Morgan".

Scott Morgan, P.E.
Director of Public Works

cc: Mayor Paul A. Young
John Zeanah, Chief of Development and Infrastructure
Joy Toulaitos, Deputy Director of Public Works
Tasha King-Davis, P.E., Senior Environmental Administrator
Tannera Gibson, Chief Legal Officer/City Attorney
Manny Belen, P.E., City Engineer
Faraedoon Qaladize, P.E., Sanitary Sewer Administrator
Jannira Gregory, Land Development



PAUL A. YOUNG
MAYOR

July 24, 2025

Donna Bailey
Crye-Leike Commercial
6525 Quail Hollow Road N., Suite 401
Memphis, TN 38120

RE: 4853 Egypt Central Rd, Parcel D0147 00095C

Dear Ms. Bailey:

As you are already aware, the City adopted a new sewer policy effective August 18, 2017, precluding the extension of sanitary sewer infrastructure outside the City's corporate boundaries as well as acceptance of additional flow to the City's sanitary sewer system from residential, commercial, or industrial developments outside of its existing corporate boundaries. The City's policy does not apply to existing contractual agreements with entities for wastewater collection and treatment services. Moreover, in some instances, the policy does not affect developers that have been granted sewer credits by the City for future sewer taps or connections based upon the developer's prepayment or overpayment of sewer development fees for a planned development, provided there exists documented proof of such payments.

In response to your inquiry, we were unable to locate any existing development contract(s) or recorded phases of an existing planned development or subdivision for this parcel which reflect or support a legal obligation of the City of Memphis to authorize your sewer request. This parcel is not included on the OPD list of unsewered and entitled lots in Shelby County dated September 7, 2017. Furthermore, the inclusion of a parcel on the list serves as a factor to be considered by the City but does not solely dictate sewer policy. Additionally, we did not find record of any sewer development fees previously paid or any sewer credits related to the development of this parcel.

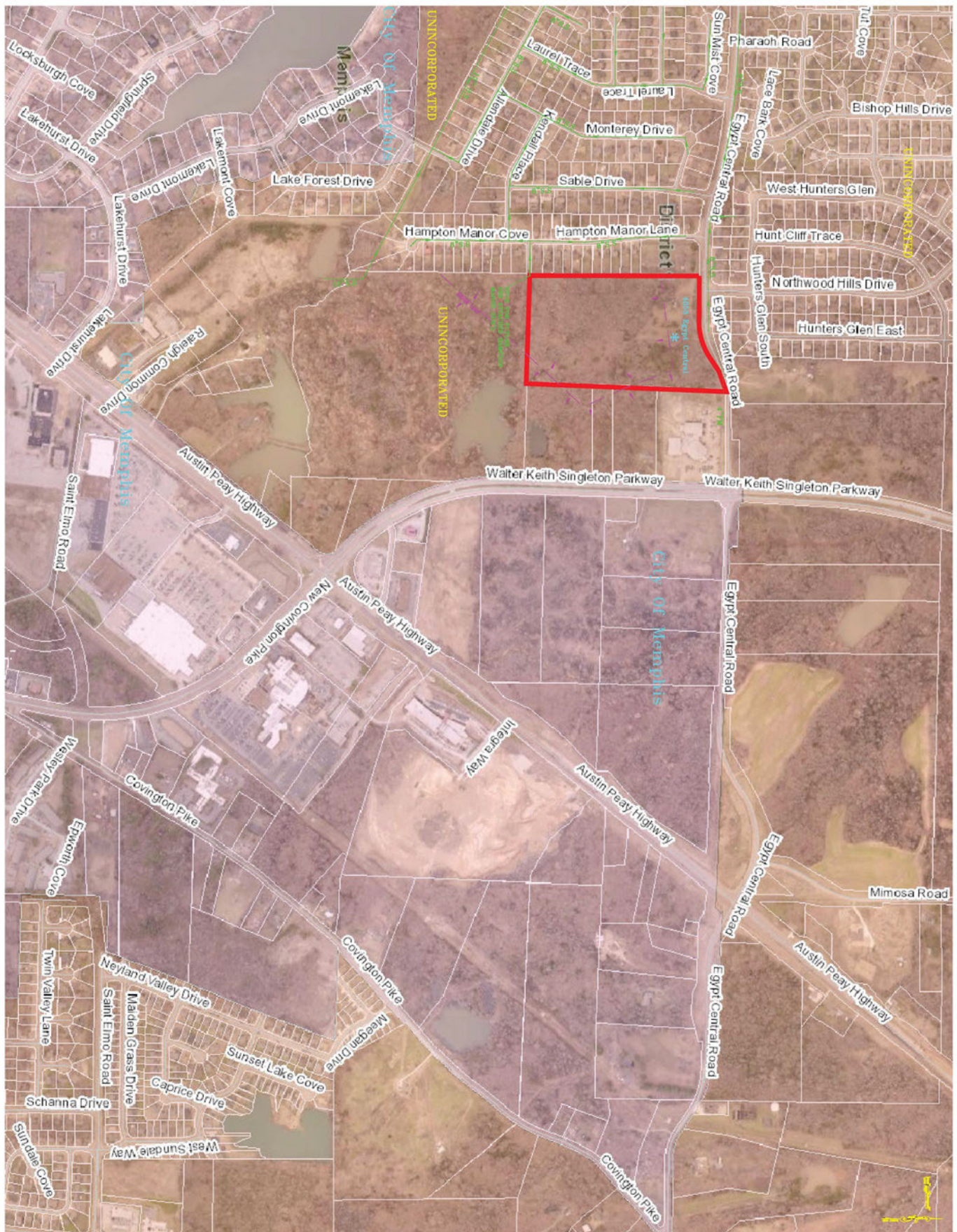
Based on our consideration of the foregoing factors, it appears this property would be a new development that is specifically prohibited from connecting to the City's sewer system until annexed by the City of Memphis. Consequently, the City is not able to authorize the requested connection at this time. In the event you are able to provide additional information for our consideration, please forward such information to my attention and be as detailed as possible. Upon receipt of such additional information, the request will be further evaluated by the City within thirty (30) days. If you have any questions regarding this matter, please contact me at 901.636.7109 or via email at Scott.Morgan@memphistn.gov.

Sincerely,



Scott Morgan, P.E.
Director of Public Works

cc: Mayor Paul A. Young
John Zeanah, Chief of Development and Infrastructure
Joy Touliatos, Deputy Director of Public Works
Tasha King-Davis, P.E., Senior Environmental Administrator
Tannera Gibson, Chief Legal Officer/City Attorney
Manny Belen, P.E., City Engineer
Faraedoon Qaladize, P.E., Sanitary Sewer Administrator
Jannira Gregory, Land Development





TENNESSEE

JIM STRICKLAND
MAYOR

DIVISION OF ENGINEERING

August 18, 2017

Tom Needham, P.E.
Director of Public Works
Shelby County Government
160 North Main St., #801
Memphis, TN 38103

RE: Sanitary sewers in unincorporated Shelby County

Dear Mr. Needham:

As part of the City of Memphis' effort to better manage, monitor and provide services throughout its current and future boundaries, effective immediately, the City of Memphis will not approve any new connections to its sanitary sewer system outside of the Memphis corporate limits. The only exception to this policy is that a proposed phase of a planned development, subdivision, or sewer extension with an existing executed contract with approved plans, (burden of proof will be upon the developer) will be allowed to connect to the Memphis sewer system as designed.

The City of Memphis will continue to accept and treat sewerage from existing permitted connections within unincorporated Shelby County and municipalities that have current interjurisdictional agreements. However, in follow-up to our conversation regarding this matter, it is the City of Memphis' desire to work with Shelby County to initiate a sanitary sewer infrastructure operation and maintenance program which will include the transfer of all sewer assets outside the Memphis corporate limits. It is anticipated that the terms and conditions of the transfer can mutually be agreed upon by both parties. City of Memphis staff will work with your designated staff to facilitate this transition and establish a timeline for completion. Should you have any questions regarding this matter, please feel free to give me a call.

Sincerely,

Manny Belen, P.E., City Engineer

Robert Knecht, Public Works Director

cc: Doug McGowen, Chief Operating Officer
Paul Patterson, Administrator of Environmental Engineering
Jack Stevenson, Administrator--Land Development/Budget



APPROVED FOR CONSTRUCTION
THE DOCUMENT BEARING THIS STAMP HAS BEEN
RECEIVED AND REVIEWED BY THE CITY OF MEMPHIS
DIVISION OF PUBLIC WORKS UNDER AUTHORITY
DELEGATED BY THE COMMISSIONER OF WATER
AND SEWER UTILITIES
CONSTRUCTION DIVISION
IT IS HEREBY CERTIFIED THAT THE WORK
IS BEING CONDUCTED IN ACCORDANCE WITH THE
ORDINANCES AND RESOLUTIONS OF THE CITY OF
MEMPHIS AND THE APPROVAL DATES
APPROVAL DATES
THIS APPROVAL DOES NOT BE CONSIDERED AS
CREATING A PRESUMPTION OF CORRECT OPERATION
OR AS WARRANTING BY THE CITY ENGINEER THAT THE
APPROVED FUGITIVES WILL REACH THE DESIRED GOALS

HAMPTON WOODS SUBDIVISION
 DEVELOPER: CROSSMANN COMMUNITIES OF TALLAHASSEE, INC.
 DBA, HEARTLAND HOMES
 ENGINEER: E.D.S., INC.

99-SSC-09

GENERAL NOTES:

1. PROVIDE A HOSE CONNECTION FOR EACH LOT. VEST-65 STD.
2. ALL NEW, OR FOR FILL AREAS, LOCATED AROUND VESTMENTS, BE RECEIVED, MINCED AND FERTILIZED AS REQUESTED TO EFFECTIVE CONTROL EROSION.
3. CONTRACTOR SHALL NOTIFY CITY OF MEMPHIS CONSTRUCTION DEPARTMENT CONSTRUCTION.
4. CONTRACTORS SHALL BE RESPONSIBLE FOR NOTIFYING ANY UTILITIES OF THE PROJECT PRIOR TO THE INITIATION OF ANY CONSTRUCTION OF THE PROJECT. THE CONTRACTOR SHALL ASK ABOUT THE REQUISITION LINES DURING THE WORK ON THE PROJECT, WHETHER BEFORE OR AFTER CONSTRUCTION PLANS OR NOT BEFORE CONSTRUCTION BEGINS. CALL FOR SERVICE SERVICE, LOCATION, CALL 559-8630.
5. ALL CONSTRUCTION AND MATERIALS SHALL BE IN ACCORDANCE WITH MEMPHIS STANDARD CONSTRUCTION SPECIFICATIONS.
6. CONTRACTOR SHALL MAINTAIN UNINTERRUPTED SERVICE TO ALL SEWER AND SERVICE CONNECTIONS BY PROVIDING WARE TEMPORARY VESTMENTS PLACING AROUND BURNING.
7. CONTRACTOR SHALL MAINTAIN ACCESS TO ALL PROPERTIES.
8. CONTRACTOR SHALL VERIFY EXISTING DATA AND REPORT ANY DISCREPANCIES.
9. ALL SERVICE MANHOLES, LINES IN OPEN AREAS, AND TO BE CONSTRUCTION ABOVE INTERNAL GRADE IN BACKYARDS, MANHOLE LIDS ARE TO BE LOCATED ABOVE FINISHED GRADE AND DO ABOVE FINAL GRADE.
10. ALL SANITARY SEWER, UNDERGROUND SERVICE CONNECTIONS, WHICH ARE THAN 15' IN CLEARANCE, OUTSIDE OF PAVED WITH DRAINAGE OR FOR TRAFFIC, SHALL BE COVERED TO PROTECT THE CONNECTIONS FROM COLLAPSE. THE COVER SHALL BE INSTALLED WITH PROTECTED AND BE APPROVED DRAIN.
11. THE CITY OF MEMPHIS SHALL HAVE WORKS-GRASS RIGHTS TO ALL DRAINAGE AND YARDS FOR THE PURPOSE OF MAINTAINING ALL PUBLIC AREAS AND SHALL BE IN RESPONSIBILITY FOR THE MAINTENANCE OF STREETS AND YARDS.
12. ALL STRUCTURES, IMPROVEMENTS, STRUCTURES IN OTHER UTILITIES, AND EXISTING, UNDESIGNED, SHALL BE ALLOWED WITHIN EXISTING 20' EASEMENTS.

FLOOD NOTE: THIS PROPERTY IS NOT LOCATED WITHIN SFHA A COMMUNITY PANEL NUMBER 47157 C 0140E, DA ELEV: 237.00

I.B.M.: TOP OF NORTH CURB @ EAST END OF KE ELEV. 280.30

TEO TO CITY B.M. @ AUSTIN PEA HWY. & COLMAN AT B/CURB AT ER ON AUSTIN PEA SOE. , ELEV

SHEET 1 OF 1

DIVISION OF PUBLIC WORKS
SANITARY SEWER PL
N: +/- 2275' WEST OF NORTHWOOD
@ EGYPT CENTRAL RD

SHELBY CO, TN

DATE: NOV.98
DATE: DEC.98

APPROVED: 23 Jan 1980

DATE _____
BY ENGINEER _____

DATE IN	FILE FOLDER	SHEET NO.
LS-5	S/D	1822

MICR

RE: 4853 Egypt Central/ Shelby County ,TN

From: Morgan, Scott (scott.morgan@memphistn.gov)
To: dbtabrizi@aol.com; Joy.Touliatos@memphistn.gov
Cc: jreedy@reedyandcompany.com
Date: Monday, August 25, 2025 at 02:45 PM CDT

CoM Public

Mr. Tabrizi,
I have received the information and will review.
Thanks,

From: Danny B. Tabrizi <dbtabrizi@aol.com>
Sent: Monday, August 25, 2025 12:09 PM
To: Morgan, Scott <scott.morgan@memphistn.gov>; Touliatos, Joy <Joy.Touliatos@memphistn.gov>
Cc: Jim Reedy <jreedy@reedyandcompany.com>
Subject: Fw: 4853 Egypt Central/ Shelby County ,TN



The CoM Email Security System couldn't recognize this email as this is the first time you received an email from this sender dbtabrizi@aol.com

CAUTION: This email originated outside of the **City of Memphis** organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Good afternoon Mr. Morgan,

On June 16,2025 We had submitted a request for sewer service on behalf of our Client Memphis Investment Properties, bases for request is New State law effective May 2025, for your information I have attached herewith our Previous request . We would like to receive a reply to our request, Our request is in keeping with the criteria set forth by SB 1138 & HB 543.

Sewer lines are located within the vicinity of this site, and previously gravity lines were serving this site at the existing residence.

Applicant is ready to file for a residential development Plan once we receive your approval, Please let us know if you need additional information.

Thanks,

Sent

Danny B.Tabrizi, PE

EDS,Inc.

882 Willow Tree Circle, Ste.201

Cordova, TN 38018

Tel:901-759-4892

Fax:901-759-9625

Cell:901-650-0597

Email:dbtabrizi@aol.com

----- Forwarded Message -----

From: Danny B. Tabrizi <dbtabrizi@aol.com>**To:** Faraedoon Qaladize <faraedoon.qaladize@memphistn.gov>**Sent:** Monday, June 16, 2025 at 01:51:43 PM CDT**Subject:** 4853 Egypt Central/ Shelby County ,TN

Mr. Qaladize,

On behalf of our client we are requesting sewer service for the above referenced site, subject site is located on the south side of Egypt Central Road, 642' W.O. Singleton Pkwy. Sewer lines are in the vicinity of this Property , this site meets the criteria set by newly passed bill (HB 543- SB 1138). after you have chance to review our request if you have any question please contact me , see attachments.

Thanks,

Danny B.Tabrizi, PE

EDS,Inc.

882 Willow Tree Circle, Ste.201

Cordova, TN 38018

Tel:901-759-4892

Fax:901-759-9625

Cell:901-650-0597

Email:dbtabrizi@aol.com

4853 Egypt Central/ Shelby County ,TN

From: Danny B. Tabrizi (dbtabrizi@aol.com)

To: faraedoon.qaladize@memphistn.gov

Date: Monday, June 16, 2025 at 01:51 PM CDT

Mr. Qaladize,

On behalf of our client we are requesting sewer service for the above referenced site, subject site is located on the south side of Egypt Central Road, 642' W.O. Singleton Pkwy. Sewer lines are in the vicinity of this Property , this site meets the criteria set by newly passed bill (HB 543- SB 1138). after you have chance to review our request if you have any question please contact me , see attachments.

Thanks,

Danny B.Tabrizi, PE

EDS,Inc.

882 Willow Tree Circle, Ste.201

Cordova, TN 38018

Tel:901-759-4892

Fax:901-759-9625

Cell:901-650-0597

Email:dbtabrizi@aol.com



4853 Egypt Central.pdf

472.1 kB



sewer req form.pdf

431.3 kB



sewer request letter.pdf

257.2 kB

SECOND AMENDMENT TO AGREEMENT OF PURCHASE AND SALE

This Second Amendment to Agreement of Purchase and Sale (this “Amendment”) is made and entered into this 9th day of September 2025 (the “Effective Date”), by and between Memphis Investment Properties, LLC (“Buyer”), and Clifford Nasdahl, (the “Seller”) and their respective heirs, successors and assigns.

RECITALS

1. Buyer and Seller have previously entered into that certain Purchase and Sale Agreement dated June 14, 2025, as amended by the terms of the First Amendment to Purchase and Sale Agreement dated July 31, 2025 (collectively the “Initial Agreement”) regarding the property commonly known as **4853 Egypt Central Road, Memphis, Tennessee** (the “Property”).

2. The parties now desire to amend the Initial Agreement as to certain matters, as more particularly set forth below.

3. The Initial Agreement as amended by this Amendment is collectively the “Contract”

AGREEMENT

1. **Authorization.** Seller authorizes Buyer to discuss the Property, the Contract and Buyer’s intended plans for the use and development of the Property with the employees and representatives of any governmental authority having jurisdiction over the Property and any third parties having an interest in the Property. Buyer may obtain approvals and enter into agreements with any such parties pertaining to the Property, provided that any such agreements are expressly contingent on the closing of Buyer’s purchase of the Property, and are not otherwise binding on the Property or Seller. Seller authorizes and approves all of Buyer’s actions to pursue its development plans before any federal, state or local governmental body or agency having jurisdiction over the Property. Without limiting the generality of the foregoing, Buyer is specifically authorized to appear before the Tennessee Board of Utility Regulation to pursue and prosecute an appeal of the denial of sewer access as part of Buyer’s plans for development of the Property.

2. **Ratification; Counterparts.** Except as expressly modified by this Amendment, the Initial Agreement is in full force and effect in accordance with its original terms and conditions. In the event any terms of this Amendment conflict with terms of the Initial Agreement, the terms of this Amendment control. This Amendment constitutes the entire agreement of the parties regarding the subject matter hereof. Any previous agreements between the parties related to the subject matter of this Amendment are hereby replaced by this Amendment. This Amendment may be modified or changed only by a written instrument signed by Seller and Buyer. This Amendment may be executed in one or more counterparts and may be delivered by facsimile or electronic mail, each of which is considered an original and all of which together constitute one and the same instrument.

[Signatures Follow]

IN WITNESS WHEREOF, the undersigned parties have executed this Second Amendment to be effective as of the Effective Date.

BUYER:

Memphis Investment Properties, LLC

Signed by: James E. Reedy 9/18/2025
By: James E. Reedy, Member

SELLER: Clifford S. Nasdahl 09/18/25
Clifford Nasdahl

Entity Referred: Ocoee Utility District

Referral Reason: Customer Complaint

Utility Type Referred: Water

Staff Summary:

The Ocoee Utility District ("the Utility") has been referred to the Tennessee Board of Utility Regulation ("the Board") for a customer complaint pursuant to Tenn. Code Ann. § 7-82-702(b)(2). Mr. David May ("the Customer") filed a complaint to the Utility at their August 16, 2025 governing body meeting. The Customer alleges that the Utility failed to provide sewer to a townhome development after the Utility stated that they could. The Customer is seeking to receive sewer to the development; interest incurred on the development; and engineering fees.

Staff Recommendation:

The TBOUR should hold an informal hearing between the Ocoee Utility District and Mr. David May.

Tennessee Board of Utility Regulation

Complainant: David May

Utility System: Ocoee Utility District

Date Brought Before Local Utility Board: 16-Aug-25

Date Submitted to TBOUR Staff: 9/5/2025

Jurisdiction: The failure of a utility system to offer or extend utility service to a customer.

Summary of Complaint: Ocoee Utility District has failed to provide our subdivision sewer after their submission of letter to the Bradley County Planning Commission in 2018, stating that they could provide sewer service to our 39 lot, 4 unit townhome Subdivision. The progression of the 21,000 gallon drip system was that we purchased the land and paid for the installation of the system, specifically for our Subdivision, what has happened is that they have continuously hooked up additional homes to the point that it is at capacity. We now have a 39 lot subdivision that we have spent 2 million dollars on and are currently paying \$10,000 a month in interest that we cannot sell the first lot. We also have a letter that states that they would pay for the land which they have not. Our other complaint is that they charged us \$27,500 in additional engineering fees when their own engineer stated that all we had to do was pay \$150 and resubmit our original engineering.

Summary of Board's Decision: Their answer was they were in the process of building a 100,000 gallon lagoon system which appears is not going to take place, they have even told us that it was a TDEC issue and not their problem. They also said that they were trying to get TDEC to change their regulation of 300 gallons per home per day. They even talked about tying us in to another adjoining utility company, like Cleveland Utilities or Benton Utilities. All fairly long shot plans and time consuming. Fastest remedy is extending drip fields to our existing system according to some feedback from TDEC.

Remedy Being Sought: Our remedy would be that they provide our subdivision sewer as promised not only to us but to the Bradley County Planning Commission, second that they would reimburse our lost Interest expense which is well over \$100,000 at current and they return our \$27,500 that they have had for almost a year and we not received any drawings or solutions. The problem was not our engineering but in fact their capacity.

The other remedy we are seeking is that they extend the original drip lines, by purchasing additional land from us that we have offered from day one. Also this has been TDEC's solution for quite some time.

TDEC said that it was a capacity issue not a system problem, the system was performing as engineered, it was just lack of capacity.

Entity Referred: City of Rocky Top

Referral Reason: Customer Complaint

Utility Type Referred: Water And Sewer

Staff Summary:

The City of Rocky Top ("the Utility") has been referred to the Tennessee Board of Utility Regulation ("the Board") on the matter of a customer complaint in accordance with Tennessee Code Ann § 7-82-702(b)(2). Mr. Bradley Utley ("the Customer") filed a complaint against the Utility at their August 21, 2025 governing body meeting regarding a water bill for \$1,049 that he was charged. The customer believes that he is not responsible for this charge because a tenant broke a lock to a water meter and stole water from a property that the customer owns. According to the customer, the meter and service at the property were never in his name. Additionally, the customer believes he was overbilled on three different occasions by the utility for repairs that the utility made to infrastructure.

Board Staff determined that the utility did not change or refund the charges to the customer. The customer is seeking to be refunded for the charges. The customer is also seeking changes in the utility's procedural charges.

Staff Recommendation:

Informal Hearing between the City of Rocky Top and Mr. Brad Utley.

Tennessee Board of Utility Regulation

Complainant: Bradley Utley

Utility System: Rocky Top Water Dept

Date Brought Before Local Utility Board: 21-Aug-25

Date Submitted to TBOUR Staff: 9/11/2025

Jurisdiction: The justness and reasonableness of a utility system's rates, fees, or charges.

Summary of Complaint: I had tenant that broke lock to water meter and stole water, tenant moved out leaving bill. Rocky Top said I must pay \$1049 for water bill. I told them I don't lock and read meters and I'm not responsible. The meter was never in my name. I pay \$50 for 3 day cleaning charge. Also they have billed me 3 inflated work invoices. Which was for their infrastructure. I'm responsible only from meter onward. I've attached invoices

Summary of Board's Decision: to follow

Remedy Being Sought: Refund. I want to pay what im legally liable for. Change in City's procedural charges. Thank You Brad

Invoice**City of Rocky Top**

PO Box 66

Rocky Top, TN 37769

865-426-2838

adaugherty@rockytoptn.org

Invoice Date: 9/12/2023

To: Brad Utley
PO Box 387
Clinton, TN 37717

Re: Leak on Carter Lane, September 7, 2023

Date	Description	Amount
9/7/2023	2 Ton Gravel	\$60.00
	5 - 2" Blue Couplings	\$356.19
	1 - 2" PVC Pipe	\$3.00
	1 - 2" Brass 90	\$294.48
	1 - 2" Valve	\$62.51
	2 - 2" Galvanized Nipples 2x12	\$25.99
	2 - 2" Galvanized Nipples 2x24	\$40.49
	4 PVC 10 ft sticks	\$38.99
	Standard pipe for 2" 6 ft long	\$23.40
	Labor:	
	4 Employees for 4 hours	\$459.00
	Equipment:	
	Mini-X machine \$55/hour at 4 hours	\$220.00
	Total	\$1,584.05

150.00

37.17

23.99

BRADLEY L UTLEY

City of Rocky Top

Inv Date: 09/12/23 - Carter Ln Repair

9/13/2023

1,584.05

12957



Your cart

[Continue shopping](#)

PRODUCT	TOTAL QUANTITY	TOTAL
 PVC Blue Coupling ₱30.00 size: 2 	-- 5 +	₱150.00 ₱150.00

Estimated total ₱150.00 PHP

Taxes included. Discounts and shipping calculated at checkout.

Check out

SupplyHouse

HELP MENU

Q Search for a product, brand, or SKU ...

SIGN IN CART

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ARE YOU A PRO? Join for FREE!

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Brass 90° Elbows

2" FIP Brass 90-Degree Elbow (Lead Free)

Brand: Bluefin SKU: BRE200 ●SA: Q1

- + \$37.17 each

80X UP & SAVE 11%

- + \$165.50 box of 5
\$33.10 each

ADD TO CART

In Stock Get 721 Fri, Aug 22

FastTrack Order by 7PM, receive Friday

Total Available: 812

MANUALS (1)

This item replaces:

About this item

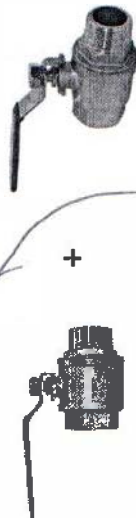
- Product Size: 2 Inch Male x Female NPT
- Made of S304 Stainless Steel
- Temp Range: -60 F to 450 F
- Nominal Working Pressure: 1000 WOG: Max 1000 psi for Water, Oil, Gas.
- Fluid Temp range: -20°F to 410°F
- See more product details

Report an issue with this product or seller

Sold by GlobalMa
Packaging Ships in product packaging
Payment Secure transaction
☐ Add a gift receipt for easy returns

Add to List

DAN SPEED products customers bought together



Total price: \$36.98

Add both to Cart

These items are shipped from and sold by different sellers.
Show details

This item: DAN SPEED 2 Inch Male x Female NPT Ball Valve S304 Stainless Steel, Full Port...
4 102 \$23.99
Sponsored
DAN SPEED Full Port Ball Valve Male x Female S304 Stainless Steel Heavy Duty for Water, Oil...
4 229 \$12.99

4 stars and above Sponsored



Products related to this item Sponsored

Delivering to Oliver Sp... 37840
Update location

Tools & Home Improvement

EN Hello, Sign in
Account & Lists

Returns
& Orders 0



Oak Ridge 10PM 37716

W. Q

Oak Ridge 10PM 37716

Menu Quotes Lists Bradley

... / [Outdoors](#) / [Garden Center](#) / [Watering & Irrigation](#) / [Valve Boxes](#)

Internet # 100377393 Model # 113BC UPC Code # 052063171135 Store SKU # 439282

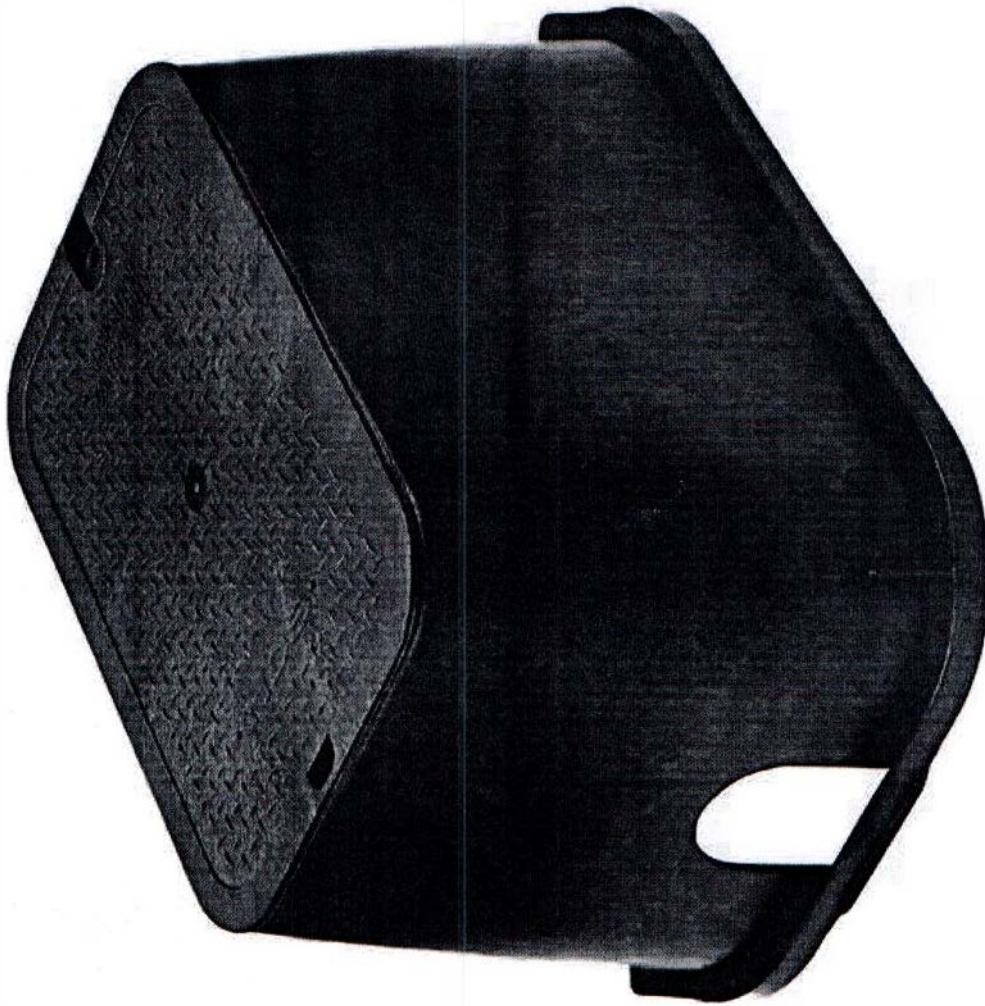
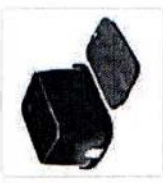
Best Seller

NDS

14 in. X 19 in. Rectangular Valve Box and Cover, Black Box, Green ICV Cover

★★★★★ (280) Questions & Answers (18)

Feedback



Hover Image to Zoom

Feedback

Share Print

\$29⁹⁷

 Pay \$4.97 after \$25 OFF your total qualifying purchase upon opening a new card. 
Apply for a Pro Xtra Credit Card

Unavailable at
Oak Ridge

Delivering to 37716

Pickup

Unavailable

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97 available

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Order within 2 hrs 18 mins to get it by Tomorrow

 Get it delivered Today for \$2.99. Schedule
your delivery in checkout.

-

1

+

 Add to Cart

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 Feedback

Invoice**City of Rocky Top**

PO Box 66
Rocky Top, TN 37769

865-426-2838

adaugherty@rockytoptn.org

Invoice Date: 02/08/2024

To: Brad Utley
PO Box 387
Clinton, TN 37717
lou@isgauto.com

Re: 1149 Jacksboro Ave. 02/08/2024

Date	Description	Amount
2/8/2024	1 M25 Retrofit Dial, Integral Trnsmmitter, Twist Tight Connector, HR-E	\$428.00
	Register, Torx Screw	
	1 Meter	\$292.00
	1 Line	\$244.00
	1 Coupler	\$19.00
	Labor 2@ \$14.00 hour per 3 hours	\$84.00

100ft 3/4 pex -
Home Depot

95.80
49.47

BRADLEY L UTLEY

City of Rocky Top

2/14/2024

1149 Jacksboro Ave. Invoice - 02/08/2024

13352

1,067.00

Bradley L. Utley

1149 Jacksboro Ave. Invoice - 02/08/2024

1,067.00

13272

www.checksforless.com 800-245-5775 Order # 3361072-1

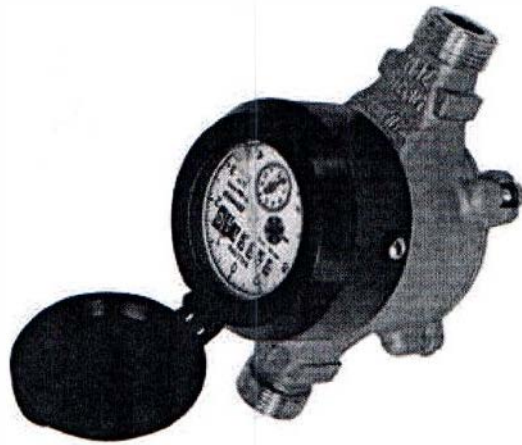
	Total	\$1,067.00
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Home > > Meters > > Water Meters > > Zenner Model PPD Lead Law Compliant 5/8 X 3/4 C700 Meter CF DIRECT

ZENNER



Zenner Model PPD 5/8 x 3/4 c700 meter cf direct

Part #ZPPD02CFXPPB | Item #7064254

\$95.80 each

Fitting Sizes:

5/8 in x 3/4 in

Quantity

-

1

+

Add To Cart

Need Help? 1-800-437-1146

7:30 am to 7:30 pm EST

FOR SECURITY PURPOSES, THE FACE OF THIS DOCUMENT CONTAINS A TWO-TONED COLORED BACKGROUND AND MICROPRINTING IN THE BORDER

Bradley L. Utley
499 S. Charles G. Sellers Blvd.
Clinton, TN 37716
865-457-9907

Southern Bank of Tennessee
151 E. Broad St.
Clinton TN 37716

14639

PAY TO THE
ORDER OF

City of Rocky Top
One thousand, forty nine & 00/100

8-11-25
\$ 1049

DOLLARS

Stolen water
Tenant bill 411 2nd St

MEMO

Bradley L. Utley
AUTHORIZED SIGNATURE

SECURITY FEATURES INCLUDED. DETAILS ON BACK

Listed below are the security features which meet and exceed industry guidelines.	
Security Features	Result
Micro-Printing	Small, repeated, and difficult to copy or scan.
Watermark	Artistic watermark on back. Hold at an angle to the light.
Colored Background	Void protection.

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X _____

☐ CHECK HERE AFTER DATE _____

DO NOT WRITE / SIGN DEPOSITORY BANK ENDORSEMENT

STAMP BELOW THIS LINE

DATE _____

FILE OR REMOTE DEPOSIT



Outlook

Fw: Minutes

From: brad isgauto.com <brad@isgauto.com>

Date: Mon 8/25/2025 10:15 AM

To: Benjamin S Johnson <benjamin.s.johnson@cot.tn.gov>

City Council Meetings, Hello Ben, Please view this when you get a chance. Thank You Brad

From: Mike Ellis <mellis@rockytop.tn.org>

Sent: Friday, August 22, 2025 8:24 AM

To: brad isgauto.com <brad@isgauto.com>

Subject: Re: Minutes

When Amanda get them done she can send them to you. She usually don't do them until the week of next month's meeting. You can go on YouTube Monday and watch it.

Mike

On Aug 22, 2025, at 8:13 AM, brad isgauto.com <brad@isgauto.com> wrote:

Hello Mike, How do I got about getting minutes from yesterday's meeting. Some way to treat one of your largest tax payers in city. I guess we know who created those invoices. Thank You Sir, Brad

Entity Referred: **Saltillo Utility District**

Referral Reason: **Customer Complaint**

Utility Type Referred: **Water**

Staff Summary:

Complainant Ben Walker requested water service from Saltillo Utility District (SUD) for a redevelopment of the former Saltillo Marina property into an RV park. He alleged that despite being told no new meters were being installed, SUD has since added several, including one for a relative of the mayor. Walker reduced his original request from 52 RV hookups to 35 and seeks service to the property he leased in April 2025.

SUD denied the request due to insufficient water supply and infrastructure capacity. The District cited long-standing policy prohibiting multiple residences or units from a single residential meter and noted that, since 2020, it has not approved new developments due to capacity constraints.

System Limitations:

- **Water Source:** Three wells drawing from the same aquifer; well tests show the system is fragile and easily overdrawn, with limited potential for additional wells.
- **Plant Capacity:** Treatment facility already operating at its maximum safe level (150–160 gpm).
- **Storage Capacity:** 200,000-gallon storage frequently exceeds demand during peak use (up to 225,000 gallons per day).

SUD has denied multiple development requests since 2020 for similar reasons. Nearby utilities (Adamsville, Sardis, Scotts Hill) also face similar capacity issues and cannot supplement SUD's supply. The District maintains that only developers who fund major system upgrades—potentially requiring millions in investment—can be served without burdening existing customers.

A 2020 well test report by Wilson Well Co. confirms severe aquifer and capacity limitations and advises against additional wells or simultaneous operation of existing ones.

Saltillo Utility District asserts that denial of service to the proposed RV park aligns with its policy and is necessary to preserve the long-term viability of its limited water resources and protect service to current customers.

Tennessee Board of Utility Regulation

Complainant: Ben Walker

Utility System: Saltillo Utility District

Date Brought Before Local Utility Board: 1-Jul-25

Date Submitted to TBOUR Staff: 8-Jul-25

Jurisdiction: The failure of a utility system to offer or extend utility service to a customer.

Summary of Complaint: My complete was brought before the Saltillo water District|Requesting water to the Saltillo Marina and RV park|I was denied water service, even though the property was hooked to city utilities since 2000 I signed lease on the property in April 2025 I was told by Brandon Harrington that there was no new meters being installed. Since that conversation I have learned of three new meters being installed, including one for a family member of the standing mayor.

Summary of Board's Decision: The board stated that they did not have the water supply and we're not putting in any new meters and that it would cost them \$50 million to upgrade their system to handle the water supply

Remedy Being Sought: I would like to have water to supply the Saltillo RV and Marina property since I signed contract on the property in April 2025 we have reduced the RV hook ups from 52 down to 35

BEFORE THE TENNESSEE BOARD OF UTILITY REGULATION

RE: COMPLAINT OF BEN WALKER

RESPONSE OF SALTILLO UTILITY DISTRICT

Saltillo Utility District (the District) submits this Response to a complaint filed by Ben Walker for the denial of water service for the development of an RV Park on real property formerly known as the Saltillo Marina. Mr. Walker originally requested water service for the proposed development for 52 RV hookups. At the Board of Commissioners meeting on July 1, 2025, Mr. Walker reduced the number of RV hookups needed for the new development from 52 RV hookups to 35 RV Hookups. The District's Board denied Mr. Walker's request for service for the proposed development due to a lack of water supply and the lack of the necessary infrastructure capacity to serve the proposed development.

Service Request and Reasons for Denial

Mr. Walker requested water service for the former marina property which he represented he had leased and intended to develop as an RV Park with 75 RV hookups. The former marina site is approximately 20 acres in size. The only water service the District had supplied to this site in the past was water service to one mobile home located on the former marina site with a ¾ inch residential meter. The residential meter which served this mobile home had been removed. The meter had been removed because the District's previous customer had cut off the District's meter lock which had been installed after the customer failed to pay its water bill in order to obtain water service illegally.

After Mr. Walker requested service, the District provided him with a water service application and explained that the District would reactivate water service for the one mobile home located on the property using the existing ¾" residential meter service connection already present on the property. The District informed Mr. Walker that he could not use this ¾ inch residential meter to provide water service for his proposed development of an RV Park. He was informed that the District had a long standing service policy which does not allow more than one residence or residential unit to be served by a single residential meter.

Moreover, the District and its Board informed Mr. Walker that it did not have sufficient capacity to serve the development of his proposed RV Park. Since 2020, the District has not approved the application for any new development due to its lack of capacity to serve new developments.

System Limitations and Board Decisions

Since 2020, the District's Board of Commissioners has consistently denied water service for any new developments, subdivisions, RV parks, or other multi-family dwellings and ceased the installation of main line extensions for customer growth due to its lack of sufficient capacity to

provide such services. This decision was based on a comprehensive professional assessment of the limitations of the District's current water system.

- The District has a limited water source.** The District's sole source of water consists of three wells that pull from the same aquifer. At the request of a property developer wanting water service for a nearby development on the river in 2020, the District hired Rodney Wilson, President of Wilson Wells, Inc., to perform a draw down test to confirm the limitations of the District's only water source. Daryl Green, a consultant for the District, and Brandon Harrington, the District's certified operator, were present for the draw down test. The test revealed that while operating well #3, the largest of the three wells, the well had to be throttled to prevent mud being pulled into the water system and to maintain a clear flow. Moreover, running well #3 alone immediately caused a significant potentially dangerous drop in the water levels of the other two wells. Mr. Wilson concluded that well #1 and #2 should never be operated while well #3 was in service. This report further stated that the District's "capacity is very limited and your resources minimal not allowing for any future wells to be added to this location or drilled anywhere near this property. Several well fields of this nature have been depleted and dried up with over pumping of the strata." The report of Mr. Wilson is attached to this Response. The current flow rate of well #3 is set at 160 gpm, this flow rate could be increased slightly if needed. The flow rate of well #1 is 90 gpm and well #2 is 60 gpm. Rule 0400-45-01-.17(14) The well field capacity is determined by removing the largest well from consideration.
- The District has limited plant capacity:** Daryl Green has informed the District that its water plant is currently treating at a flow rate of 150-160 gallons per minute which is the maximum flow rate the plant can adequately treat. Any increase in flow will likely result in a violation of the contact time requirements for applying chlorine set forth in TDEC Rule 0400-45-01-.17(29) which requires that the contact time for chlorine for ground water systems shall not be less than 15 minutes prior to the first customer.
- The District has limited storage capacity:** The District's water system has a storage capacity of 200,000 gallons. During peak times of usage, demand can reach up to 225,000 gallons per day. Although this is not the District's daily average, on these peak days of usage results in the District's storage capacity already being exceeded causing any material increase in water demand to adversely affect service to existing customers.

Due to these critical limitations, the District's Board has denied water service to the following proposed developments since 2020:

- Edward Morton (developer) Vista River Ln. Parcel ID: 053 023.00, 12.25 acres - River development;
- Todd Morgan (developer) Saltillo Rd. Parcel ID: 036 056.00, 465.80 acres - River development;

- Ray T. Smith (developer) River Way Subdivision, Saltillo Rd. and Dorothy Ann Lane, 90 lots, ranging from 1 acre in size to 73 acres;
- Jeff Wilkes (developer) Davy's Landing River Development;
- Tennessee Land and Lakes Development LLC (developer) Davy's Landing River development; and
- Denny Hanna (Developer) River lots, Shoreline Ln, Parcel ID: 019AA 019.00, 3.05 acres

Unfortunately, the District cannot obtain additional water supply from other nearby water utilities. The only water utilities which are adjacent to and border the District, the City of Adamsville, the City of Sardis, and the City of Scotts Hill, have all stopped expanding their systems to serve new developments due to facing the similar water source limitations as the District.

New developers must pay for the water infrastructure improvements necessary to serve their new developments so as not to burden the District's existing customers. Providing the service requested by a new development will require significant and costly infrastructure upgrades by the developer, potentially including a new water source, additional storage tanks, a new treatment plant, and new water mains which will require the investment of millions of dollars by the developer. The District's 900 existing customers certainly cannot and should not bear the cost of these infrastructure improvements. The District asked Mr. Walker to provide it with written plans or engineering drawings for the requested service for the new development which he never provided. At a minimum, a new water main extension would be required with multiple taps to serve each RV hookup. The other water infrastructure upgrades which would need to be constructed for the new development could not be determined due to Mr. Walker's failure to provide the requested information.

New Customers

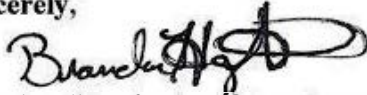
In this complaint Mr. Walker asserts that he was told by Brandon Harrington that the District was not installing any new meters for customers. Mr. Walker states that the District has installed three new residential meters since this conversation. Mr. Harrington did not make such a statement to Mr. Walker. The District is fulfilling its obligation to serve customers within its existing service area where water mains are already present and current capacity exists for a new residential connection. However, District's board has consistently denied requests for main line extensions and requests to serve new developments.

The decision by the District's Board of Commissioners to deny service to Mr. Walker's proposed RV Park development is consistent with its denial of service to other new developments and is

necessary to protect the long-term viability of its water supply and ensure reliable service for its existing customers.

Sincerely,

Sincerely,

A handwritten signature in black ink, appearing to read "Brandon Harrington", with a large, stylized flourish at the end.

Brandon Harrington, Operator
Saltillo Utility District



731-254-8190 Ph
731-254-8712 Fa
800-426-3843 To
Email:

rodney@wilson.com

8050 Whiteville Newcastle Rd., Whiteville, TN. 38075-8614

July 1, 2020

Brandon Herrington
Saltillo Water District
1347 Dorothy Ann Lane
Saltillo, TN 38370

Re: Testing of Wells

Brandon:

As requested by Jeff Wilkes and agreed to by the City, we completed the requested pump certification test on your well fields on June 30, 2020 in your presence and with Darrel Green also present.

The static water levels were very close to tests performed when the well 3 was installed and last tested Sept. 26, 1995. Well 3 then had a static level of 31' 4" and when tested was 31'. Well 1 tested in 1995 at 20' 9 1/2" and during this test was recorded at 20' 6".

In watching the immediate effect and draw downs, the change in static of well 1 while pumping well 3 was very immediate and greatly influenced the static in well 1. We performed the test until the static remained the same.

Also, while pumping well 3, the backpressure on the well had to be throttled to prevent pulling mud into the water system and maintain a clear flow.

With this data recorded, the top capacity of well 3 needs to be capped at 350 gpm maximum rate and set to 55 psi back pressure at the well head.

Well 1 and or 2 should not be operated while well 3 is in service. Wells 1 and 2 are in such close proximity that they should be operated separately as well. Also, with the probability that wells 1 and 2 are located in the flood plain and have on several occasions been under water from the river flooding, they need to remain sealed and not operated when the river level is anywhere close to this area.

Bacteria samples should be monitored closely on wells 1 and 2 at all times when the river water is close to the wells.

Your capacity is very limited and your resources minimal not allowing for any future wells to be added to this location or drilled near this property. Several well fields of this nature have been depleted and dried up with over pumping the strata.

Darrell Green can assist you with plotting your water usage and determining the number of potential customers you are able to add and to also see if you have the required overhead tank backup storage required by the State of Tennessee.

If you have any further questions, please contact our office 800-426-3843.

Respectfully submitted,

Rodney D Wilson

Rodney D Wilson, Pres

Wilson Well Co Inc.

Entity Referred: **Fall Creek Falls Utility District**

Referral Reason: **Administrative Review**

Utility Type Referred: **Water**

Staff Summary:

Board staff conducted interviews with several employees and a governing body member of the Fall Creek Falls Utility District. Board staff is still in the process of the Administrative Review.

Staff Recommendation:

No recommendation at this time.

Entity Referred: **Gladeville Utility District**

Referral Reason: **Administrative Review**

Utility Type Referred: **Water**

Staff Summary:

Board staff met with Gladeville Utility District on May 1, 2025. Board staff had received complaints regarding water hardness at the Gladeville Utility District. Upon Board staff's review there is no issues operationally, managerially, or financially at the UD. Board staff has attempted contact with the business in the area that initiated the issue against the Gladeville Utility District, but no correspondence has been received.

Staff Recommendation:

Board staff believes the matter has been resolved and recommends the TBOUR close the case.

Entity Referred: **Sevier County Utility District**

Referral Reason: **Administrative Review**

Utility Type Referred: **Gas**

Staff Summary:

Board staff has no updates since the last Board meeting. However, in a discussion with Board staff, Sevier County Mayor Larry Waters has asked to address the Board on the matter.

Staff Recommendation:

No staff recommendation at this time.

Entity Referred: **Bristol-Bluff City Utility District**

Referral Reason: **Decrease In Net Position**

Utility Type Referred: **Water**

Staff Summary:

The Utility has complied with prior directives of the Board. The Utility has shown in consecutive audits positive changes in net position, and Board staff believes the Utility should be released from Board oversight.

Staff Recommendation:

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

Entity Referred: **Clearfork Utility District**

Referral Reason: **Decrease In Net Position**

Utility Type Referred: **Water**

Staff Summary:

The Clearfork Utility District (“the Utility”) remains under the supervision of the Tennessee Board of Utility Regulation (“the Board”) due to ongoing financial distress. Since 2022, the Utility has been ordered to bring its audits current, contract with professionals to complete a rate study and a feasibility study, and to provide those completed studies to the Board.

At the Board’s March 13, 2025, meeting, the Utility was issued specific compliance deadlines:

1. Submit all outstanding audits by May 31, 2025
2. Execute a contract with a third-party firm to conduct a Rate and Feasibility Study by April 30, 2025
3. Complete the Rate Study by June 30, 2025
4. Complete the Feasibility Study by September 30, 2025

The utility failed to meet the deadline for the original audit completion date but has since had it completed and is up to date on audits. The audit reported that for fiscal year 2024 the Utility had a positive statutory net position of \$365,993.

The utility failed to meet the rate study deadline but has since had it completed. The rate study showed that the Utility currently does not need to increase their rates. This is due to the addition of a single customer that generated \$302,277 in revenue for the utility in 2024. The rate study identifies that the utility is charging the aforementioned customer relatively high rates and recommends that the Utility reconsider the current rates for this customer.

The Utility completed the feasibility analysis on time. The feasibility analysis recommended that the Utility should be open to future regionalization opportunities, but it did not provide a recommendation for a current opportunity for a merger.

Board staff believes that the Utility is in a position to stay in compliance with applicable state requirements and to continue to have a positive change in net position.

Staff Recommendation

The Board should order the following:

The Utility shall implement the recommendation of the rate study, specifically to ensure that the rates to the largest customer are fair and justifiable, by November 28, 2025. Once board staff has

received confirmation that the recommendation has been implemented by the Utility, the Utility shall be placed into the financial distress update cycle.

Entity Referred: **Minor Hill Utility District**

Referral Reason: **Decrease In Net Position**

Utility Type Referred: **Water**

Staff Summary: The Minor Hill Utility District ("the Utility") has been referred to the Tennessee Board of Utility Regulation ("the Board") for financial distress since 2024 pursuant to Tenn. Code Ann. § 7-82-703.

The Utility has returned its financial distress questionnaire to Board staff. Board staff has identified the following weaknesses or findings:

- the Utility has not had a rate study completed by an independent third party in the past 5 years

Staff Recommendation:

The Board should order the following:

1. The Utility shall have a 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.

2. By **December 15, 2025**, the Utility shall send Board staff a copy of the contract between the Utility and the qualified expert who is to perform the tasks in paragraph 1.

3. By **April 15, 2026**, the Utility 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 up to two extensions of up to six months of the foregoing deadlines upon a showing of good cause by the Utility.

5. Should the Utility fail to comply with any directive in this order, Board staff and Counsel may issue subpoenas for the Utility's governing body and/or Manager to appear in-person before the Board during its next meeting following non-compliance of this order.

Entity Referred: **Town of Huntland**

Referral Reason: **Administrative Review**

Utility Type Referred: **Water And Sewer**

Staff Summary: The Town of Huntland commissioned a Utility Rate Analysis dated October 10, 2025, prepared by Blankenship CPA Group, PLLC. The study evaluated the current and projected financial condition of the town's water and sewer utilities to determine rate sufficiency and long-term feasibility.

The report found that while the Water and Sewer Fund ended FY2024 with a positive statutory net position, future projections under the existing rate structure show the utility would incur operating losses due to rising debt service and depreciation expenses. Total outstanding water and sewer debt exceeds \$3.8 million, extending through FY2055. Without rate adjustments, cash reserves are projected to decline by approximately \$150,000 over the next four years.

Three scenarios were evaluated. Under Scenario 1, which assumes no rate increases, the utility would face annual operating losses reaching \$120,000 by FY2029, an unsustainable outcome that would require outside intervention. Scenario 2 models moderate rate adjustments, including a 3% increase in water rates and a 45% increase in sewer rates in FY2026, with small additional increases later. This scenario results in marginally positive net positions and maintains a healthy debt coverage ratio between 2.6 and 2.7. Scenario 3 assumes more aggressive increases—roughly 10% annually for sewer and up to 10% for water—resulting in stronger operating margins and debt coverage between 2.2 and 3.0, though financial pressures persist due to limited growth and rising costs.

The consultant recommends implementing Scenario 2 or 3 and reviewing rates every one to two years to ensure ongoing cost recovery and minimize future large adjustments. However, even with these steep rate increases, the report concludes that the utility will continue to face a deficit between actual revenues and cost-of-service revenues, indicating that Huntland's system lacks the scale to remain financially efficient without recurring grant assistance.

Given these findings, Board staff believe that while Huntland can temporarily stabilize its operations with rate increases, long-term sustainability will likely require structural change. Staff recommend that the TBOUR direct Board staff to evaluate the feasibility of a merger or cooperative arrangement with a surrounding utility district. Such an approach could reduce administrative costs, improve rate stability, and enhance access to capital for infrastructure improvements. Board staff should be authorized to meet with Huntland officials, neighboring

utilities, and relevant state agencies to determine the most viable path forward for continued service and fiscal responsibility.

Staff Recommendation:

1. The Town shall have a qualified expert as approved by Board staff, perform a study of the feasibility of a merger between the Town and surrounding utilities.
2. By December 31, 2025, the Town shall send Board staff a copy of the contract between the Town and the qualified expert who is to perform the tasks in paragraph 1.
3. By April 24, 2026, the Town shall provide Board staff with the completed rate study and either proof of implementation of the resulting recommendations or a proposed plan of implementation.

Town of Huntland

Utility Rate Analysis
October 10, 2025

Bob Adams, Principal and Utility Consultant
Blankenship CPA Group, PLLC

Utility Rate Analysis - Outline

- Background
- 5 year lookback
- Scenarios
- Action steps for Consideration

Background

- Base year – June 30, 2024

- Goals and Objectives

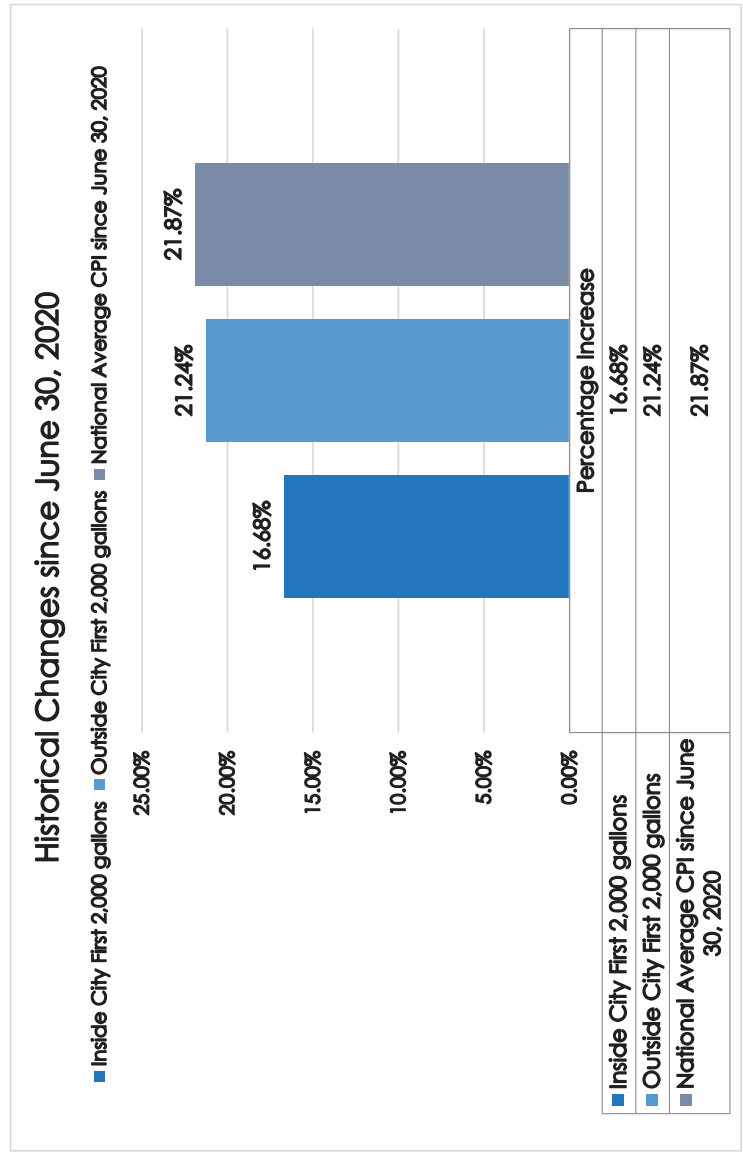
- Water and Sewer Fund – The fund had a positive Change in Statutory Net Position in the base year
- Fund had **positive** change in statutory net position each of the past 5 years
 - *Each utility should have rates sufficient to have a positive change in net position separate from grant proceeds and contributions. Utilities that do not achieve a positive change for two years will be referred to the oversight of the Tennessee Board of Utility Regulation (TBOUR).*
- In future years, the Fund would incur negative changes under the current rate structure. The primary driver is debt service payments and additional depreciation expenses in future years.

5 Year Lookback – Town of Huntland Proprietary Fund

	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Operating Revenues	344,470	373,095	389,268	419,676	468,948
Cost of Services	142,503	145,465	166,520	161,945	169,846
Gross Margin	201,967	227,630	222,748	257,731	299,102
Operating Expenses	174,170	177,790	203,525	197,932	207,589
Operating Income (Loss)	27,797	49,840	19,223	59,799	91,513
Non-operating revenues (expenses)	424	(101)	(688)	18,798	6,816
Capital grants and contributions	5,700	228,060	1,772,371	614,311	415,962
Transfers	-	-	-	-	-
GAAP Change in Net Position	33,921	277,799	1,790,906	692,908	514,291
Less capital contributions and pension/OPEB adjustments	5,700	228,060	1,772,371	614,311	415,962
Statutory Net Position	28,221	49,739	18,535	78,597	98,329
Gross Margin / Operating Revenues	59%	61%	57%	61%	64%
Operating Expenses /Gross Margin	86%	78%	91%	77%	69%
Statutory Net Position / Operating Revenues	8%	13%	5%	19%	21%

Rate Change Factors

- Base year – June 30, 2024
- Observations
 - Historical
 - Summary of rate and CPI increases since June 30, 2020



Revenue – Current Rates

- For 2024, based on rates in effect:
 - Actual revenue = \$469 thousand
 - Cost of service revenue - \$391 thousand
 - Variance = \$78 thousand positive
- 2025 Projection, based on rates in effect:
 - Projected revenue = \$681 thousand
 - Cost of service revenue - \$708 thousand
 - Variance = **\$27 thousand deficit**
- 2026 Projection, based on rates in effect:
 - Projected revenue = \$659 thousand
 - Cost of service revenue - \$722 million
 - Variance = **\$62 thousand deficit**
- Cash and Debt Service Coverage:
 - Debt Coverage Ratio – Projected to be 1.74 down to 1.64
 - Cash Flows are projected to decline by approximately \$150k over the next 4 years

Assumptions

- Assumptions on the Projections
 - Capital expenditures of approximately \$1.2 million from 2025 through 2029
 - Estimated increase in expenses of 3% each year.
 - Debt principal, interest, and construction amounts have different factors and assumptions

Future Debt Payments

Town of Huntland					
Total Debt - Water and Sewer Fund					
		Beg Balance	Principal	Total Interest and fees	Principal Balance
6/30/2025		3,825,000	101,360	12,600	3,723,640
6/30/2026		3,723,640	121,992	14,676	3,601,648
6/30/2027		3,601,648	122,376	14,196	3,479,272
6/30/2028		3,479,272	122,772	13,704	3,356,500
6/30/2029		3,356,500	123,168	13,200	3,233,332
6/30/2030		3,233,332	122,364	12,708	3,110,968
6/30/2031		3,110,968	123,948	12,252	2,987,020
6/30/2032		2,987,020	124,356	11,760	2,862,664
6/30/2033		2,862,664	124,752	11,292	2,737,912
6/30/2034		2,737,912	125,160	10,908	2,612,752
6/30/2035		2,612,752	125,556	10,524	2,487,196
6/30/2036		2,487,196	125,964	10,140	2,361,232
6/30/2037		2,361,232	126,360	9,756	2,234,872
6/30/2038		2,234,872	126,756	9,372	2,108,116
6/30/2039		2,108,116	127,164	8,976	1,980,952
6/30/2040		1,980,952	127,572	8,592	1,853,380
6/30/2041		1,853,380	127,980	8,196	1,725,400
6/30/2042		1,725,400	128,388	7,812	1,597,012
6/30/2043		1,597,012	128,820	7,404	1,468,192
6/30/2044		1,468,192	129,228	7,020	1,338,964
6/30/2045		1,338,964	129,636	6,624	1,209,328
6/30/2046		1,209,328	130,056	6,228	1,079,272
6/30/2047		1,079,272	130,464	5,832	948,808
6/30/2048		948,808	130,884	5,424	817,924
6/30/2049		817,924	131,304	5,028	686,620
6/30/2050		686,620	131,724	4,632	554,896
6/30/2051		554,896	132,144	4,224	422,752
6/30/2052		422,752	132,564	3,816	290,188
6/30/2053		290,188	132,996	3,420	157,192
6/30/2054		157,192	133,488	3,000	23,704
6/30/2055		23,704	23,704	638	-

5 Year Projections

Scenario 1 No rate increases

	Statutory Net Position Projections				
	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029
Operating Revenues	\$681,192	\$659,107	\$683,261	\$683,844	\$684,450
Cost of Services	-	-	-	-	-
Gross Margin	681,192	659,107	683,261	683,844	684,450
Operating Expenses	692,441	706,914	754,321	774,676	796,991
Operating Income (Loss)	(11,249)	(47,807)	(71,060)	(90,832)	(112,541)
Non-operating revenues (expenses)	(10,120)	(9,676)	(9,196)	(8,704)	(8,200)
Capital grants and contributions	-	-	-	-	-
Transfers	-	-	-	-	-
GAAP Change in Net Position	(21,369)	(57,483)	(80,256)	(99,536)	(120,741)
Less capital contributions	-	-	-	-	-
Statutory Net Position	(\$21,369)	(\$57,483)	(\$80,256)	(\$99,536)	(\$120,741)
Gross Margin / Operating Revenues	100%	100%	100%	100%	100%
Operating Expenses /Gross Margin	102%	107%	110%	113%	116%
Statutory Net Position / Operating Revenues	-3%	-9%	-12%	-15%	-18%
Revenues Factor	45.3%	-3.2%	3.7%	0.1%	0.1%
Costs Factor	3.0%	3.0%	3.0%	3.0%	3.0%
Expenses Factor	3.0%	3.0%	3.0%	3.0%	3.0%
	Cash Flow Projections				
	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029
Beginning Cash and CD's	955,046	\$910,440	\$816,295	\$833,753	\$813,863
Statutory Net Position	(21,369)	(57,483)	(80,256)	(99,536)	(120,741)
Depreciation	283,136	285,330	320,090	327,418	336,315
Capital expenditures	(205,013)	(650,000)	(100,000)	(125,000)	(125,000)
Debt Principal	(101,360)	(121,992)	(122,376)	(122,772)	(123,168)
Grants	-	450,000	-	-	-
Ending cash	\$910,440	\$816,295	\$833,753	\$813,863	\$781,269

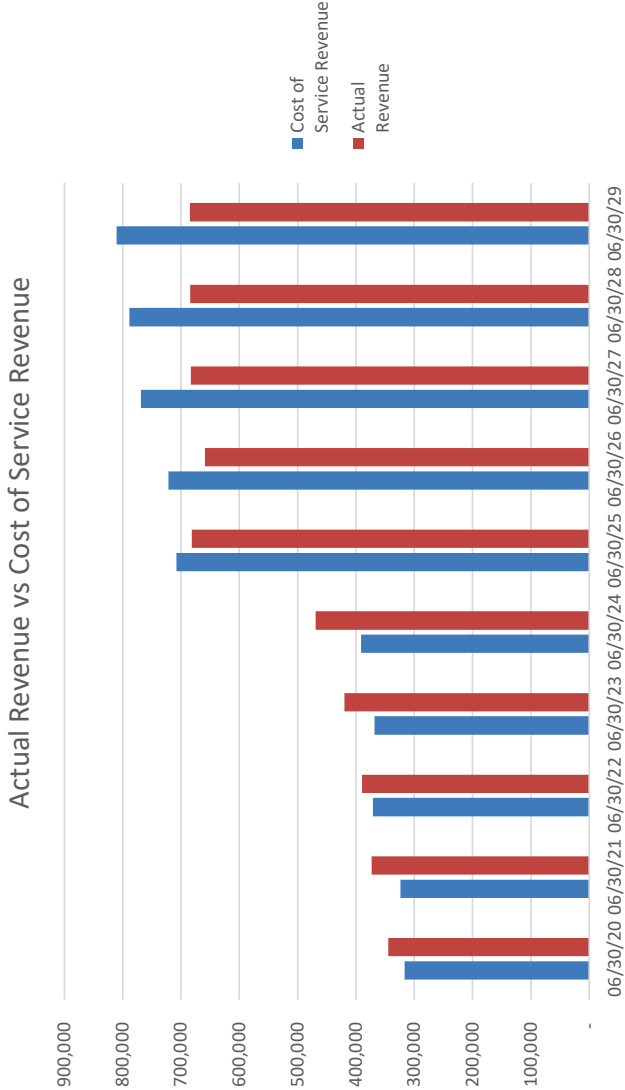
Scenario 1 - Actual Revenue vs Cost of Service

Actual Revenue

- For 2020-2024
 - Based on current rate structure and prior audit reports
- For 2025-2029
 - Based on projected revenue at the current rates

Cost of Service Revenue

- For 2020-2024
 - Based on costs in prior audit reports
- For 2025-2029
 - Based on projected costs; assumes 3% CPI



5 Year Projections

Scenario 2 - Water

Statutory Net Position Projections				
	FYE 2025	FYE 2026	FYE 2027	FYE 2028
Operating Revenues	\$434,611	\$477,803	\$447,477	\$447,931
Cost of Services	165,348	170,039	189,495	196,721
Gross Margin	269,262	307,764	257,982	251,210
Operating Expenses	202,092	207,825	231,605	240,437
Operating Income (Loss)	67,170	99,939	26,377	10,773
Non-operating revenues (expenses)	3,000	3,000	3,000	3,000
Capital grants and contributions	-	450,000	-	-
Transfers	-	-	-	-
GAAP Change in Net Position	70,170	552,939	29,377	13,773
Less capital contributions	-	450,000	-	-
Statutory Net Position	\$70,170	\$102,939	\$29,377	\$13,773
Gross Margin / Operating Revenues	62%	64%	58%	56%
Operating Expenses /Gross Margin	75%	68%	90%	96%
Statutory Net Position / Operating Revenues	16%	22%	7%	3%
Revenues Factor	2.7%	3.0%	0.0%	0.0%
Costs Factor	3.0%	3.0%	3.0%	3.0%
Expenses Factor	3.0%	3.0%	3.0%	3.0%

5 Year Projections

Scenario 2 - Sewer

	Statutory Net Position Projections				
	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029
Operating Revenues	\$246,581	\$303,061	\$357,542	\$364,693	\$368,340
Cost of Services	-	-	-	-	153,875
Gross Margin	246,581	303,061	357,542	364,693	214,465
Operating Expenses	325,000	329,050	333,222	337,518	188,069
Operating Income (Loss)	(78,419)	(25,989)	24,321	27,175	26,396
Non-operating revenues (expenses)	(13,120)	(12,676)	(12,196)	(11,704)	(11,200)
Capital grants and contributions	-	-	-	-	-
Transfers	-	-	-	-	-
GAAP Change in Net Position	(91,539)	(38,665)	12,125	15,471	15,196
Less capital contributions	-	-	-	-	-
Statutory Net Position	(\$91,539)	(\$38,665)	\$12,125	\$15,471	\$15,196
Gross Margin / Operating Revenues	100%	100%	100%	100%	58%
Operating Expenses /Gross Margin	132%	109%	93%	93%	88%
Statutory Net Position / Operating Revenues	-37%	-13%	3%	4%	4%
Revenues Factor	2.7%	45.0%	0.0%	2.0%	1.0%
Costs Factor	3.0%	3.0%	3.0%	3.0%	3.0%
Expenses Factor	3.0%	3.0%	3.0%	3.0%	3.0%

5 Year Projections

Scenario 2 - Combined

Statutory Net Position Projections

	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029
Operating Revenues	\$681,192	\$780,865	\$805,019	\$812,624	\$829,992
Cost of Services	-	-	-	-	-
Gross Margin	681,192	780,865	805,019	812,624	829,992
Operating Expenses	692,441	706,914	754,321	774,676	796,991
Operating Income (Loss)	(11,249)	73,951	50,698	37,948	33,000
Non-operating revenues (expenses)	(10,120)	(9,676)	(9,196)	(8,704)	(8,200)
Capital grants and contributions	-	450,000	-	-	-
Transfers	-	-	-	-	-
GAAP Change in Net Position	(21,369)	514,275	41,502	29,244	24,800
Less capital contributions	-	450,000	-	-	-
Statutory Net Position	(\$21,369)	\$64,275	\$41,502	\$29,244	\$24,800

Gross Margin / Operating Revenues	100%	100%	100%	100%	100%
Operating Expenses /Gross Margin	102%	91%	94%	95%	96%
Statutory Net Position / Operating Revenues	-3%	8%	5%	4%	3%
Revenues Factor	45.3%	14.6%	3.1%	0.9%	2.1%
Costs Factor	3.0%	3.0%	3.0%	3.0%	3.0%
Expenses Factor	3.0%	3.0%	3.0%	3.0%	3.0%

Cash Flow Projections

	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029
Beginning Cash and CD's	955,046	\$910,440	\$938,053	\$1,077,269	\$1,186,158
Statutory Net Position	(21,369)	64,275	41,502	29,244	24,800
Depreciation	283,136	285,330	320,090	327,418	336,315
Capital expenditures	(205,013)	(650,000)	(100,000)	(125,000)	(125,000)
Debt Principal	(101,360)	(121,992)	(122,376)	(122,772)	(123,168)
Grants	-	450,000	-	-	-
Ending cash	\$910,440	\$938,053	\$1,077,269	\$1,186,158	\$1,299,106

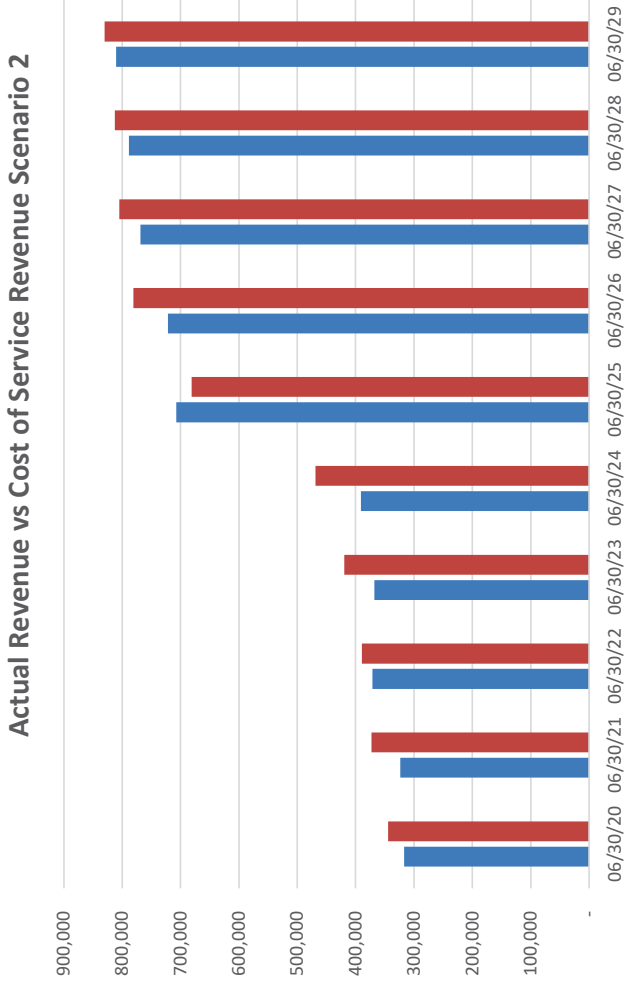
Scenario 2 - Actual Revenue vs Cost of Service

Actual Revenue

- For 2025-2029
 - Based on projected revenue with the following rate increases
- 2026 –
 - 3% Water
 - 45% Sewer
- 2027 –
 - No increase for water
 - No increase for sewer
- 2028
 - No increase for water
 - 2% Sewer
- 2029
 - 3% Water
 - 1% Sewer

Cost of Service Revenue

- For 2025-2029
 - Based on projected costs; assumes 3% CPI



5 Year Projections

Scenario 3 - Water

	Statutory Net Position Projections				
	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029
Operating Revenues	\$434,611	\$466,843	\$492,478	\$507,022	\$507,036
Cost of Services	165,348	170,039	189,495	196,721	204,771
Gross Margin	269,262	296,805	302,983	310,301	302,265
Operating Expenses	202,092	207,825	231,605	240,437	250,276
Operating Income (Loss)	67,170	88,979	71,378	69,864	51,989
Non-operating revenues (expenses)	3,000	3,000	3,000	3,000	3,000
Capital grants and contributions	-	450,000	-	-	-
Transfers	-	-	-	-	-
GAAP Change in Net Position	70,170	541,979	74,378	72,864	54,989
Less capital contributions	-	450,000	-	-	-
Statutory Net Position	\$70,170	\$91,979	\$74,378	\$72,864	\$54,989
Gross Margin / Operating Revenues	62%	64%	62%	61%	60%
Operating Expenses /Gross Margin	75%	70%	76%	77%	83%
Statutory Net Position / Operating Revenues	16%	20%	15%	14%	11%
Revenues Factor	2.7%	10.0%	3.0%	3.0%	0.0%
Costs Factor	3.0%	3.0%	3.0%	3.0%	3.0%
Expenses Factor	3.0%	3.0%	3.0%	3.0%	3.0%

5 Year Projections

Scenario 3 - Sewer

Statutory Net Position Projections					
	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029
Operating Revenues	\$246,581	\$259,132	\$298,363	\$328,199	\$361,019
Cost of Services	-	-	-	-	153,875
Gross Margin	246,581	259,132	298,363	328,199	207,144
Operating Expenses	325,000	329,050	333,222	337,518	188,069
Operating Income (Loss)	(78,419)	(69,918)	(34,859)	(9,319)	19,075
Non-operating revenues (expenses)	(13,120)	(12,676)	(12,196)	(11,704)	(11,200)
Capital grants and contributions	-	-	-	-	-
Transfers	-	-	-	-	-
GAAP Change in Net Position	(91,539)	(82,594)	(47,055)	(21,023)	7,875
Less capital contributions	-	-	-	-	-
Statutory Net Position	(\$91,539)	(\$82,594)	(\$47,055)	(\$21,023)	\$7,875
Gross Margin / Operating Revenues	100%	100%	100%	100%	57%
Operating Expenses /Gross Margin	132%	127%	112%	103%	91%
Statutory Net Position / Operating Revenues	-37%	-32%	-16%	-6%	2%
Revenues Factor	2.7%	10.0%	10.0%	10.0%	10.0%
Costs Factor	3.0%	3.0%	3.0%	3.0%	3.0%
Expenses Factor	3.0%	3.0%	3.0%	3.0%	3.0%

5 Year Projections

Scenario 3 - Combined

Statutory Net Position Projections

	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029
Operating Revenues	\$681,192	\$725,975	\$790,841	\$835,221	\$868,055
Cost of Services	-	-	-	-	-
Gross Margin	681,192	725,975	790,841	835,221	868,055
Operating Expenses	692,441	706,914	754,321	774,676	796,991
Operating Income (Loss)	(11,249)	19,062	36,520	60,545	71,064
Non-operating revenues (expenses)	(10,120)	(9,676)	(9,196)	(8,704)	(8,200)
Capital grants and contributions	-	450,000	-	-	-
Transfers	-	-	-	-	-
GAAP Change in Net Position	(21,369)	459,386	27,324	51,841	62,864
Less capital contributions	-	450,000	-	-	-
Statutory Net Position	(\$21,369)	\$9,386	\$27,324	\$51,841	\$62,864

Gross Margin / Operating Revenues	100%	100%	100%	100%	100%
Operating Expenses /Gross Margin	102%	97%	95%	93%	92%
Statutory Net Position / Operating Revenues	-3%	1%	3%	6%	7%
Revenues Factor	45.3%	6.6%	8.9%	5.6%	3.9%
Costs Factor	3.0%	3.0%	3.0%	3.0%	3.0%
Expenses Factor	3.0%	3.0%	3.0%	3.0%	3.0%

Cash Flow Projections

	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029
Beginning Cash and CD's	955,046	\$910,440	\$883,164	\$1,008,202	\$1,139,689
Statutory Net Position	(21,369)	9,386	27,324	51,841	62,864
Depreciation	283,136	285,330	320,090	327,418	336,315
Capital expenditures	(205,013)	(650,000)	(100,000)	(125,000)	(125,000)
Debt Principal	(101,360)	(121,992)	(122,376)	(122,772)	(123,168)
Grants	-	450,000	-	-	-
Ending cash	\$910,440	\$883,164	\$1,008,202	\$1,139,689	\$1,290,700

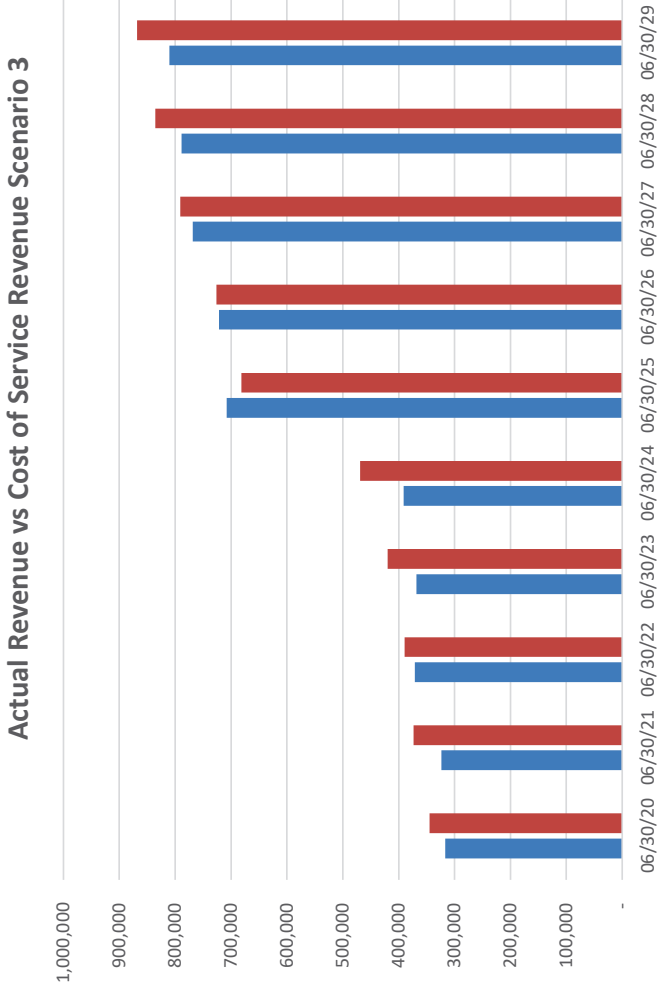
Scenario 3 - Actual Revenue vs Cost of Service

Actual Revenue

- For 2025-2029
 - Based on projected revenue with the following rate increases
- 2026 –
 - 10% Water
 - 10% Sewer
- 2027 –
 - 3% Water
 - 10% Sewer
- 2028
 - 3% Water
 - 10% Sewer
- 2029
 - No increase water
 - 10% Sewer

Cost of Service Revenue

- For 2025-2029
 - Based on projected costs; assumes 3% CPI



Action Steps for Consideration – Sewer Rates

Scenario 2

	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029
Residential					
First 2,000 gallons	50.00	72.50	72.50	73.95	74.69
Over 2,000 gallons	7.50	10.88	10.88	11.09	11.20
Commercial					
First 2,000 gallons	65.00	94.25	94.25	96.14	97.10
Over 2,000 gallons	11.50	16.68	16.68	17.01	17.18

Scenario 3

	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029
Residential					
First 2,000 gallons	50.00	55.00	60.50	66.55	73.21
Over 2,000 gallons	7.50	8.25	9.08	9.98	10.98
Commercial					
First 2,000 gallons	65.00	71.50	78.65	86.52	95.17
Over 2,000 gallons	11.50	12.65	13.92	15.31	16.84

Action Steps for Consideration – Water Rates

Scenario 2

	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029
Inside City					
First 2,000 Gallons	28.05	28.89	28.89	28.89	29.76
From 2,001 to 8,000 gallons	8.00	8.24	8.24	8.24	8.49
All over 8,001 gallons	9.75	10.04	10.04	10.04	10.34
Outside City					
First 2,000 Gallons	33.05	34.04	34.04	34.04	35.06
From 2,001 to 8,000 gallons	8.00	8.24	8.24	8.24	8.49
All over 8,001 gallons	9.75	10.04	10.04	10.04	10.34

Scenario 3

	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029
Inside City					
First 2,000 Gallons	28.05	30.86	31.78	32.73	32.73
From 2,001 to 8,000 gallons	8.00	8.80	9.06	9.34	9.34
All over 8,001 gallons	9.75	10.73	11.05	11.38	11.38
Outside City					
First 2,000 Gallons	33.05	36.36	37.45	38.57	38.57
From 2,001 to 8,000 gallons	8.00	8.80	9.06	9.34	9.34
All over 8,001 gallons	9.75	10.73	11.05	11.38	11.38

Action Steps for Consideration

- *Rate Setting*
 - Analyzed 3 scenarios for rate setting
 - Recommend charging different rates for water and sewer – Scenario 2 & 3
 - Under Scenario 2
 - Debt Coverage ratio would be projected between 2.63 and 2.71 - above the recommended 1.20.
 - Under Scenario 3
 - Debt Coverage ratio would be projected between 2.23 and 2.99 - above the recommended 1.20.
 - Under both Scenario 2 and 3, we do not anticipate a need for interfund borrowing through 2029.
 - Recommend periodic rate analysis each 1-2 years
 - This will better help with funding future capital projects – less dependent on debt
 - Minimize impact of future rate adjustments
- *Cost of Service*
 - Predicted deficit between actual revenues and cost of service revenues
 - Look for ways to reduce this deficit in future rate adjustments



JASON E. MUMPOWER
Comptroller

Entity Referred: **Town of Centerville**

Referral Reason: **Customer Complaint**

Utility Type Referred: **Sewer**

Staff Summary:

The Town of Centerville ("the Utility") has been referred to the Tennessee Board of Utility Regulation ("the Board") for a customer complaint since the fiscal year 2024. The customer alleged that the Utility's policy, which charges both the sewer minimum and usage for customers who have access but are not connected, was unreasonable. The TBOUR concurred with the complainant's argument and ordered the Utility to conduct a rate study with a third-party expert to assess the current fee structure. This study was due on December 31, 2024, with one allowable extension of six months. Due to unforeseen circumstances, the third-party expert has been unable to complete the study in a timely manner, even after Board staff granted the Utility an extension until June 30, 2025.

Board staff have recently discussed the ongoing issue with the Utility and would like to present the following items:

- The Complainant, Ms. Crites, no longer lives in the Town and left without paying a final balance.
- The Town still charges both a minimum bill and usage for sewer for customers who have access but are not connected.

While the complainant no longer resides at an address serviced by the utility and provided no forwarding address, Board staff believes that it is important to continue this case in determining the reasonableness of the Utility's fees. Furthermore, while it is important that a third-party expert verify Board staff's findings, it is our opinion that the current fee structure is in direct conflict with OAG 98-152. For these reasons, Board staff believes that it is necessary to update the current orders.

Staff Recommendation:

The Board should order the following:

1. The Utility shall immediately cease the policy of charging usage fees to customers who are connected to water service only, but have access to the Utility's sewer.
2. The previous rate study due date of June 30, 2025, should be withdrawn, and by December 31, 2025, the Utility shall send Board staff the completed rate study and proof of implementation.
3. Board staff is given the authority to grant up to two extensions of up to six months of the foregoing deadlines upon a showing of good cause by the Utility.



October 8, 2025

Town of Centerville
June Horner, City Recorder
102 East Swan Street
PO Box 238
Centerville, TN 37033

Ms. Horner,

On behalf of MTAS, I'd like to thank you for your patience as we work through the TBOUR ordered study for the Town of Centerville. As you are aware, we have had some turnover in staff that had originally agreed to perform the study for the town.

I appreciate the responsiveness to the requests that I have made and for the information that you have provided in order for us to get the study started. As we have recently discussed, there is one key area where we need some additional information in order to accurately proceed – the sewer customers that are being billed for sewer services that are not connected to the system. This information is necessary in order to determine the actual number of customers and consumption in order to properly allocate the fixed and variable costs associated with the sewer system. Since the billing reports show consumption even for those customers that are not using the service, we are unable to fully rely on the reports provided for the information needed for the cost allocation. It's my understanding that the city is working on gathering this information. It's also my understanding that this was one of the items that was holding up any progress on the study that our previous team member was working on.

Thank you for the opportunity to work with the town. If you have any questions, please feel free to reach out.

Eric Spencer, CGFM, MAcc
Finance & Accounting Program Manager



JASON E. MUMPOWER
Comptroller

Entity Referred: **City of Friendship**

Referral Reason: **Decrease In Net Position**

Utility Type Referred: **Water and Sewer**

Staff Summary:

The City of Friendship ("the Utility") operates a water and sewer system. The Utility has been financially distressed since its 2018 audit. The Utility is under TDEC directives to improve the operation of its utility. The Utility is currently involved in litigation of Mr. Bill Williams with the Friendship Water Company (the "Company") regarding the Utility's contract to purchase water exclusively from the Friendship Water Company. On August 8, 2025, the Utility was ruled against in the Company's lawsuit. The Judge ordered restitution and fees to be paid by the Utility in the amount of \$5,345,453. Based on information provided by the Utility's attorney, they plan to appeal this ruling.

The Board has previously discussed whether water containing tetrachloroethylene should be considered in its "natural state" as required in the contract between the Utility and the Company. Staff would like to direct the Board's attention to the tenth "Conclusion of Law" that provides the court's opinion on this question. "Water in its natural state is water that is pumped from the ground in liquid form."

Staff would also like to provide the Board with a summary of the documents provided below, as well as a timeline of the events that have occurred since the July TBOUR meeting. The attached exhibits are a consolidation of files from staff and the Attorney General's Office (AG).

- August 5, 2025 - The AG contacted the Utility's attorney (Mr. Willis) regarding the actions taken by TBOUR on July 17, 2025. They provided a summary of the Board's action and the corresponding deadlines that the utility was required to meet
 - IMMEDIATE ACTION REQUIRED - The Utility should reach out to Board staff and provide a request for approval of the planned capital projects.
 - ACTION REQUIRED WITHIN 10 DAYS (August 15, 2025) - The Utility must submit written assurances that the board of mayor and aldermen will appear at the Board's next meeting.
 - ACTIONS REQUIRED WITHIN 30 DAYS (September 4, 2025):
 - The Utility must submit the fiscal year 2024 audit or demonstrate good cause as to why an extension should be granted.

- The Utility must indicate whether it has made any capital improvements, taken on any new debt, or received any new grants since December 8, 2022, and what plans, if any, it has for the same going forward.
 - The Utility must provide a copy of the rate study completed by MTAS and proof of implementation, a proposed plan of implementation, or show good cause why an extension should be granted.
 - The Utility must provide written assurances that it has not lowered water and sewer rates.
 - The Utility must provide a written update describing progress made on its meter replacement program since December 8, 2022.
 - The Utility must provide a comprehensive written update describing all developments in the pending litigation since September 2023.
- The AG sent various emails reminding the Utility to respond to the demands within the following ten days.
 - August 14, 2025 - Board staff spoke on the phone with both Mayor Burnett and City Recorder Debra Butler. Staff reminded them of the importance of providing a written request for the approval of capital projects as soon as possible, along with the need to respond to the AG's demands. Utility officials relayed to staff that they were waiting for the final cost estimates from the engineering firm before filing the request with staff. Staff also requested the home addresses of all board members in order to directly send them the updated subpoenas.
 - Board staff followed up with an email reiterating the requirement for the Utility to send the request for approval of pending capital projects and the address for all board members.
 - August 15, 2025 - Mr. Willis did not respond to the AG's demands until August 15, 2025. At which point, the Utility still did not provide a request for approval of pending capital projects, nor assurance that the full board of mayor and aldermen would attend. Instead, Mr. Willis outlined that a few board members have health issues that would make physical attendance difficult, and that Mayor Burnett would prefer to attend alone.
 - The AG's office responded, requesting the names of board members who would be unable to attend due to health issues and reminded Mr. Willis of the September 4, 2025, deadline for the additional items.
 - August 20, 2025 - Board staff followed up on the previously sent email (August 14) and asked for a response; delivery and read receipts were requested. Both delivery and read receipts were received for Ms. Butler; only a delivery receipt was received for Mayor Burnett. No response has been received from either Mayor Burnett or Ms. Butler.
 - August 28, 2025 - The AG's office contacted Mr. Willis, again requesting that the names of all board members unable to attend be provided. The Utility was also reminded of the

September 4, 2025, deadline.

- September 3, 2025 - The AG's office contacted Mr. Willis again and requested the names of all board members unable to attend. The email also included a reminder of the September 4, 2025, due date.
- September 5, 2025 - The AG's office advised that it had given the Utility an extension until September 8, 2025, to respond.
- September 8, 2025 - Mr. Willis emailed the AG's office at 2:50 p.m. requesting another extension until September 9, 2025, by noon.
- The AG's office agreed to the extension.
- September 10, 2025 - Mr. Willis emailed the AG's office at 1:32 p.m. a preliminary response, in which he provided brief answers edited into the AG's original demand letter. This letter was not approved or reviewed by the Utility and was only "generated from my (Mr. Willis') understand(ing)". Mr. Willis's response still did not include the names of the board members unable to attend the meeting.
- The AG's office responded to Mr. Willis' short answer and informed him that not only was his response "woefully inadequate" but that "[The Utility's] lack of diligence and urgency in responding to the Attorney General's letter is disappointing to say the least."
- September 19, 2025 - Mr. Willis emailed the AG's office a full response to the demand letter dated August 5, 2025.
- In his response, Mr. Willis claims that the Utility has "adequately addressed the first concern raised in your letter regarding the ARP funding" and "This project has been discussed extensively between us, as well as between the Mayor and the Board, and I believe it has been fully addressed." As of this time, Board staff had still not received any written communication from the Utility regarding the planned capital projects.
- September 26, 2025 - Updated subpoenas were issued for the Utility's board of mayors and aldermen to appear at the October 17, 2025, Board meeting.
- October 6, 2025 - A representative of the utility contacted Board staff to inquire as to what information was needed regarding the Utility's capital project.

A sustainability pilot assessment, a joint project from TAUD and USDA, was conducted for the Utility. There were several recommendations from that assessment that the Board ordered the Utility to comply with. This included a rate increase and replacement of meters in the system. The Utility has performed a partial rate increase, but is unable to perform a rate study until all delinquent audits are completed. The Utility has also initiated a meter replacement; however, only one-third of the roughly 350 meters have been replaced in the three-and-a-half-year period since the order. The Utility alleges that this is due to staffing shortages.

There are multiple outstanding Board orders involving the Utility. Given the number of orders and the change in the Utility's situation, Board staff recommends that the Board enter a new order and withdraw any previous orders, to the extent those orders are still in effect.

Staff Recommendation:

The Board should order the following:

1. This Order supersedes all previous Board orders relating to the Utility.
2. Mayor Burnett or a designee approved in advance by Board staff shall be required to appear at the next regularly scheduled meeting of the Board and each regularly scheduled meeting thereafter to testify regarding the Utility's compliance with this Order. Board staff may make arrangements for Mayor Burnett or his designee to appear electronically. The obligation to appear at regularly scheduled meetings shall continue until released by the Board.
3. No later than December 1, 2025, the Utility will provide Board staff with a preliminary plan for how it would propose to pay the judgment entered against the Utility by the Crockett County Circuit Court in its litigation with the Friendship Water Company if the judgment were to be upheld on appeal.
4. The Utility shall provide Board staff with a detailed update regarding the current status of its litigation with the Friendship Water Company by December 1, 2025, and further updates on the first day of January, March, June, and September until the litigation, including any appeals, has concluded.
5. The Utility shall not enter into any utility capital projects, take on any new debt, or apply for or accept any financial assistance or contribution by a grant or any other government benefit, without the express consent of Board staff.

For purposes of this order, a capital project is any addition by the Utility to its capital assets, whether by new construction or restoration. Additionally, this order shall consider any project funded by a grant, debt, or other capital contribution to be a capital project.

For more guidance as to what constitutes a capital project, the Utility may consult the City of Friendship's capitalization policy, or the definition of a capital project (or related phrase) as defined in the City of Friendship's audits.

For purposes of this order, “enter into” includes any agreement or understanding, whether verbal or written, to take any action or refrain from any action, or to adopt any decisions or policies of another body, or in any way obligate the Utility or any of the Utility’s funds or resources.

6. Board staff shall determine if capital projects are feasible and in the best interest of the Utility. In making this determination Board staff shall consider financial information, engineering plans and opinions, coordination with TDEC, and other sources of information as necessary.

7. By December 1, 2025, the Utility shall provide a detailed list of all bank accounts, investment funds, or other accounts that hold the City’s monies or other assets. The Utility shall explain which fund (water, sewer, or other) each account is connected to.

8.

a. By the first Monday of each month, the Utility shall provide a detailed expense report for the previous month, for all water and sewer fund activities.

b. The Utility will provide this information in a form determined by Board staff or Comptroller staff.

c. The first report shall be submitted by December 1, 2025, and reports shall continue until this requirement is released by the Board or Board staff.

d. The expense reports must contain, at a minimum, the monthly bank statement for all accounts that contain water fund or sewer fund activities, in a clear and readable format.

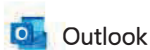
e. Board staff may request supplementary items as needed. Any additional items must be provided within ten business days.

9. By February 28, 2026, the Utility must submit all audits which are delinquent as of January 1, 2026, to the Board and to the Comptroller's Division of Local Government Audit (at LGA.Web@cot.tn.gov). The Utility shall immediately advise its auditor of this deadline in writing following entry of this Order.

10. The Utility shall not lower its water and sewer rates without approval of Board staff.
11. The Utility shall continue its meter replacement program.
12. Utility staff shall timely communicate and work with Board staff in gathering any further information needed, or addressing any issues identified in the future. This includes issues relating to the above-referenced judgment entered against the Utility, water loss, ensuring the Utility's governing body has complied with training requirements, gathering information regarding customer complaints, or any other matters over which the Board has authority.
13. The Utility shall contract with a qualified expert to perform a rate study that includes the following items and takes into account the above-referenced judgment entered against the Utility in the event is upheld on appeal:
 - a. A review of the Utility's capitalization policy, including any recommended modifications;
 - b. A review of the Utility's 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;
14. By August 1, 2026, the Utility shall enter the contract required by paragraph 12, and send Board staff a copy of the contract. The contract should be sent to the financial analyst assigned to the Utility by the Comptroller of the Treasury, and additionally sent to utilities@cot.tn.gov.

15. By December 1, 2026, the Utility shall provide Board staff with the completed rate study and a proposed plan of implementation for the Board's consideration.

16. Upon a finding by the Board that the Utility is in violation of or noncompliance with this Order, the Board may vote to refer this Order or any portion thereof to the Tennessee Attorney General's Office for enforcement.



Outlook

RE: In the matter of: City of Friendship - IMMEDIATE ACTION REQUIRED

From Jonathan M. Shirley <Jonathan.Shirley@ag.tn.gov>
To Matt Willis <matt@arnoldwillisconway.com>
Cc Jing Geng <Jing.Geng@ag.tn.gov>; WWFB _ WWFB v_ City of Friendship _ 21001201 Email <{F214200}.IMANAGE@mail.cloudimanager.com>; Leo Arnold <leo@arnoldwillisconway.com>; Julia Foster <julia@arnoldwillisconway.com>

1 attachment (87 KB)
 Subpoena and Cover Letter.pdf;

Matt,

Attached to this email, please find updated subpoenas for Mayor Burnett and the other city aldermen. These require the appearance of the governing body at the October 17, 2025, meeting of the TBOUR in Nashville to begin at 9:00 am. Aldermen Ramsey and Perry will be permitted to appear electronically from your office via Microsoft Teams. The same has been sent via certified mail by to the individual aldermen.

One note with regard to your formal response where you indicate that the ARP funded project has been "fully addressed." I want to be clear that while it is my understanding the Mayor has discussed the proposed project with Board staff, there has still been no formal request for approval. It is board staff's understanding from the Mayor, that he is waiting on engineering plans to be completed. Board staff is still expecting a formal request for approval from Friendship before that grant funding may be awarded from TDEC.

Thanks,

Jonathan Shirley | Senior Assistant Attorney General
 Financial Division
 Office of Tennessee Attorney General
 500 Dr. Martin L. King Jr. Blvd.
 Nashville, TN 37243
Mailing Address:
 P.O. Box 20207, Nashville, TN 37202
 (615) 741-3521
Jonathan.Shirley@ag.tn.gov



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From: Matt Willis <matt@arnoldwillisconway.com>
Sent: Friday, September 19, 2025 3:15 PM
To: Jonathan M. Shirley <Jonathan.Shirley@ag.tn.gov>
Cc: Jing Geng <Jing.Geng@ag.tn.gov>; WWFB _ WWFB v_ City of Friendship _ 21001201 Email <{F214200}.IMANAGE@mail.cloudimanager.com>; Leo Arnold <leo@arnoldwillisconway.com>; Julia Foster <julia@arnoldwillisconway.com>
Subject: RE: In the matter of: City of Friendship - IMMEDIATE ACTION REQUIRED

19 September 2025

Response to 5 August 2025 Letter

Dear Mr. Shirley,

I trust this message finds you well.

Please find attached the City of Friendship's formal response to your letter dated 5 August 2025. Should you require any further clarification or additional information, please do not hesitate to contact me at your earliest convenience.

Wishing you a pleasant weekend.

Yours faithfully,

Matthew W. Willis
Member
Arnold, Willis & Conway



Matthew W. Willis
Attorney and Mediator

Office: (731) 285-5074
Mobile: (731) 676-1991
Fax: (731) 285-5089
www.arnoldwillisconway.com
matt@arnoldwillisconway.com

322 N. Church Avenue
P.O. Box H
Dyersburg, Tennessee 38025

*Admitted in Tennessee, Missouri & Kentucky
*TN Rule 31 Civil and Domestic Mediator

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From: Jonathan M. Shirley <Jonathan.Shirley@ag.tn.gov>

Sent: Thursday, September 18, 2025 3:08 PM

To: Matt Willis <matt@arnoldwillisconway.com>

Cc: Jing Geng <Jing.Geng@ag.tn.gov>; WWFB v_ City of Friendship _ 21001201 Email <F214200@cloudmanage.com>; Leo Arnold <leo@arnoldwillisconway.com>; Julia Foster <julia@arnoldwillisconway.com>

Subject: RE: In the matter of: City of Friendship - IMMEDIATE ACTION REQUIRED

Matt,

Just following up on this email and our phone conversation from Monday. We have yet to hear from you on the aldermen names. Additionally, can we expect the formal response from you by tomorrow?

Thanks,

Jonathan Shirley | Senior Assistant Attorney General
Financial Division
Office of Tennessee Attorney General
500 Dr. Martin L. King Jr. Blvd.
Nashville, TN 37243
Mailing Address:
P.O. Box 20207, Nashville, TN 37202
(615) 741-3521
Jonathan.Shirley@ag.tn.gov



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From: Jonathan M. Shirley

Sent: Wednesday, September 10, 2025 10:21 PM

To: Matt Willis <matt@arnoldwillisconway.com>

Cc: Jing Geng <Jing.Geng@AG.TN.GOV>; WWFB _ WWFB v_ City of Friendship _ 21001201 Email <{F214200}.IMANAGE@mail.cloudimange.com>; Leo Arnold <leo@arnoldwillisconway.com>; Julia Foster <julia@arnoldwillisconway.com>

Subject: RE: In the matter of: City of Friendship - IMMEDIATE ACTION REQUIRED

Matt,

The City was given a 30-day deadline to respond to the Attorney General demand letter, which should have been more than enough time to provide a thorough, detailed response either providing the outstanding deliverables or showing good cause why an extension should be granted to provide the same. Notwithstanding multiple courtesy reminder emails from me, we heard nothing. When I reached out to you to as to the lack of response, I agreed to grant a small courtesy extension. When that deadline was missed, I agreed to grant another small extension, which was also missed. And finally, when we did eventually receive a substantive communication from you this afternoon, it is not even the “formal expected response” as you indicate. The City’s lack of diligence and urgency in responding to the Attorney General’s letter is disappointing to say the least.

The response provided this afternoon is woefully inadequate, and I would hope that your “formal expected response” will provide greater detail and clarity. For example, with respect to the late audit for FY 2024, which is now overdue by nine months, the City must show good cause as to why an extension should be granted, but you simply state that Friendship does not have the audit and is working to obtain the information from ATA. This is not good cause. Why is the audit nine months late? Are the auditors missing financial information from the City? If not, has the City asked ATA about the delay? If not, why not? If so, what is causing the delay and when does ATA expect to have the audit completed? This is the type of detail that our Office expects to see in a response.

As another example, the City is required to show good cause as to why an extension should be granted for the rate study completion. You indicate that the City has to find a qualified person to undertake this work, but the City already provided a rate study contract with MTAS to board staff in 2023. Is MTAS not doing the rate study anymore? If not, why not? If MTAS is not doing a rate study, has the City reached out to TAUD to see if TAUD can perform the study? You also indicate that the City has increased its rates to not be operating at a loss, but here is no financial data to back this up. Without this type of information, we are unable to determine if good cause exists or not.

On the litigation update, please ensure that the information on the City’s formal response is accurate. You indicate the judgment was for “over \$4 million,” but it is our understanding that the judgment is approximately \$5 million plus \$350,000 in attorney fees. Since the City is in financial distress and under TBOUR supervision, it is critical that we have accurate information on the City’s liabilities.

Finally, I have requested multiple times now the names of the City aldermen who will need to appear electronically at the next TBOUR meeting due to health reasons but have still not received an answer from you on this. Please provide these names when you provide the formal response.

It is critical that we get the City’s response as soon as possible.

Sincerely,

Jonathan Shirley | Senior Assistant Attorney General

Financial Division

Office of Tennessee Attorney General

500 Dr. Martin L. King Jr. Blvd.

Nashville, TN 37243

Mailing Address:

P.O. Box 20207, Nashville, TN 37202

(615) 741-3521

Jonathan.Shirley@ag.tn.gov



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From: Matt Willis <matt@arnoldwillisconway.com>

Sent: Wednesday, September 10, 2025 1:32 PM

To: Jonathan M. Shirley <Jonathan.Shirley@ag.tn.gov>

Cc: Jing Geng <Jing.Geng@ag.tn.gov>; WWFB _ WWFB v_ City of Friendship _ 21001201 Email <{F214200}.IMANAGE@mail.cloudimanager.com>; Leo Arnold <leo@arnoldwillisconway.com>; Julia Foster <julia@arnoldwillisconway.com>
Subject: RE: In the matter of: City of Friendship - IMMEDIATE ACTION REQUIRED

10 September 2025

Friendship Response

I will get you a more formal expected response as quickly as I can but at this time I know that we have taxed your courtesy with ongoing delays. Therefore, I have attached a red text answer to the remaining portions of the most recent demand letter. This is generated from my understanding and does not have formal client approval at this time so I must apologize if I make an error but I wanted to provide you as much information today as possible.

Yours faithfully,

Matthew W. Willis
 Member
 Arnold, Willis & Conway



Matthew W. Willis
 Attorney and Mediator

Office: (731) 285-5074
 Mobile: (731) 676-1991
 Fax: (731) 285-5089
www.arnoldwillisconway.com
matt@arnoldwillisconway.com

322 N. Church Avenue
 P.O. Box H
 Dyersburg, Tennessee 38025

*Admitted in Tennessee, Missouri & Kentucky
 *TN Rule 31 Civil and Domestic Mediator

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From: Jonathan M. Shirley <Jonathan.Shirley@ag.tn.gov>

Sent: Monday, September 8, 2025 3:13 PM

To: Matt Willis <matt@arnoldwillisconway.com>

Cc: Jing Geng <Jing.Geng@ag.tn.gov>; WWFB _ WWFB v_ City of Friendship _ 21001201 Email <{F214200}.IMANAGE@mail.cloudimanager.com>

Subject: RE: In the matter of: City of Friendship - IMMEDIATE ACTION REQUIRED

Matt,

Tomorrow by noon will be fine. Thank you for checking.

Jonathan Shirley | Senior Assistant Attorney General
 Financial Division

Office of Tennessee Attorney General
500 Dr. Martin L. King Jr. Blvd.
Nashville, TN 37243
Mailing Address:
P.O. Box 20207, Nashville, TN 37202
(615) 741-3521
Jonathan.Shirley@ag.tn.gov



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From: Matt Willis <matt@arnoldwillisconway.com>
Sent: Monday, September 8, 2025 2:50 PM
To: Jonathan M. Shirley <Jonathan.Shirley@ag.tn.gov>
Subject: Re: In the matter of: City of Friendship - IMMEDIATE ACTION REQUIRED

Could I have until noon tomorrow? I had something blow up at home I had to go home to fix

Yours faithfully,

Matthew W. Willis
Member
Arnold, Willis & Conway



Matthew W. Willis Attorney and Mediator

Office: (731) 285-5074
Mobile: (731) 676-1991
Fax: (731) 285-5089
www.arnoldwillisconway.com
matt@arnoldwillisconway.com

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From: Jonathan M. Shirley <Jonathan.Shirley@ag.tn.gov>

Sent: Friday, September 5, 2025 3:03:30 PM

To: Matt Willis <matt@arnoldwillisconway.com>

Cc: Leo Arnold <leo@arnoldwillisconway.com>; Julia Foster <julia@arnoldwillisconway.com>; Jing Geng <Jing.Geng@ag.tn.gov>; WWFB _ WWFB v_ City of Friendship _ 21001201 Email <{F214200}.IMANAGE@mail.cloudimanager.com>

Subject: RE: In the matter of: City of Friendship - IMMEDIATE ACTION REQUIRED

Good afternoon, Matt,

This email will confirm our text conversation in which I agreed to give you until **the end of the day on Monday, September 8, 2025**, to provide a written response to the AG demand letter and provide the names of the council members who will need to appear before the TBOUR electronically for health reasons.

Thanks,

Jonathan Shirley | Senior Assistant Attorney General
Financial Division
Office of Tennessee Attorney General
500 Dr. Martin L. King Jr. Blvd.
Nashville, TN 37243
Mailing Address:
P.O. Box 20207, Nashville, TN 37202
(615) 741-3521
Jonathan.Shirley@ag.tn.gov



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From: Jonathan M. Shirley

Sent: Wednesday, September 3, 2025 7:39 PM

To: 'Matt Willis' <matt@arnoldwillisconway.com>

Cc: 'Leo Arnold' <leo@arnoldwillisconway.com>; 'Julia Foster' <julia@arnoldwillisconway.com>; Jing Geng <Jing.Geng@AG.TN.GOV>; 'WWFB _ WWFB v_ City of Friendship _ 21001201 Email' <{F214200}.IMANAGE@mail.cloudimanager.com>

Subject: RE: In the matter of: City of Friendship - IMMEDIATE ACTION REQUIRED

Matt,

This is a final reminder that the outstanding deliverables from the Attorney General letter are due by **no later than the end of the day tomorrow, September 4, 2025**.

Additionally, as requested below, please provide the names of the council members who are unable to attend the TBOUR meeting in-person due to physical disability or health reasons.

Thanks,

Jonathan Shirley | Senior Assistant Attorney General
Financial Division
Office of Tennessee Attorney General
500 Dr. Martin L. King Jr. Blvd.
Nashville, TN 37243
Mailing Address:
P.O. Box 20207, Nashville, TN 37202
(615) 741-3521
Jonathan.Shirley@ag.tn.gov



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From: Jonathan M. Shirley
Sent: Thursday, August 28, 2025 12:13 PM
To: Matt Willis <matt@arnoldwillisconway.com>
Cc: Leo Arnold <leo@arnoldwillisconway.com>; Julia Foster <julia@arnoldwillisconway.com>; Jing Geng <Jing.Geng@AG.TN.GOV>; WWFB _ WWFB v_ City of Friendship _ 21001201 Email <{F214200}.IMANAGE@mail.cloudimanage.com>
Subject: RE: In the matter of: City of Friendship - IMMEDIATE ACTION REQUIRED

Matt,

Following up on my email below. Please provide the names of the council members who are unable to physically appear at the September TBOUR meeting due to health reasons or disability so that I can discuss with Board staff the opportunity for these members to appear electronically instead.

Additionally, I wanted to give a friendly reminder that the outstanding deliverables from the Attorney General's letter are due no later than **next Thursday, September 4**. Please let me know if you would like to discuss anything or have any questions about the letter before providing a response. I am reattaching the letter here for your convenience.

Thanks,

Jonathan Shirley | Senior Assistant Attorney General
Financial Division
Office of Tennessee Attorney General
500 Dr. Martin L. King Jr. Blvd.
Nashville, TN 37243
Mailing Address:
P.O. Box 20207, Nashville, TN 37202
(615) 741-3521
Jonathan.Shirley@ag.tn.gov



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From: Jonathan M. Shirley
Sent: Monday, August 18, 2025 11:57 AM
To: Matt Willis <matt@arnoldwillisconway.com>
Cc: Leo Arnold <leo@arnoldwillisconway.com>; Julia Foster <julia@arnoldwillisconway.com>; Jing Geng <Jing.Geng@AG.TN.GOV>; WWFB _ WWFB v_ City of Friendship _ 21001201 Email <{F214200}.IMANAGE@mail.cloudimanage.com>
Subject: RE: In the matter of: City of Friendship - IMMEDIATE ACTION REQUIRED

Matt,

Thank you for providing written assurances that the Mayor and all city council members who are physically capable will attend the September 25 TBOUR meeting.

If you will please provide the names of the city council members who are unable to attend due to health reasons or disability, then I will be happy to discuss with Board staff the opportunity for those members to appear electronically via Microsoft Teams.

I am happy to pass along any formal request that the Mayor attend alone; however, it is my understanding that Board staff intentionally subpoenaed all members of the governing body given their frustration with the issues outlined in our letter and the lack of communication from Mayor Burnett. In a nutshell, they want to make sure all members of the governing body are aware of the Board's concerns, not just the Mayor.

Thanks again for your attention to this matter. Please stay in touch and let me know if you have any questions about the other outstanding items from our demand letter, which will be **due on September 4, 2025**.

Jon

Jonathan Shirley | Senior Assistant Attorney General
Financial Division
Office of Tennessee Attorney General
500 Dr. Martin L. King Jr. Blvd.
Nashville, TN 37243
Mailing Address:
P.O. Box 20207, Nashville, TN 37202
(615) 741-3521
Jonathan.Shirley@ag.tn.gov



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From: Matt Willis <matt@arnoldwillisconway.com>
Sent: Friday, August 15, 2025 4:39 PM
To: Jonathan M. Shirley <Jonathan.Shirley@ag.tn.gov>
Cc: Leo Arnold <leo@arnoldwillisconway.com>; Julia Foster <julia@arnoldwillisconway.com>; Jing Geng <Jing.Geng@ag.tn.gov>; WWFB _ WWFB v_ City of Friendship _ 21001201 Email <{F214200}.IMANAGE@mail.cloudimanager.com>
Subject: Re: In the matter of: City of Friendship - IMMEDIATE ACTION REQUIRED

15 August 2025

Subpoena Attendance

Dear Jonathan,

I hope this message finds you well.

Upon review, it appears you were indeed correct regarding the request for approval of the capital project. The delay seems to be attributable to the engineering firm, and we have emphasized the urgency and critical importance of this matter.

Regarding the subpoenas, I have spoken with the Mayor, who has assured me of his attendance. However, it has come to my attention that a few City Council members may be unable to attend due to health or physical capability issues. Nevertheless, I understand that those who are physically capable will be present. I also wish to express that the issues with prior attendance were due to a former city employee who did receive the subpoenas but did not pass them along in a timely fashion due to her own health issues and time away from the office. I am asked to communicate an apology for that misunderstanding.

The Mayor has expressed a preference to attend alone, should that be feasible, and he may formally request this next week. For the time being, I can confirm his attendance and reiterate that all physically capable members will be present.

Thank you once again for your support and guidance. Please do not hesitate to reach out if you require any further information or assistance.

Yours faithfully,

Matthew W. Willis
Member
Arnold, Willis & Conway



Matthew W. Willis
Attorney and Mediator

Office: (731) 285-5074

Mobile: (731) 676-1991

Fax: (731) 285-5089

www.arnoldwillisconway.com

matt@arnoldwillisconway.com

322 N. Church Avenue
P.O. Box H
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From: Jonathan M. Shirley <Jonathan.Shirley@ag.tn.gov>

Sent: Friday, August 15, 2025 10:29:44 AM

To: Matt Willis <matt@arnoldwillisconway.com>

Cc: Leo Arnold <leo@arnoldwillisconway.com>; Julia Foster <julia@arnoldwillisconway.com>; Jing Geng <Jing.Geng@ag.tn.gov>; WWFB _ WWFB v_ City of Friendship _ 21001201 Email <{F214200}.IMANAGE@mail.cloudimanage.com>

Subject: RE: In the matter of: City of Friendship - IMMEDIATE ACTION REQUIRED

Good morning, Matt,

I am following up one final time on today's deadline to provide written assurances regarding the Board's subpoenas. It is my understanding that the Mayor and City Clerk called Board staff yesterday and indicated that they had received the subpoenas and distributed to the City aldermen. To the extent there is any misunderstanding, I want to be clear that this is *not* sufficient to comply with our Office's demand letter.

All I need is an email **by the end of the day today** from you, as the City's counsel, indicating that the Mayor and City aldermen understand and intend to comply with their obligation to appear at the September 25 board meeting.

Additionally, it is my understanding that the Mayor indicated the City would be submitting a request for approval of its capital project shortly but was waiting on final information from the engineering firm. I want to re-stress the urgency of getting this done as soon as possible given the previously mentioned deadline for receiving this critical grant funding.

Thanks,

Jonathan Shirley | Senior Assistant Attorney General
Financial Division
Office of Tennessee Attorney General
500 Dr. Martin L. King Jr. Blvd.
Nashville, TN 37243
Mailing Address:
P.O. Box 20207, Nashville, TN 37202
(615) 741-3521
Jonathan.Shirley@ag.tn.gov



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From: Jonathan M. Shirley
Sent: Tuesday, August 12, 2025 1:55 PM
To: Matt@arnoldwillisconway.com
Cc: Leo@arnoldwillisconway.com; julia@arnoldwillisconway.com; Jing Geng <Jing.Geng@AG.TN.GOV>; WWFB _ WWFB v_ City of Friendship _ 21001201 Email <{F214200}.IMANAGE@mail.cloudimanager.com>
Subject: RE: In the matter of: City of Friendship - IMMEDIATE ACTION REQUIRED
Importance: High

Good afternoon, Matt,

I wanted to follow up on our conversation from last Friday to see if Friendship would be submitting a request for approval of any capital projects/grant funding given the imminently approaching deadline for ARP funding from TDEC as described in the demand letter from the Attorney General's office.

Furthermore, I wanted to give a friendly reminder that the deadline to provide written assurances that the Friendship mayor and governing body will appear at the September 25 TBOUR meeting is **this Friday, August 15, 2025**.

Sincerely,

Jonathan Shirley | Senior Assistant Attorney General
Financial Division
Office of Tennessee Attorney General
500 Dr. Martin L. King Jr. Blvd.
Nashville, TN 37243
Mailing Address:
P.O. Box 20207, Nashville, TN 37202
(615) 741-3521
Jonathan.Shirley@ag.tn.gov



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From: Jonathan M. Shirley
Sent: Tuesday, August 5, 2025 2:11 PM
To: Leo@arnoldwillisconway.com; Matt@arnoldwillisconway.com
Cc: Jing Geng <Jing.Geng@AG.TN.GOV>; WWFB _ WWFB v_ City of Friendship _ 21001201 Email <{F214200}.IMANAGE@mail.cloudimanager.com>
Subject: In the matter of: City of Friendship - IMMEDIATE ACTION REQUIRED

Messrs. Arnold and Willis:

Attached, please find correspondence from the Office of the Tennessee Attorney General regarding the City of Friendship's utility system. This letter requires the City's immediate attention, as the City is in serious jeopardy of losing access to grant funding given its failure to comply with orders of the Tennessee Board of Utility Regulation ("Board"). Additionally, as you may or may not be aware, the Mayor and City Aldermen

have failed to obey subpoenas requiring their appearance before the Board and have failed to comply with numerous other requirements. Should the demands of this letter not be met, this Office is prepared to initiate litigation against the City.

Sincerely,

Jonathan Shirley | Senior Assistant Attorney General
Financial Division
Office of Tennessee Attorney General
500 Dr. Martin L. King Jr. Blvd.
Nashville, TN 37243
Mailing Address:
P.O. Box 20207, Nashville, TN 37202
(615) 741-3521
Jonathan.Shirley@ag.tn.gov



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S. LEO ARNOLD
 MARIANNA WILLIAMS
 CAROL ANNE AUSTIN
 MATTHEW WAYNE WILLIS**+
 LONDYN V. NORMAN
 JARRED S. CONWAY
 NICOLE B FLOWERS
 JAMES NAIFEH

R.A. ASHLEY, SR (1878-1958)
 BARRET ASHLEY (1921-2004)
 RA ASHLEY, JR (1927-2012)

OF COUNSEL:
 CHARLES V. MOORE, JR**

(731) 285-5074-Tele
 (731) 285-5089-Fax

*Also Licensed in Arkansas
 **Also Liccends in Missouri
 +Also Licensed in Kentucky

Author:

(731) 676-1991-Cell
 matt@arnoldwillisconway.com

ARNOLD, WILLIS & CONWAY Attorneys At Law

322 Church Avenue • Post Office Box H • Dyersburg, Tennessee 38025-2008
 www.arnoldwillisconway.com

19 September 2025

Response to Letter of 5 August 2025

Via Email only (Jonathan.Shirley@ag.tn.gov)

Jonathan Shirley | Senior Assistant Attorney General
 Financial Division
 Office of Tennessee Attorney General
 500 Dr. Martin L. King Jr. Blvd.
 Nashville, TN 37243

Dear Mr. Shirley:

I would like to express my gratitude for your understanding and flexibility in allowing the City of Friendship additional time to gather the necessary information. As you are aware, the City is a small municipality with limited resources, particularly when compared to larger municipalities.

I believe we have adequately addressed the first concern raised in your letter regarding the ARP funding. Additionally, we have discussed the issue of non-compliance with the Board's subpoenas.

Attached hereto as Exhibit A is a list of the City's Board of Aldermen. Two members of the Board are currently facing significant medical challenges: one is suffering from Alzheimer's or a similar form of dementia, and the other is caring for a spouse who has recently undergone two rounds of colon cancer surgery. In light of

ARNOLD, WILLIS & CONWAY

Mr. Jonathan Shirley
19 September 2025
Page 2 of 4

these circumstances, we respectfully request that these individuals be permitted to attend the meeting via Zoom, which we are prepared to facilitate from my office. Mayor Burnett will attend the meeting in person. The remaining Aldermen have been informed, through the Mayor, of their obligation to attend. However, it is my understanding that they would also prefer to appear via Zoom, if such an option is permissible. I believe Mayor Burnett is making a formal request to the Board in this regard.

With respect to the final section of your letter, titled "Other Delinquencies," I would like to provide the following updates:

1. Delinquent Audits: As noted on page two of your letter, the City was ordered to submit delinquent audits to the Board and the Comptroller's Office Division of Local Government Audit by 31 May 2025. While it is correct that the 2024 audit has not yet been provided, the City is actively working to address this matter. Attached hereto as Exhibit B is a letter dated 18 September 2025 from Mr. Kevin Howell of ATA in Dyersburg, Tennessee, who is the accountant responsible for the audit. According to Mr. Howell, while the City has provided certain information, additional work remains in the areas of accounts receivable, accounts payable, and capital assets. This work requires an on-site visit to the City to complete the necessary fieldwork and adjustments to the financial statements. Scheduling for this fieldwork is ongoing, but it is anticipated to occur during the week of 13 or 20 October. We trust

ARNOLD, WILLIS & CONWAY

Mr. Jonathan Shirley
19 September 2025
Page 3 of 4

that this correspondence from the auditor demonstrates the City's reasonable efforts to comply with the Board's requirements and confirms that the delay is not due to a lack of diligence on the City's part.

2. Prohibition on Capital Projects: As addressed on page three of your letter, the City has not undertaken any new capital projects, nor has it sought new debt or grant funding, with the exception of the ARP-funded project. This project has been discussed extensively between us, as well as between the Mayor and the Board, and I believe it has been fully addressed. If this understanding is incorrect, please advise.

3. Rate Study: The ordered rate study has not yet been completed. The City was directed to engage the Tennessee Association of Utility Districts or another qualified expert to conduct the study. Unfortunately, the Association was unable to accommodate the request due to their current workload, and other qualified providers have similarly been unavailable. It is my understanding that there are very few individuals or organizations qualified to conduct such a study, and the City lacks the internal expertise to undertake this task. Nevertheless, the City remains committed to securing a provider and will forward the completed study to the Board as soon as it is available. In the interim, I can confirm that water and sewer rates have been increased twice and will each be increasing by Eight Dollars (\$8.00) per month in January of 2026. Water has been operating "in the black" for two years and this increase will ensure sewer does as well.

ARNOLD, WILLIS & CONWAY

Mr. Jonathan Shirley
19 September 2025
Page 4 of 4

4. Meter Replacement: The program is ongoing and approximately 1/3 of the meters have been replaced. Staff limitations have rendered progress slow but new hires have been made which should allow the work to be completed in the near future.

5. Water and sewer rates: These rates have not been reduced.

6. Litigation with Friendship Water Company: A judgment has been entered in favor of the Friendship Water Company in the amount of \$4,995,453.48, with an additional \$350,000 in costs, for a total judgment of \$5,345,453.48. A copy of the judgment is attached hereto as Exhibit C. Please note that an appeal has been secured, although briefing has not yet been scheduled.

Should you have any further questions or require additional information, please do not hesitate to contact me. Mayor Burnett will also be available to address any concerns in person at the October meeting.

Yours faithfully,

Matthew W. Willis
ARNOLD, WILLIS & CONWAY

City of Friendship

Mayor Casey Burnett B/D 1-27-64

Ald Rickey Ange B/D 11-11-51

Ald Jeremy Dewitt B/D 2-8-73

Ald Jackie Perry B/D 8-3-38 health issues

Ald Steve Ramsey B/D 12-17-52 health issues

September 18, 2025

State of Tennessee
Comptroller of the Treasury
Division of Local Government Audit
Nashville, TN. 37243

To whom it may concern:

We are writing to provide a status update on the audit of the financial statements of the City of Friendship for fiscal year ended June 30, 2024. The City has provided year-end balances for each fund as of June 30, 2024 and fieldwork has started and we have several sections of the audit file complete but we still have some remaining work specifically in the areas of accounts receivable, accounts payable and capital assets where we need to be on-site at the City to complete our fieldwork and make the necessary adjustments to the financial statements. We have started the draft of the financials based on work we have already completed but again the financial statements are not complete in some areas due to the remaining accounts in which we need to complete our work. We have been in contact with the City in scheduling a time for fieldwork and currently we were provided an opportunity during the week of October 13 or the week of October 20th to be on site to complete our work. We will be visiting with the City again during those weeks so we can get this work wrapped up and final report issued. Since we are not aware of the exact days in which the City will be ready for us to return it is not easy to predict when we will have this completed. We do anticipate however that if we are able to work with them during the times noted then the necessary resources will be used to get this report issued as soon after that fieldwork time as possible. If you have any questions regarding this update and work to be completed, feel free to contact our office at the number noted above.

Respectfully submitted,

Kevin Howell, CPA

ATA, PC
Dyersburg, Tennessee

**EXHIBIT
B**

IN THE CIRCUIT COURT FOR THE
TWENTY-EIGHTH JUDICIAL DISTRICT AT ALAMO

FRIENDSHIP WATER CO.
PLAINTIFF/COUNTER-DEFENDANT,

v.

CIVIL ACTION NO.
2018-CV-3459

CITY OF FRIENDSHIP, TENNESSEE
DEFENDANT/COUNTER-PLAINTIFF

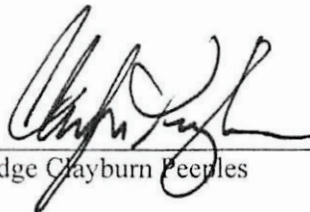
JUDGMENT

This cause came to be heard on the Complaint filed by the Plaintiff, Friendship Water Company, the Answer and Counter-Complaint filed by the Defendant, the City of Friendship, Tennessee. Based upon the testimony of witnesses, exhibits, and the entire record in this cause, the Court issued its Findings of Facts and Conclusions of Law on August 12, 2025, which is incorporated herein by reference and attached hereto as Exhibit A.

FROM ALL OF WHICH the Court hereby awards a judgment to Friendship Water Company in the amount of \$4,995,453.48 for breach of condemnation and inverse condemnation and \$350,000 for attorney's fees and costs for a total judgment of \$5,345,453.48 against the City of Friendship, Tennessee, for which execution may issue.

It is FURTHER ORDERED that this Order is a Final Order and adjudicates all issues. Any pending or remaining issues not previously resolved are hereby dismissed.

ENTERED this 3rd day of Sept, 2025.



Judge Clayburn Peoples

FILED
CIRCUIT COURT OF CROCKETT CO.

Date: 9-11-25

Time: 9:10 am

Kim Kail, Circuit Court Clerk

OKaykdc

EXHIBIT
C

Approved:

By: 
Becky S. Dykes, BPR No. 32695
Christine A. Coronado, BPR No. 25329
422 McGaughey Street
Dyersburg, TN 38024
(731) 285-0374
bdykes@lch.law
LANNOM CORONADO HAIGHT PLLC
Attorneys for Friendship Water Company

CERTIFICATE OF SERVICE

I, Becky S. Dykes, hereby certify that a copy of the foregoing pleading was sent to Mr. Matthew Willis, Arnold, Willis & Conway, 322 N. Church Avenue, Dyersburg, TN 38024, by US Mail, postage prepaid, or by hand delivery, this the ____ day of August, 2025.


Becky S. Dykes

JONATHAN SKRMETTI
ATTORNEY GENERAL AND REPORTER

P.O. BOX 20207, NASHVILLE, TN 37202
TELEPHONE (615)741-3491
FACSIMILE (615)741-2009

August 5, 2025

VIA EMAIL AND CERTIFIED MAIL

City of Friendship
c/o S. Leo Arnold
Matthew W. Willis
322 North Church Ave
P.O. Box H
Dyersburg, TN 38024
Leo@arnoldwillisconway.com
Matt@arnoldwillisconway.com

Re: *In the matter of: City of Friendship before the Tennessee Board of Utility Regulation* – IMMEDIATE ACTION REQUIRED

To Whom It May Concern:

This Office represents the Tennessee Board of Utility Regulation, formerly the Tennessee Water and Wastewater Financing Board (“Board”). We understand that your firm represents the City of Friendship (“City”).

As you know, the City falls under the jurisdiction of the Board pursuant to Tenn. Code Ann. § 7-82-703 as a financially distressed utility system.¹ The Board has reviewed the financially distressed status of the City multiple times over the last several years, resulting in Board Orders entered on December 8, 2022, March 23, 2023, and April 11, 2025, that require certain remedial actions by the City.² Unfortunately, these Board Orders have largely, if not entirely, been ignored, and requests for information by Board staff have gone unanswered. Accordingly, at its July 17, 2025, meeting, the Board voted to refer this matter to our Office for enforcement.

ARP funding – Immediate Action Required

¹ The City has been under Board oversight for financial distress since its 2018 audit.

² Copies of the December 2022, March 2023, and April 2025 Orders are attached hereto as Exhibits 1, 2, and 3, respectively.

It is our understanding that the City has applied for American Rescue Plan (“ARP”) funding from the Tennessee Department of Environment and Conservation (“TDEC”) to be used for certain capital project(s). It is also our understanding that there is a construction start date requirement of **August 30, 2025**, for ARP-funded projects, which cannot go to bid without TDEC approval. As you are no doubt aware, pursuant to the above-referenced Board Orders, the City is prohibited from entering into any capital projects, taking on any new debt, or receiving any grants without the express consent of Board staff.³ Board staff has neither received nor expressly consented to any requests for approval from the City. Because of the City’s failure to comply with this requirement, the City is in jeopardy of failing to receive its desired funding, a result that no party wants.⁴ **Accordingly, you should IMMEDIATELY reach out to Nate Fontenot, Utility Analyst for the City, with a copy to the undersigned, describing the City’s request for funding and seeking approval of the same.**⁵ **Mr. Fontenot can be reached at Nate.Fontenot@cot.tn.gov.** A copy of this letter is also being provided to TDEC.

Failure to comply with Board subpoenas – Action Required within 10 Days

Mayor Casey Burnett and the other members of the City’s governing body were subpoenaed to appear at the July 17 Board meeting.⁶ However, no one appeared. Unfortunately, this is merely representative of the City’s actions since it has been under Board oversight. Board subpoenas are not optional. Pursuant to Tenn. Code Ann. § 7-82-702(a)(2), the Board has the power to issue subpoenas compelling attendance of witnesses at its meetings as it deems necessary. Upon a person’s failure to obey a subpoena, the Board is authorized to obtain an order compelling compliance from the Davidson County Chancery Court. *See id.* Updated subpoenas requiring attendance by the City’s governing body at the Board’s September meeting have been issued by the Board.⁷ **Demand is hereby made that no later than 10 days from the date of this letter the City shall provide written assurances by email that Mayor Burnett and all other members of the City’s governing body will appear at the Board’s next meeting on September 25, 2025, to provide testimony to the Board regarding the City’s compliance with the subject matters discussed in this letter.** Failure to provide such written assurances by the deadline could result in the filing of an action by our Office in Davidson County Chancery Court to compel compliance with the subpoenas.

Other delinquencies – Action Required within 30 Days

The City should comply with the other requirements of the above-referenced Board Orders as more particularly described below.

- The City was ordered to submit delinquent audits to the Board and to the Comptroller’s Division of Local Government Audit (at LGA.Web@cot.tn.gov) by May 31, 2025.⁸ This

³ See December 2022 Order ¶ 2 and April 2025 Order ¶ 2.

⁴ It is also our understanding that if this project does not move forward, the City may not have a reliable water source.

⁵ See December 2022 Order ¶ 3 (“Board staff shall determine if capital projects are feasible and in the best interest of Friendship. Staff’s determination will consider financial information, engineering plans and opinions, coordination with TDEC, and other sources of information as necessary”).

⁶ Copies of the subpoenas are attached hereto as Exhibit 4.

⁷ Copies of the updated subpoenas are attached hereto as Exhibit 5.

⁸ See April 2025 Order ¶ 1.

deadline was not met. The City's audit for Fiscal Year 2024 was due on December 31, 2024, more than 7 months ago. **Demand is hereby made that no later than 30 days from the date of this letter, the City shall submit all delinquent audits or demonstrate good cause as to why an extension should be granted.**

- The City is prohibited from entering into any capital projects or taking on any new debt or grant funding without the express consent of Board staff.⁹ No requests for approval of capital projects or requests for new debt or grant funding have been received or expressly consented to by Board staff, so it is unclear if the City has done so or if it has plans to do so. **Demand is hereby made that no later than 30 days from the date of this letter, the City shall indicate whether it has made any capital improvements, taken on any new debt, or received any new grants since December 8, 2022 and what plans, if any, it has for the same going forward (this is in addition to the contemplated ARP-funded project(s) described above).** A letter from Mr. Ross Colona, sent to the city in April 2023, further detailed the Board staff approval requirement for capital improvements.¹⁰ Any future plans for capital improvements, new debt, or grant funding remain subject to the requirement of approval from Board staff.
- The City was ordered to have the Tennessee Association of Utility Districts, or another qualified expert as approved by Board staff, perform a rate study including the following:
 - The creation of a 5-year capital asset budget, to be taken from the current capital asset list and to include future anticipated needs;
 - A review of relevant utility fees including but not limited to connection or tap fees, including any recommended modifications;
 - A review of any capital improvements the City wishes to pursue, or that the qualified expert finds necessary or advisable, including the result on future rates; and
 - Confirmation that all members of the City's governing body have complied with the applicable training requirements.

The City was ordered to provide a copy of a contract between the City and the qualified expert. The City was further ordered to provide a copy of the completed rate study to Board staff and to provide either proof of implementation of the resulting recommendations or a proposed plan of implementation no later than July 31, 2023.¹¹

The City provided a copy of a contract between the City and the University of Tennessee's Municipal Technical Advisory Service ("MTAS") in February 2023. However, the City has not provided a copy of the completed rate study or proof of implementation of the resulting recommendations or a proposed plan of implementation as required. **Demand is**

⁹ See December 2022 Order ¶ 2 and April 2025 Order ¶ 2.

¹⁰ A copy of the letter is attached hereto as Exhibit 6.

¹¹ See December 2022 Order ¶¶ 4–6.

hereby made that no later than 30 days from the date of this letter, the City shall provide a copy of the MTAS rate study and either proof of implementation of the resulting recommendations or a proposed plan of implementation, or show good cause why an extension should be granted.

- The City was prohibited from lowering its water and sewer rates without the approval of Board staff.¹² **Demand is hereby made that no later than 30 days from the date of this letter, the City shall provide written assurances that it has not done so.**
- The City was ordered to continue its meter replacement program.¹³ **Demand is hereby made that no later than 30 days from the date of this letter, the City shall provide a comprehensive written update describing progress the City has made on its meter replacement program since December 8, 2022.**
- The City was ordered to provide monthly updates in a form prescribed by Board staff regarding its ongoing litigation with the Friendship Water Company, status of current and proposed capital projects, and other information as necessary and requested by Board staff.¹⁴ The last report received by Board staff was from September 2023. The City has failed to otherwise comply with this requirement. **Demand is hereby made that no later than 30 days from the date of this letter, the City shall provide a comprehensive written update describing all developments in the Friendship Water Company litigation since September 2023 and the status of all existing or proposed capital projects.**

If the City does not adequately address the demands of this letter as described herein, this Office is prepared to institute legal action against you in chancery court.

If you would like to discuss this matter further, please reach out to the undersigned. We expect that you will give this very serious matter your immediate attention.

Sincerely,

/s/ Jonathan Shirley
 JONATHAN SHIRLEY
 Senior Assistant Attorney General
 JING GENG
 Assistant Attorney General
 Financial Division
 (615) 741-3521
 Jonathan.Shirley@ag.tn.gov
 Jing.Geng@ag.tn.gov

¹² See *id.* ¶ 7.

¹³ See *id.* ¶ 8.

¹⁴ See *id.* ¶ 9.

BEFORE THE TENNESSEE WATER AND WASTEWATER FINANCING BOARD

IN THE MATTER OF:

CITY OF
FRIENDSHIP

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)
) TENN. CODE ANN. § 68-221-1010
) -FINANCIAL DISTRESS
)
)

ORDER

On November 17, 2022, the Tennessee Water & Wastewater Financing Board (the “Board”) reviewed the financially distressed status of the city of Friendship’s utilities (“Friendship”) pursuant to Tenn. Code Ann. § 68-221-1010.

Friendship has been financially distressed since its 2018 audit. Friendship is currently involved in litigation with the Friendship Water Company regarding a contract dispute. Friendship alleges the water purchased from the Company is unsafe and unusable, which has resulted in Friendship seeking other water sources.

Under the circumstances, it is advisable that the Board enter a new order and withdraw any previous orders, to the extent those orders are still in effect. The Board and Friendship must make progress in addressing the financial distress of Friendship’s utility system while acknowledging Friendship’s current position.

For the above reasons and based on Board staff’s recommendations, the Board orders as follows:

1. All previous Board orders relating to Friendship, to the extent that they remain in effect, are hereby rescinded.
2. Friendship shall not enter into any capital projects or take on any new debt without express consent of Board staff.
3. Board staff shall determine if capital projects are feasible and in the best interest of Friendship. Staff’s determination will consider financial information, engineering plans and opinions, coordination with TDEC, and other sources of information as necessary.
4. Friendship 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. the creation of a five-year capital asset budget, to be taken from the current capital asset list and to include future anticipated needs;
 - b. a review of relevant utility fees including but not limited to connection or tap fees, including any recommended modifications;
 - c. a review of any capital improvements Friendship wishes to pursue, or that TAUD (or other expert retained by Friendship and approved by Board staff) finds necessary or advisable, including the result on future rates; and,
 - d. confirmation that all members of the utility system's governing body have complied with the applicable training requirements.
5. By January 31, 2023, Friendship shall send Board staff a copy of the contract between Friendship and the qualified expert who is to perform the tasks in paragraph 4.
6. By July 31, 2023, Friendship shall provide Board staff with the completed rate study and either proof of implementation of the resulting recommendations or a proposed plan of implementation.
7. Friendship shall not lower its water and sewer rates without approval of Board staff.
8. Friendship shall continue its meter replacement program.
9. Friendship shall provide monthly updates in a form prescribed by Board staff regarding its current litigation with the Friendship Water Company, status of current and proposed capital projects, and other information as necessary and requested by Board staff.

ENTERED on this, the 8 day of December, 2022.



Greg Moody, Chair
Water & Wastewater Financing Board

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing has been served via certified mail return receipt requested to the following on this 8 day of December, 2022:

Carol Anne Austin
Ashley & Arnold
322 Church Ave. N
Dyersburg, TN 38024

City of Friendship
PO Box 265
Friendship, TN 38034



J. Seth May
Assistant General Counsel

BEFORE THE TENNESSEE WATER AND WASTEWATER FINANCIAL

IN THE MATTER OF:

**CITY OF
FRIENDSHIP**

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1) TENN. CODE ANN. § 68-221-1010
2) -FINANCIAL DISTRESS

ORDER

On March 26, 2023, the Tennessee Water & Wastewater Financing Board (the “Board”), *sua sponte*, reviewed the financially distressed status of the city of Friendship’s utilities (“Friendship”) pursuant to Tenn. Code Ann. § 68-221-1010.

Friendship has been under Board oversight for financial distress since its 2018 audit. Friendship is currently involved in litigation with the Friendship Water Company regarding a contract dispute. Friendship alleges the water purchased from the Company is unsafe and unusable, which has resulted in Friendship seeking other water sources.

The Board was made aware that Friendship was in the process of installing what was referred to as a new water line. A new water line is a capital improvement, and one which Board staff have not approved. Friendship's application for funding to construct a new water plant was also discussed. This water plant would constitute a new capital improvement, one which Board staff may need to approve, depending on the current stage of the project.

Accordingly, the Board orders as follows:

1. Board staff will contact Friendship to ensure they understand the definition of a capital improvement, and when Friendship must obtain Board approval for a capital improvement.
2. Board staff will review Friendship's new capital improvements to determine if they require the approval of Board staff.
3. Board staff will ascertain whether Friendship intends to comply with the Board's order.
4. Board staff may call a Board meeting, if necessary, to bring officials from the city of Friendship to appear before the Board. Such attendance shall be in-person.

5. Board staff shall, if it is deemed necessary and with full authority of the Board, subpoena officials of the City of Friendship, including but not limited to the Mayor of Friendship and the members of Friendship's governing body.

ENTERED on this, the 12 day of April, 2023.



Greg Moody, Chair
Water & Wastewater Financing Board

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing has been served via certified mail return receipt requested to the following on this 12 day of April, 2023:

Carol Anne Austin
Ashley & Arnold
322 Church Ave. N
Dyersburg, TN 38024

City of Friendship
PO Box 265
Friendship, TN 38034



J. Seth May
Assistant General Counsel

BEFORE THE TENNESSEE BOARD OF UTILITY REGULATION**IN THE MATTER OF:****MULTIPLE ENTITIES**

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TENN. CODE ANN. § 7-82-701 *et seq.*

ORDER

On March 13, 2025, the Tennessee Board of Utility Regulation (“the Board”) reviewed the entities (“the Entity” or “the Entities”) below pursuant to Tenn. Code Ann. § 7-82-701 *et seq.*

Town of Big Sandy

City of Decherd

City of Friendship

Town of Gibson

Town of Livingston

Town of Lynnville

City of Moscow

City of Sharon

City of Tennessee Ridge

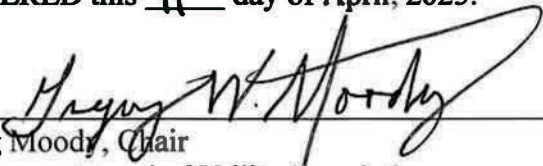
City of South Fulton

The Entities have not met deadlines for submitting audits to the Comptroller’s Department of Local Government Audit. Based on staff representations and recommendation, the Board orders as follows:

1. The Entities must submit delinquent audits to the Board and to the Comptroller’s Division of Local Government Audit (at LGA.Web@cot.tn.gov) by May 31, 2025.
2. The Entities shall not issue any debt or receive any grants without express consent of Board staff. Board staff must respond to requests for funding permission within 15 business days of receipt. If Board staff does not respond timely, the funding request is considered to be approved.

3. Board staff has the authority to issue up to two extensions of 90 days upon a showing of good cause by the Entity. Board staff has the discretion to determine good cause
4. Should the Entity fail to comply with, or indicate it will not comply with, any directive in this order, Board staff may issue subpoenas for members of the Entity's governing body, manager, and any other necessary staff to appear in-person before the Board during its next meeting.

ENTERED this 11 day of April, 2025.



Greg Moody, Chair
Tennessee Board of Utility Regulation



JASON E. MUMPOWER
Comptroller

June 18, 2025

via USPS First-Class Mail, Certified Mail Return Receipt requested.

City of Friendship
Friendship City Hall
PO Box 265
Friendship, Tennessee 38034

To Whom It May Concern:

The Tennessee Board of Utility Regulation ("the Board") met on March 13, 2025, and discussed matters related to the City of Friendship's utility system ("Friendship"). Following that meeting, the Board issued the enclosed orders on April 11, 2025, authorizing Board staff to subpoena representatives of Friendship to appear at the next Board meeting should Friendship fail to comply with the Board's orders.

As of the date of this letter, Friendship has not fully complied with the enclosed orders. Accordingly, subpoenas are enclosed for Friendship's mayor and aldermen.

Should these individuals fail to comply with the subpoenas, the matter will be referred to the Office of the Attorney General for the State of Tennessee for enforcement in the Davidson County Chancery Court.

The Board's next meeting is scheduled for 10:00 a.m. on July 17, 2025, at the Volunteer Conference Center, Second Floor, Cordell Hull Building, 425 Rep. John Lewis Way North, Nashville, TN 37243.

Should you have any questions, I may be reached at seth.may@cot.tn.gov or 615-747-5207.

Regards,


J. Seth May
Counsel to the Tennessee Board of Utility Regulation

Cc: Casey Burnett, Rickey Ange, Jeremy DeWitt, Robert Perry, Steve Ramsey

BEFORE THE TENNESSEE BOARD OF UTILITY REGULATION

IN THE MATTER OF:

CITY OF FRIENDSHIP

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SUBPOENA

TO: The governing body and utility manager of the City of Friendship's utility system.

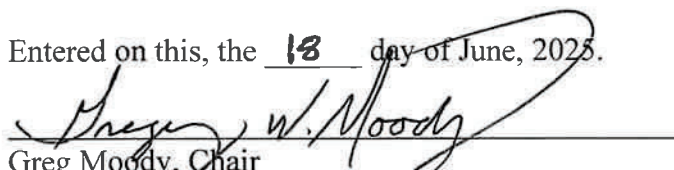
The Tennessee Board of Utility Regulation ("the Board") is empowered to issue subpoenas to require persons to appear before it and testify as it deems necessary in fulfilling its purpose, pursuant to Tenn. Code Ann. § 7-82-701 *et seq.* As the City of Friendship failed to comply with the Board's April 11, 2025 order(s), the following individuals are hereby commanded to appear at **10 a.m. on July 17, 2025, in the Volunteer Conference Center, Second Floor, Cordell Hull Building, 425 Rep. John Lewis Way North, Nashville, TN 37243:**

**Mayor Casey Burnett
Alderman Jeremy DeWitt
Alderman Steve Ramsey**

**Alderman Rickey Ange
Alderman Robert Perry**

If you ignore this subpoena this matter will be referred to the Office of the Attorney General for enforcement in the Davidson County Chancery Court. Failure to obey an order of the court may be punished as contempt of court, as prescribed by Tenn. Code Ann. § 7-82-702(a)(2). If you have any questions regarding this subpoena, please contact J. Seth May, Counsel to the Board, at seth.may@cot.tn.gov or at 615-747-5207.

Entered on this, the 18 day of June, 2025.



Greg Moody, Chair
Tennessee Board of Utility Regulation

BEFORE THE TENNESSEE BOARD OF UTILITY REGULATION

IN THE MATTER OF:

MULTIPLE ENTITIES

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TENN. CODE ANN. § 7-82-701 et seq.

ORDER

On March 13, 2025, the Tennessee Board of Utility Regulation (“the Board”) reviewed the entities (“the Entity” or “the Entities”) below pursuant to Tenn. Code Ann. § 7-82-701 *et seq.*

Town of Big Sandy

City of Decherd

City of Friendship

Town of Gibson

Town of Livingston

Town of Lynnville

City of Moscow

City of Sharon

City of Tennessee Ridge

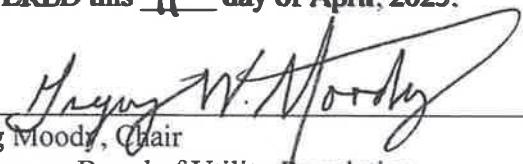
City of South Fulton

The Entities have not met deadlines for submitting audits to the Comptroller’s Department of Local Government Audit. Based on staff representations and recommendation, the Board orders as follows:

1. The Entities must submit delinquent audits to the Board and to the Comptroller’s Division of Local Government Audit (at LGA.Web@cot.tn.gov) by May 31, 2025.
2. The Entities shall not issue any debt or receive any grants without express consent of Board staff. Board staff must respond to requests for funding permission within 15 business days of receipt. If Board staff does not respond timely, the funding request is considered to be approved.

3. Board staff has the authority to issue up to two extensions of 90 days upon a showing of good cause by the Entity. Board staff has the discretion to determine good cause
4. Should the Entity fail to comply with, or indicate it will not comply with, any directive in this order, Board staff may issue subpoenas for members of the Entity's governing body, manager, and any other necessary staff to appear in-person before the Board during its next meeting.

ENTERED this 11 day of April, 2025.



Greg Moody, Chair
Tennessee Board of Utility Regulation



JASON E. MUMPOWER
Comptroller

August 5, 2025

via USPS First-Class Mail, Certified Mail Return Receipt requested.

City of Friendship
Friendship City Hall
PO Box 265
Friendship, Tennessee 38034

To Whom It May Concern:

The Tennessee Board of Utility Regulation ("the Board") met on July 17, 2025, and discussed the City of Friendship's utility system ("Friendship"). Friendship's mayor and governing body were subpoenaed to attend the Board's July 17, 2025 meeting, but did not appear. The Board ordered the mayor and governing body to attend the Board's next meeting on September 25, 2025. The Board further ordered Board staff to request the assistance of the Office of the Attorney General in enforcing this matter.

The Board's next meeting is scheduled for 9:00 a.m. on September 25, 2025, at the Volunteer Conference Center, Second Floor, Cordell Hull Building, 425 Rep. John Lewis Way North, Nashville, TN 37243.

Compliance with the Board's subpoenas is not optional. The Office of the Attorney General is aware that these subpoenas have been issued, and is prepared to enforce them in Chancery Court if necessary.

Should you have any questions, I may be reached at seth.may@cot.tn.gov or 615-747-5207.

Regards,

A handwritten signature in black ink that reads "Seth May". Below the signature, the name "Seth May" is printed in a small, bold, sans-serif font.

Counsel to the Tennessee Board of Utility Regulation

Cc: Casey Burnett; Rickey Ange; Jeremy DeWitt; Robert Perry; Steve Ramsey; Jonathan Shirley, Senior Assistant Attorney General; Jing Geng, Assistant Attorney General.

BEFORE THE TENNESSEE BOARD OF UTILITY REGULATION

IN THE MATTER OF:

CITY OF FRIENDSHIP

)
)
)

SUBPOENA

TO: The mayor and governing body of the City of Friendship ("the City").

The Tennessee Board of Utility Regulation ("the Board") is empowered to issue subpoenas to require persons to appear before it and testify as it deems necessary in fulfilling its purpose, pursuant to Tenn. Code Ann. § 7-82-701 *et seq.* The Board previously issued subpoenas to the City's governing body requiring the below individuals to appear at the Board's July 17, 2025, meeting. These subpoenas were ignored. The City's mayor and governing body remain obligated to appear before the Board to testify regarding matters relating to the City's utility system. Accordingly, the City's mayor and governing body are hereby commanded to appear at 9:00 A.M. on September 25, 2025, in the Volunteer Conference Center, Second Floor, Cordell Hull Building, 425 Rep. John Lewis Way North, Nashville, TN 37243:

**Mayor Casey Burnett
Alderman Jeremy DeWitt
Alderman Steve Ramsey**

**Alderman Rickey Ange
Alderman Robert Perry**

The Office of the Attorney General has been notified of previous instances of the above-named individuals' noncompliance with Board subpoenas, and may choose to initiate litigation in the Davidson County Chancery Court to enforce the same. Failure to obey an order of the court may be punished as contempt of court, as prescribed by Tenn. Code Ann. § 7-82-702(a)(2). If you have any questions regarding this subpoena, please contact the Board's attorney, J. Seth May, at seth.may@cot.tn.gov or at 615-747-5207.

Entered on this, the 5th day of August, 2025.

Greg Moody

**Greg Moody, Chair
Tennessee Board of Utility Regulation**

Signature: *Greg Moody*

Email: greg.moody@cot.tn.gov



JASON E. MUMPOWER
Comptroller

April 24, 2023

Mayor Casey Burnett
City of Friendship
PO Box 265
Friendship, TN 38034

Re: Seeking Express Written Consent Prior to Beginning a Capital Project.

Mayor Burnett,

The Water & Wastewater Financing Board's December 8, 2022 Order, attached, included the following provision: "Friendship shall not enter into any capital projects or take on any new debt without express consent of Board staff." During our phone conversation last week, I shared my concerns that the City is pursuing capital projects without express consent by Board staff. You shared several examples of capital projects Friendship is pursuing that Board staff have not approved.

I am writing to you to offer guidance as to what a capital project is and provide examples of when you must come to the Board for express written consent prior to beginning a capital project.

The Tennessee County Technical Assistance Service defines a capital project as "purchases of land, buildings, and equipment; construction of buildings, roads, and bridges; renovation of buildings; and other such improvements that last for many years." Examples of a capital project are laying new water line, constructing a new water treatment plant, purchasing a replacement water pump, digging new wells, connecting your system to another utility system, constructing any kind of new facility, renovating any kind of existing facility, or purchasing new equipment.

The Board's order states that "Friendship shall not enter into any capital projects . . . without express consent of Board staff." That means Friendship must not begin a capital project without Board staff's express consent. A capital project may begin with any of the following actions:

- Ordering or agreeing to purchase equipment, even if the city has not paid for it;
- Approaching or contracting with an expert to draw up plans for a new facility, such as a water treatment plant;



JASON E. MUMPOWER
Comptroller

- Buying equipment for a project, such as pipe and a hydrant to install at a new location, even if actual construction has not begun;
- A verbal or written agreement to purchase land or equipment, hire an individual or individuals to work on a capital project, or engage a business to work on a capital project;
- Requesting the city's governing body vote to begin a capital project, or approaching members of the governing body and asking they initiate such a vote; or,
- Obligating the city, in any way, to engage in or pursue a capital project.

You must notify the Board, and wait for Board staff's express consent, prior to engaging in any of the above actions. This list is not exhaustive, but Board staff are confident you can determine when a capital project begins, and in the future you will seek express consent prior to beginning such a project.

With respect to those capital projects that have already been initiated by the City without prior Board staff approval, approval from Board staff is still required. Therefore, you must immediately notify me in writing of all such capital projects and provide me a copy of any minutes of the City's governing body wherein those projects were approved by the governing body. Likewise, if, in the future, the City mistakenly begins a capital project without first obtaining Board staff's approval, you must immediately notify me of the project as soon as you become aware of it and also send the minutes of any meeting wherein the project was approved by the City's governing body. Further, if any capital projects have been (or are) initiated by the City without approval by the City's governing body, you must also provide me an explanation of why the projects were not submitted for approval (or were not otherwise approved) by the governing body.

Please let me know if you have any questions.

Regards,

A handwritten signature in blue ink, appearing to read "Ross Colona".

Ross Colona
Assistant Director, Local Government Finance

CC: Carol Austin



JASON E. MUMPOWER
Comptroller

Entity Referred: **City of Loretto**

Referral Reason: **Administrative Review**

Utility Type Referred: **Water And Sewer**

Staff Summary:

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the City of Loretto ("the Utility"). The investigation was limited to selected records related to an event that occurred on December 17, 2024. The results of the investigation were communicated to the Office of the District Attorney General of the 22nd Judicial District.

The Tennessee Board of Utility Regulation (the "Board") ordered the Utility to complete the following at the July 17, 2025, meeting.

- The Utility shall contract with a third-party expert to assist in creating new or reviewing existing managerial and personnel policies that will prohibit circumstances similar to those outlined in the Comptroller's report from occurring in the future.

The Utility provided updated policies that were reviewed by Boston, Holt & Durham Law firm, and signed by the governing body. Board staff has no further recommendations that the city should complete, and therefore recommends that they be released.

Staff Recommendation:

The Board should order the following:

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



JASON E. MUMPOWER
Comptroller

Entity Referred: **City of Tennessee Ridge**

Referral Reason: **Late Audits (2 Years)**

Utility Type Referred: **Water and Sewer**

Staff Summary:

The City of Tennessee Ridge ("the Utility") has been referred to the Tennessee Board of Utility Regulation ("the Board") for late audits since fiscal year 2025. On March 13, 2025, the Board ordered the Utility to submit all delinquent audits by May 31, 2025. The Utility did not meet this deadline and subsequently requested both 90-day extensions, moving the due date to November 27, 2025. Currently, only the 2023 audit has been submitted; this audit was received on September 23, 2025.

In April of 2025, ATA, PC CPA (the "Firm") assured Board staff that the 2024 would be issued by the end of that month. Based upon the conversation that Board staff has had with the Utility and the Firm, staff believes that the cause for the delay is largely due to the contracted CPA and not because of negligence by the Utility. At this time, the Utility has absolved the contract with the Firm and signed a new contract with a different CPA firm. Due to the change in CPA firms, Board staff believes that it is prudent to reset the due dates previously ordered.

Staff Recommendation:

The Board should order the following:

1. The Utility must submit both the 2024 and 2025 fiscal year audits to the Board and to the Comptroller's Division of Local Government Audit (at LGA.Web@cot.tn.gov) by March 31, 2026.
2. The Utility shall not issue any debt or receive any grants without the express consent of Board staff. Board staff must respond to requests within 15 business days of receipt. If Board staff does not respond in a timely manner, the funding request is considered to be approved, pending any other approvals that the Utility would need.
3. The Utility must submit a signed contract for the 2026 fiscal year audit to the Board and to the Comptroller's Division of Local Government Audit (at LGA.Web@cot.tn.gov) by June 30, 2026.

4. Board staff has the authority to issue up to two 30-day extensions for item 1, upon a showing of good cause by the Utility. Board staff has the discretion to determine good cause.

5. Board staff shall have the discretion to release this case once all items have been completed.



Tennessee Ridge

From Matt Wood <mwood@ata.net>

Date Wed 4/9/2025 11:54 PM

To Lori Cantrell <Lori.Cantrell@cot.tn.gov>; Nate Fontenot <Nate.Fontenot@cot.tn.gov>

Leslie at Tennessee Ridge now has the request list to complete the 2023 and 2024 audits. Their USDA Grants/Loans are causing the issue as a Single Audit is expected to be necessary due to the requirement to count the outstanding balances as Awards for the Grant schedule due to ongoing compliance requirements. I have asked for those contracts today after talking with my staff about the timing necessary to complete this audit. They just look like debt on the Client's books, so without the contracts they did not know it was grant-related. I then created the list for the 2024 audit and have promised if she will provide, I will make sure to issue by end of April to get their grant/budget items moving along.

Feel free to reach out to me if you have any further questions. I will update you both as 2023 gets issued and the progress of 2024, but you are always welcome to call.

Matt Wood, CPA

Partner

ATA Advisory, LLC | ATA, PC

Office: [731-427-8571](tel:731-427-8571) Direct/Text: [731-513-5065](tel:731-513-5065)

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